

Max India Limited

Investor Release July 2008

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HIGHLIGHTS – Q1'FY09

- **Max India to foray into health insurance business in joint-venture with Bupa group**
 - Max India to hold 50% in the joint-venture
 - Registration with IRDA in fourth quarter of 2008
 - Market roll-out by fourth quarter of 2009
 - Initial capital of Rs. 100 Crore; peak capital commitment Rs. 400-420 Crore

- **Max India restructures MNYL joint-venture**
 - Enhanced value for Max India shareholders
 - New York Life has an option for 8 years to increase its shareholding in MNYL by upto 24%, subject to regulations
 - Option value at fair market based formula against a preferential formula earlier
 - Deposit of Rs. 174 Crore from New York Life refunded

- **Max New York Life becomes the first life insurer to declare its Embedded Value**
 - Embedded Value as at March 31, 2008 at Rs. 1,316 Crore
 - Implied New Business Margin is 20.4% on APE*

HIGHLIGHTS – Q1'FY09

- **Max New York Life scales up its growth plans further**
 - Peak capital commitment increased to Rs. 3,600 Crore
 - To increase its agency force from 47K agents to 300k agents by FY 11-12
 - To add 250 offices every year going forward – 900 agency offices and 700 rural offices by FY 11-12
 - Annualised First Year Premium target of Rs. 12,000 Crore by FY 11-12

- **Max Healthcare increases its service offerings**
 - Adds Institute of Internal Medicine
 - To add Oncology in the second half of this financial year

- **Max Speciality Products to add two thermal film lines**
 - Non-binding MoU with a US based world leader for manufacture and distribution of thermal films
 - First production line to be commissioned by October 2008 and second by August 2009

CONSOLIDATED INCOME STATEMENT – SNAPSHOT

(Rs. Crore)

Details	Q1 2008-09	Q1 2007-08	Growth %	FY 2007-08	FY 2006-07	Growth %
Operating Revenue	1,022.15	563.40	81%	3,244.05	1,819.36	78%
Investment and Other Income	99.13	136.83	-28%	366.50	174.26	110%
Total Revenue	1,121.28	700.23	60%	3,610.55	1,993.62	81%
EBITDA	(12.47)	5.13		70.59	20.51	
Net Income Before Tax	(41.34)	(20.30)		(43.06)	(55.49)	

Website: www.maxindia.com BSE Scrip Code: 500271, NSE Ticker: MAX, Bloomberg: MAX:IN

CONSOLIDATED FINANCIAL POSITION – SNAPSHOT

(Rs. Crore)

Details	Q1 2008-09	Q1 2007-08	Growth %	FY 2007-08	FY 2006-07	Growth %
Shareholders' Funds	1,511.05	1,584.12	-5%	1,543.75	602.62	156%
Preference Shares*	250.00	-	-	250.00	-	-
Loans Funds	551.28	643.37	-14%	551.90	558.68	-1%
Fixed Assets (Net Block)	761.95	649.33	17%	718.23	628.36	14%
Treasury Corpus	1,079.63	1,319.82	-18%	1,261.39	285.05	343%
Life Insurance Investments (Assets under management)	3,973.49	2,131.09	86%	3,574.88	1,835.43	95%

* Preference Shares issued to IFC Washington by Max Healthcare Institute Ltd.

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MAX NEW YORK LIFE INSURANCE

- **Gross premium income of Rs. 865 Crore for the quarter ended Jun'08, grows 88% year-on-year.**
- **Annualized First Year Premium (new sales) of Rs. 541 Crore for the quarter ended Jun'08, grows 75% year-on-year.**
 - *Unit Linked products contribute 88% to the new sales for the quarter.*
- **Individual First Year Premium adjusted for single pay (APE) for the quarter ended Jun'08 at Rs. 425 Crore, grows 73% year-on-year.**
- **Assets Under Management at Rs. 3,973 Crore, grows 86% year-on-year.**
- **Life Insurance business capitalised at Rs. 1,232 Crore.**
 - *The shareholders infused Rs. 200 Crore as fresh capital during the quarter.*
- **Sum assured in force as at Jun'08 end around US\$ 18.5 billion (Rs. 780 billion), grows 59% year-on-year.**
- **2 million policies in force.**
 - *300k policies sold during the quarter, up 83% year-on-year.*

MAX NEW YORK LIFE INSURANCE

- **Conservation ratio*** for the quarter ended Jun'08 at 89% against 79% for the quarter ended Jun'07.
- **Agency force** as at Jun'08 end at 47,000 agents, grows 69% year-on-year.
– *Around 10,000 net agents added during the quarter.*
- **Average case size per agent** at Rs. 22,000 for the quarter ended Jun'08 is in line with the previous year.
- **Average case rate per agent per month** at 1.2 for the quarter ended Jun'08 against 1.4 for the quarter ended Jun'07.
- **Geographic coverage** increases to 311 offices across 196 locations.
- **MNYL furthers its reach in emerging markets for life insurance products through a tie-up with IndianOil Corporation.**
– *MNYL products to be made available through around 2,000 Kisan Seva Kendras of IndianOil.*

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

MAX NEW YORK LIFE INSURANCE

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Jun-08	Jun-07		Mar-08	Mar-07	
a) Sales Value (Annualized first year premium)	Rs. Crore	541	309	75%	1,676	970	73%
b) Average case size	Rs.	22,145	21,848	1%	21,923	21,810	1%
c) Case rate per agent per month	No.	1.16	1.44	-19%	1.46	1.63	-10%
d) Number of agents	No.	46,851	27,727	69%	36,896	25,048	47%
e) Net agents added	No.	9,955	2,679		11,848	9,763	
f) Conservation ratio*	%	89%	79%		83%	78%	
g) Gross written premium income	Rs. Crore						
First year premium		424	240	77%	1,326	751	77%
Renewal premium		369	173	113%	1,117	588	90%
Single premium		72	47	53%	272	161	69%
Total		865	460	88%	2,715	1,500	81%
h) Paid up Capital	Rs. Crore	1,232	732	68%	1,032	732	41%
i) Individual Policies in force	No.	1,985,626	1,205,730	65%	1,750,725	1,098,230	59%
j) Sum insured in force	Rs. Crore	77,650	48,816	59%	69,887	44,674	56%

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

MAX HEALTHCARE

- Revenue across network of hospitals at Rs. 100 Crore for the quarter ended Jun'08, grows 21% year-on-year.
- EBITDA of Rs. 5 Crore for the quarter ended Jun'08, grows 82% year-on-year.
- Average Occupancy across all healthcare care facilities at 62%.
– *Average length of stay improved to 3.2 days.*
- Over 1,250 doctors in the network.
– *Physicians on rolls increases to over 500.*
- Number of employees, excluding physicians, increases from over 2,400 in Jun'07 to around 2,800 in Jun'08.
- Registered patient base of over 600,000 patients.
– *Average patient transactions for the quarter at over 150,000 transactions a month.*

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Jun-08	Jun-07		Mar-08	Mar-07	
a) Revenue	Rs. Crore						
Inpatient Revenue		78.1	66.8	17%	301.5	197.1	53%
Outpatient Revenue		21.4	15.3	40%	70.9	47.7	49%
Total		99.5	82.1	21%	372.4	244.8	52%
b) Profitability							
Contribution Margin	Rs. Crore	54.5	43.6	25%	197.7	126.3	57%
Contribution (%)	%	54.8%	53.1%		53.1%	51.6%	
EBITDA	Rs. Crore	5.1	2.8	82%	19.6	(18.1)	
EBITDA (%)	%	5.1%	3.4%		5.3%	-7.4%	
c) Patient Transactions	No.						
Number of Procedures							
- Cardiac Care		1,821	1,829	0%	7,648	5,595	37%
- Orthopaedics		561	527	6%	2,004	1,601	25%
- Neurosciences		204	192	6%	657	498	32%
- Obstetrics & Gynaecology		1,147	1,010	14%	4,171	3,103	34%
- Others		2,471	2,027	22%	8,214	5,924	39%
Medical Admissions		5,869	5,269	11%	23,838	19,950	19%
Outpatient Registrations		459,863	348,641	32%	1,592,804	1,105,420	44%
d) Average Operational Beds	No.	700	625	12%	662	610	9%
e) Average Occupancy	%	61.5%	65.9%		65.8%	63.5%	
f) Average Length of Stay	No.	3.2	3.5		3.4	3.5	
g) Average Revenue per Occupied Bed Day	Rs.	19,930	17,841	12%	18,914	15,540	22%

MAX SPECIALITY PRODUCTS

- All BOPP lines running at 100% capacity utilization.
- Return on Capital Employed for the quarter ended Jun'08 at 18%.

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Jun-08	Jun-07		Mar-08	Mar-07	
a) Sales Quantity - BOPP	Tons	6,809	3,899	75%	23,929	11,985	100%
b) Revenue	Rs. Crore	97.8	52.9	85%	306.0	166.0	84%
c) Profitability:							
Contribution Margin	Rs. Crore	34.4	20.6	67%	119.9	61.8	94%
	%	35.2%	38.9%				
EBITDA	Rs. Crore	13.9	6.8	104%	49.6	21.0	136%
	%	14.2%	12.9%				
PBT	Rs. Crore	7.1	0.9	689%	24.5	11.8	108%
	%	7.3%	1.7%				

CLINICAL RESEARCH

- Revenue of Rs. 3.3 Crore for the quarter ended Jun'08, grows 136%.
- The business turns profitable at Rs. 0.4 Crore.
- Order book of Rs. 36 Crore as at Jun'08 end, grows 140%.
 - *New orders of Rs. 4 Crore received during the quarter.*
 - *Business Development pipeline of around Rs. 85 Crore.*
- 2 new customers added during the quarter.
 - *Client base increases to 45.*
- Database of over 750 principal investigators.
- Patient Retention rate maintained at 98%.



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