



Max India Limited

Investor Release

May 2012

Disclaimer

This release is a compilation of financial and other information all of which has not been subjected to audit and is not a statutory release. This may also contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from our expectations and assumptions. We do not undertake any responsibility to update any forward looking statements nor should this be constituted as a guidance of future performance.



Max India – Key Highlights

MS&AD Insurance Holdings to acquire 26% stake in MNYL

- MS&AD to acquire 26% stake for Rs. 2,731 Cr., values MNYL at Rs. 10,504 Cr.
- MS&AD is the 7th largest non-life Insurance company globally, with a market cap of USD 12.6 bn and over 100 years history
- MS&AD attracted by profitable growth, superior performance and increasing market share of MNYL
- Max India to receive a net cash flow of Rs. 802 Cr. (pre-tax)
- Regulatory approvals process underway
- Operating Revenue grows 15% to Rs. 7,648 Cr & Net Profit grows 18x to Rs. 155 Cr.

MNYL profit more than doubles

- Embedded Value at Rs. 3,684 Cr., grows 15% y-o-y
- Shareholder Profit for FY12 at Rs. 460 Cr., grows 137% y-o-y
- Gains 1.1% market share amongst private life insurers from 7.5% in FY11 to 8.6% in FY12. MNYL becomes the 4th largest and largest non-bank led private life insurer

Max Healthcare commences Dehradun Hospital... bed capacity expands to 2,000

- Dehradun hospital with 200 beds commences operations
- Max Healthcare achieves highest ever revenue in month of Mar'12 at Rs. 85 Cr. and turns EBITDA positive within 6 months of doubling bed capacity
- Significant thrust on cost optimization and operating efficiencies

Max Bupa scales up to 100,000 lives per quarter

- Gross Written Premium grows 4 times in FY12 to close to Rs. 100 Cr.
- Pilot project underway to capitalize on group synergies by embarking cross-selling initiatives through Agency offices of MNYL extended to 25 offices

MSF delivers another year of robust performance

- Revenue for FY12 at Rs. 703 Cr grows 66% y-o-y
- EBITDA for FY12 at Rs. 77 Cr grows 50% y-o-y



Consolidated Financial Snapshot (FY12)

Operating Revenue Up 15%, Profit Improves to Rs. 242 Cr.

(Rs. cr.)

Particulars	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
	Mar-12	Mar-11		Mar-12	Mar-11	
Operating Revenue	2,256	1,940	16%	7,648	6,667	15%
Total Revenue	2,504	1,890	32%	8,562	7,891	9%
EBITDA	105	221	-53%	430	348	23%
PBT	49	174	-72%	242	32	662%

Particulars	Mar 31, 2012	Mar 31, 2011	Growth
Networth	2,513	1,422	77%
Preference Shares	125	250	-50%
Loans Funds	549	1029	-47%
Fixed Assets (Net Block)	1,256	1,017	24%
Treasury Corpus (Debt Mutual Funds & Term Deposits)	397	540	-26%
Life Insurance Investments (AUM)	17,215	13,836	24%

Revenue and Profitability

- Gross Premium Income for FY12 at Rs. 6,391 Cr. grows 10% y-o-y
- Individual First Year Premium (adjusted for single pay) at Rs. 1,506 Cr., declines 13% y-o-y. Growth turns into positive territory in Q4FY12 with APE growing at 2% to Rs. 480 Cr.
- Product mix for the quarter: Par 71%, Non-par 16%, ULIP 13%
- Expenses of Management Ratio for FY12 at 28.7% against 34.3% for FY11
- Shareholder Profit for FY12 at Rs. 460 Cr., grows 137% y-o-y

Other Business Drivers

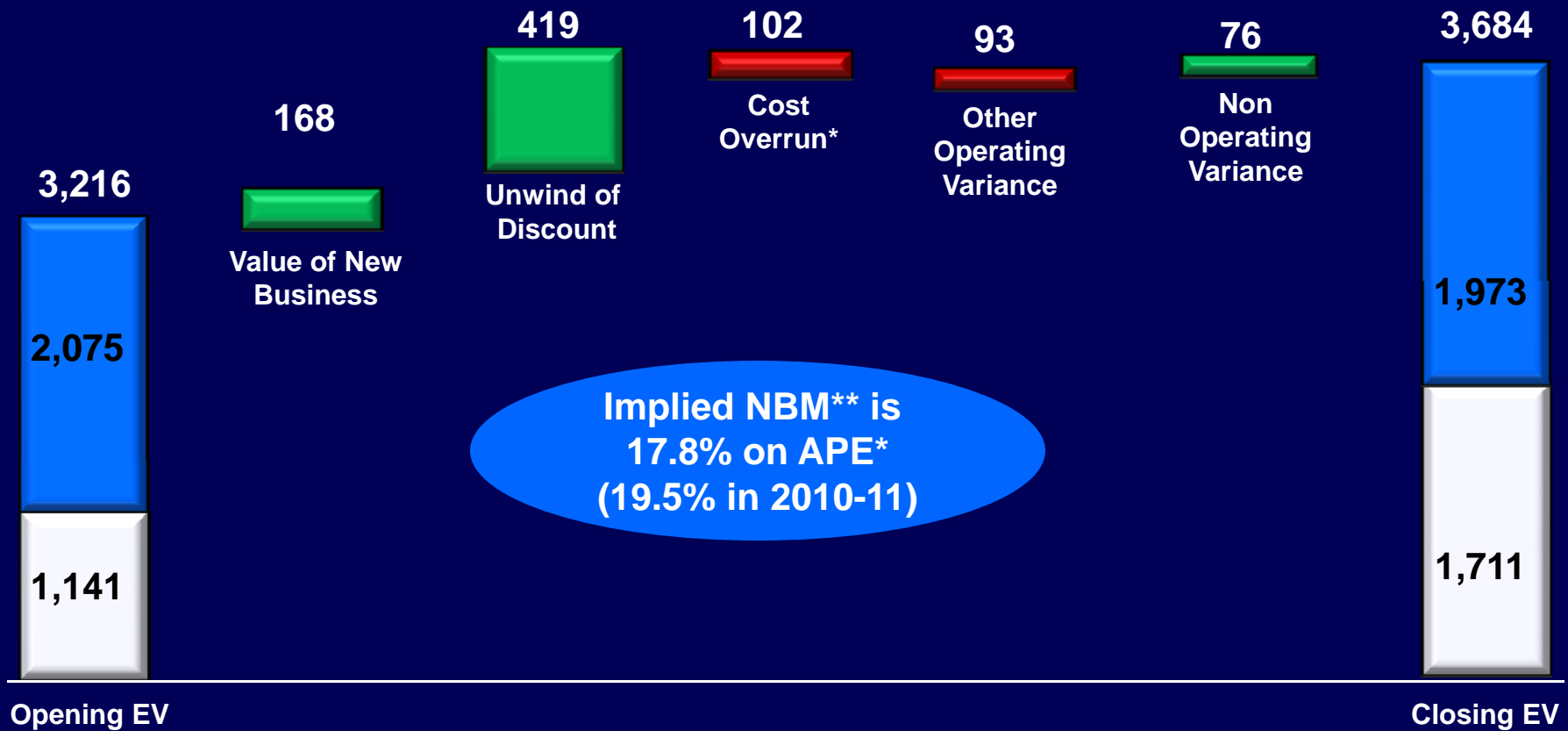
- Embedded Value at Rs. 3,684 Cr., up 15% y-o-y
- Value of New Business at Rs. 168 Cr. with NBM at 17.8%
- AUM at Rs. 17,215 Cr. as at Mar 31, 2012 grows 24% y-o-y
- Over 3.5 million policies in-force with Sum assured of over Rs. 152,000 Cr.
- Business capitalised at Rs. 2,126 Cr as at Mar 31, 2012; solvency surplus of Rs. 1,506 Cr.

Agency Performance

- MNYL expands agency force to 35,379 agents... 3,000+ agents added during the quarter
- Average case size per agent at Rs. 23,103 for FY12, grows 8% y-o-y
- Average case rate per agent maintained at 0.6

Amount in Rs. Crore

March 31, 2012



- Denotes increase to EV
- Denotes decrease to EV
- Net Worth
- Value of In-force business

* Cost Over-run includes over-runs that are relevant to Embedded Value

**VNB includes shareholders' interest in the residual estate from participating business aggregating Rs. 24 Cr. Implied NBM is on a structural basis.

***APE – Adjusted Premium Equivalent (Annualized First Year Premium adjusted for 10% of Single Premium & 50% of Limited Pay Products)



MNYL – Key Assumptions to Embedded Value



Economic Assumptions

Particulars	Assumptions
Cash / Money Market / TB	8.27%
G Secs	8.76%
Corporate Bonds	9.46%
Equities	13.00%
Unit Linked Fund Growth Rate	10.50%
Interest Rate on Non-Unit Reserves	8.25%
Inflation	6.50%
Risk Discount Rate	13.00 %
Service Tax	12.36%
Tax rate	13.52% (12.5%+ 5% surcharge + 3% education cess)

Sensitivity

- For change in risk discount rate by 1%, the value of in-force business would change by 4-5%

Operating Assumptions

- Operating assumptions like mortality, morbidity and lapses are based on our own experience and validated with industry / reinsurers experience
- Expense assumptions are based on our own expense projection model. Basis our current expansion strategy, our expense break even happens in FY 13-14



MNYL – Basis of Preparations for Embedded Value



MNYL's EV guided by European Embedded Value principles

“Top down” allowance for risk including allowance for time value of financial options and guarantees

Explicit allowance for cost of capital where capital is the higher of the required solvency margin and internal capital requirements

Actuarial assumptions based on past experience and on management's views of future trends in experience

Results not audited nor subject to external review but the EV methodology is in line with accepted international practices



Max New York Life Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar-12	Mar-11		Mar-12	Mar-11	
a) Gross written premium income	Rs. Crore						
First year premium		512	480	7%	1,551	1,775	-13%
Renewal premium		1,301	1,103	18%	4,489	3,751	20%
Single premium		107	99	8%	350	286	22%
Total		1,921	1,682	14%	6,391	5,813	10%
b) Shareholder Profit	Rs. Crore	121	206	-39%	460	194	137%
c) Expenses of Management	%	27.4%	31.6%		28.7%	34.3%	
d) Individual Adjusted Premium (APE*)	Rs. Crore	480	472	2%	1,506	1,724	(13)%
e) Conservation ratio**	%	82%	82%		81%	81%	
f) Average case size	Rs.	24,893	21,681	15%	23,013	21,239	8%
g) Case rate per agent per month	No.	0.60	0.66	-9%	0.58	0.61	-5%
h) Number of agents	No.				35,379	43,692	-19%
i) Paid up Capital	Rs. Crore				2,126	1,976	8%
j) Individual Policies in force	No. Lacs				35	33	4%
k) Assets Under Management	Rs. Crore				17,215	13,836	24%

*Individual First Year Premium adjusted for 10% single pay

**Conservation Ratio = Renewal Premium for the current period / (First Year + Renewal Premium for the previous period)

Revenue

- Revenue across network of hospitals for FY12 at Rs. 824 Cr., grows 20% y-o-y
- Average Revenue per Occupied bed day* for FY12 at Rs. 23,585 grows 9% y-o-y

Profitability

- Contribution Margin for FY12 at Rs. 491 Cr. grows 21% y-o-y
- EBITDA for FY 12 at Rs. 12 Cr. against Rs. 52 Cr. in FY11 as bed capacity doubles to 1,800

Other Drivers

- Average Occupancy** across all healthcare care facilities at 69% for FY 12 against 68% in FY11 despite 7% growth in operational beds
- Average length of stay for FY12 maintained at 3.6 days
- 1,700 Doctors, 2,200 Nurses and 840 para-medical staff across network of hospitals
- Registered patient base around 1.4 million patients with average patient transactions close to 275,000 a month
- Saket hospital gets International Recognition for IT systems, certified at Stage 6 for usage of Clinical Information Technology to improve patient safety, quality and efficiency, by the HIMSS. With this, MHC is ranked in top 5% worldwide for safety, quality of care and efficiency and is the first hospital in India and Sixth in Asia to have received this certification.

* Average Revenue per Occupied Bed Day = Inpatient Revenue/ Occupied Bed Days

**Occupancy has been calculated on average operational beds.



Max Healthcare*



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar-12	Mar-11		Mar-12	Mar-11	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		161	127	27%	587	494	19%
Day Care Revenue		8	5	55%	27	19	43%
Outpatient Revenue		60	47	28%	210	172	22%
Total		229	179	28%	824	685	20%
b) Profitability							
Contribution Margin	Rs. Crore	136	105	29.4%	491	406	21%
Contribution (%)	%	59.4%	58.8%		59.7%	59.2%	
EBITDA	Rs. Crore	(4)	20	-	12	52	-76%
EBITDA (%)	%	-1.6%	11%		1.5%	7.6%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		17,880	15,322	17%	69,375	64,335	8%
Day care Procedures		3,164	2,187	45%	11,314	7,651	48%
Outpatient Registrations		801,443	786,352	1.9%	3,103,270	2,906,651	7%
d) Average Inpatient Operational Beds	No.	1,113	926	20.2%	992	926	7%
e) Average Inpatient Occupancy	%	65.2%	66.6%		68.6%	67.8%	
f) Average Length of Stay	No.	3.69	3.62	2%	3.59	3.56	1%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	24,449	22,868	6.9%	23,585	21,558	9%

*The above results are for MHC Network of hospitals and includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation and Max Super Specialty Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre

Business Drivers

- Gross Written Premium for FY12 at Rs 99 Cr, grows 287% y-o-y
- Conservation ratio for FY12 at 69%
- 100,000 + lives covered in Q4 FY12, lives-in-force close to 239,000
- 861 employees on board

Capital Requirement

- Peak equity commitment of Rs. 690 Cr.; Rs. 420 Cr. infused as of date

Products & Distribution

- Group Personal Accident product filed with IRDA, enhancing B2B product portfolio
- Fixed benefit product approval in advance stage with IRDA, expected launch in 1-2 months
- Heartbeat V2 is well accepted in market after its launch in January 2012
- Distribution Network
 - 11 Branch offices; 400+ cities covered through telesales; board approved another 8 small offices for agency expansion, under IRDA approval
 - Pilot Project under implementation to capitalize on group synergies; pilot expanded for agency force across 25 MNYL offices to sell Max Bupa products from existing 4 locations
- Provider network of expanded further to 1200+ hospitals



Max Bupa Health Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar-12	Mar-11		Mar-12	Mar-11	
a) Gross written premium income	Rs. Crore						
First year premium		30.86	10.53	193%	81.53	25.53	219%
Renewal premium		7.51	0.04		17.54	0.04	
Total		38.37	10.57	263%	99.07	25.57	287%
b) Net Earned Premium	Rs. Crore	19.48	4.28	355%	50.74	8.23	516%
c) Average premium realization per life	Rs.	4,999	5,430	(8)%	5,307	5,538	(4)%
d) Conservation ratio	%	71%	-		69%	-	
e) Number of agents	No.				6,438	4,133	56%
f) Paid up Capital	Rs. Crore				420	271	55%
g) No. of Lives	No.	100,793	24,181	317%	239,024	50,911	369%

- Revenue for FY12 at Rs. 703 Cr grows 66% y-o-y
- EBITDA at Rs. 77 Cr for FY12, grows 50% y-o-y
- All BOPP lines are operating at 100% capacity utilization

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar-12	Mar-11		Mar-12	Mar-11	
a) Sales Quantity – BOPP	Tons	12,634	8,365	51%	51,810	31,667	64%
b) Revenue*	Rs. Cr.	176	119	48%	703	423	66%
c) Profitability:							
Contribution Margin**	Rs. Cr.	31	24	32%	129	92	40%
	%	18%	20%	-	18%	22%	-
EBITDA	Rs. Cr.	21	11	81%	77	51	50%
	%	12%	10%	-	11%	12%	-
PBT	Rs. Cr.	11	7	49%	38	34	11%
	%	6%	6%		5%	8%	

*Extraordinary Income of Rs. 17 Cr. in FY11 on account of settlement of GBC Litigation has not been considered above

**Contribution Margin is calculated as revenue less raw material consumption, power & fuel, packing material and freight

Financial Performance

- Revenue more than doubles to Rs. 9 Cr. in Q4 FY12 and grows 16% to Rs. 28 Cr. in FY12
- PBT for Q4 FY12 at Rs. 1 Cr. for FY12 at Rs. 3 Cr. is in line with the corresponding previous period
- Order book of Rs. 30 Cr. as at Mar'12 end with net addition of Rs. 8 Cr. during Q4 FY12

Operational Performance

- Client base stands grows from 77 in FY11 to 97 in FY12
- 282 (PY – 238) studies being executed across 486 (PY – 424) sites
- Database of principal investigators expands from 1,300 in FY11 to 1,800 physicians in FY12
- Patient retention rate maintained at 92%



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