

# Max India Limited

## An Introduction

## The Changing Face of 'Max'

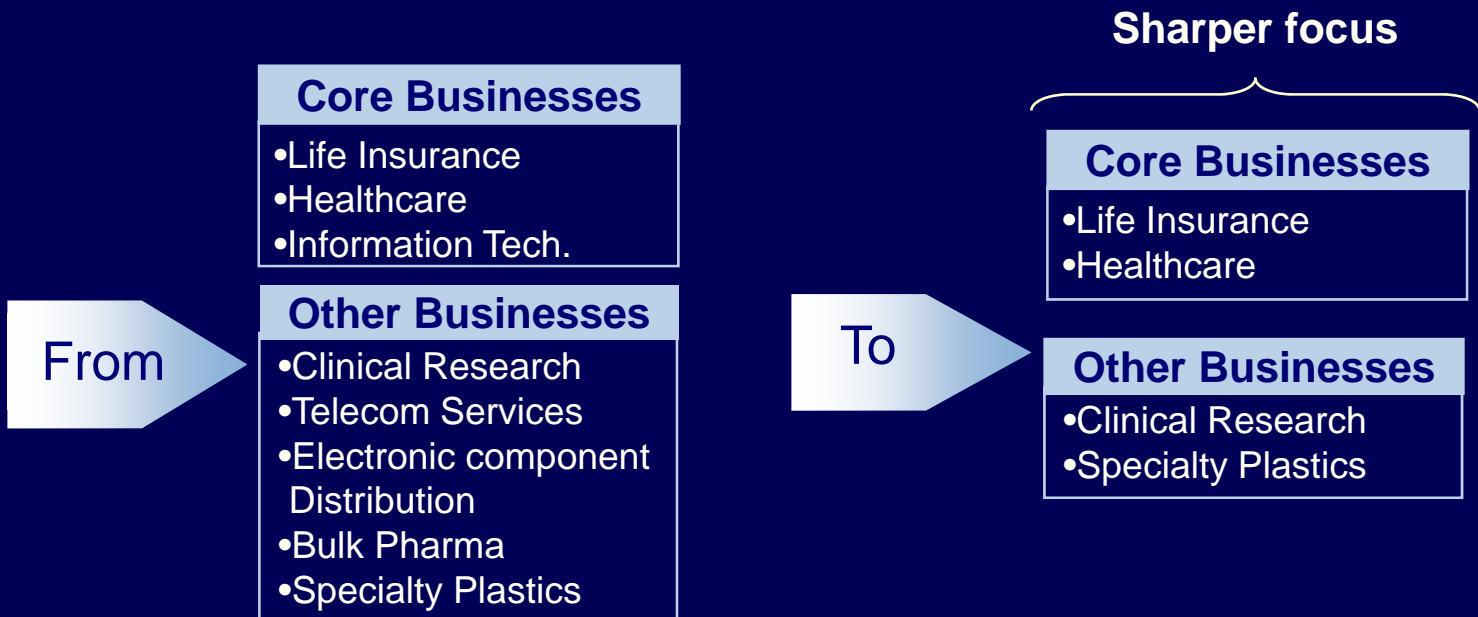
- Reinventing : **Paradigm shift**
- From B to B to B to C
- From Intermediates and Commodities to BRANDS
- Outcome of considered strategic choice

**Renewal for *Business Excellence***

# MAX INDIA

## Revised Descriptor

**Max India Limited** is a multi-business corporate, driven by the spirit of Enterprise, focused on Knowledge, People and Service oriented businesses of Healthcare and Life Insurance. Max also maintains interests in Clinical Research, Telecom services and Specialty Plastic Products businesses.



## 2001-2004: Restructuring Phase Complete

- ❑ **Divestment of Pharmaceutical businesses**
- ❑ **Divestment of Electroplating businesses**
- ❑ **IT services business wound up**
- ❑ **Divestment of Medical Transcription business at CAGR of 58%**
- ❑ **Divestment of VSAT/ related services business**
- ❑ **Paid down Debt from \$47 Mn in Dec '02 to \$21 Mn.**
- ❑ **Sharply Reduced Overheads, Reduction in Debt & Interest**

# Reducing debt and interest

## Debt Reduction

From a peak of  
\$47 Mn in Dec'02

\$21 Mn,  
Currently

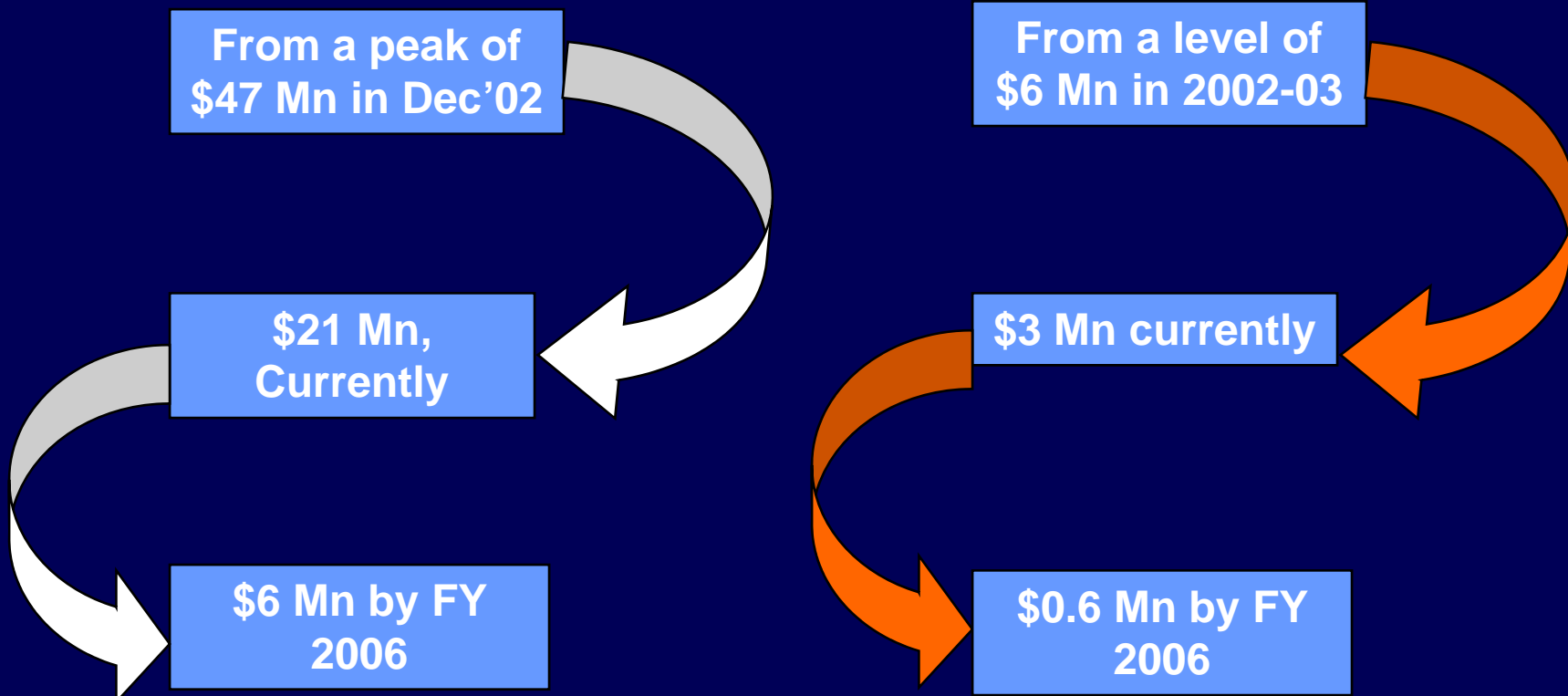
\$6 Mn by FY  
2006

## Annual Interest Cost

From a level of  
\$6 Mn in 2002-03

\$3 Mn currently

\$0.6 Mn by FY  
2006



# **Max India – Board of Directors**

**Dr. Bhai Mohan Singh – Lifetime Chairman Emeritus**

**Analjit Singh – Chairman**

**Dr. S.S. Baijal**

**N.C. Singhal**

**Ashwani Windlass**

**Bharat Sahgal**

**Anuroop Singh**

**N. Rangachary**

**Piyush Mankad**

**Rajesh Khanna**

**B. Anantharaman – Jt. Managing Director**

# The Way Forward

## Core Businesses

- Life Insurance
- Healthcare

## Strategic Investments

- BOPP- *Cash Cow*
- Clinical Research- *Exponential Growth*
- Hutchison Max- *A Valuable Asset*

*US \$ Mn*

Business	Current Equity Investment	Peak Equity Investment
Life Insurance *	104	135
Healthcare \$	41	75

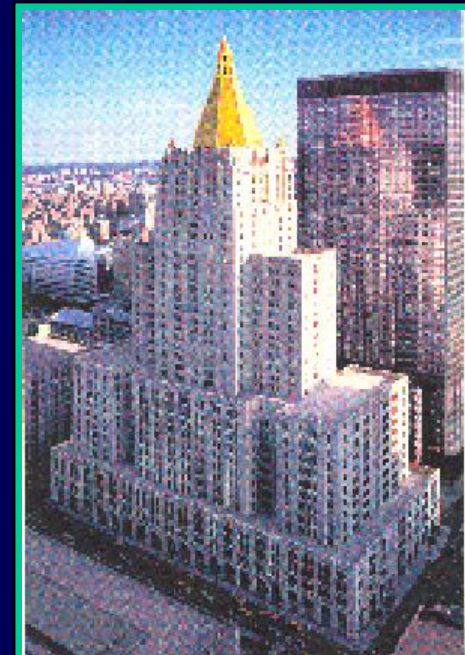
\* Life Insurance - Max India's stake is 74%

\$ Healthcare - Max India's stake is 76%



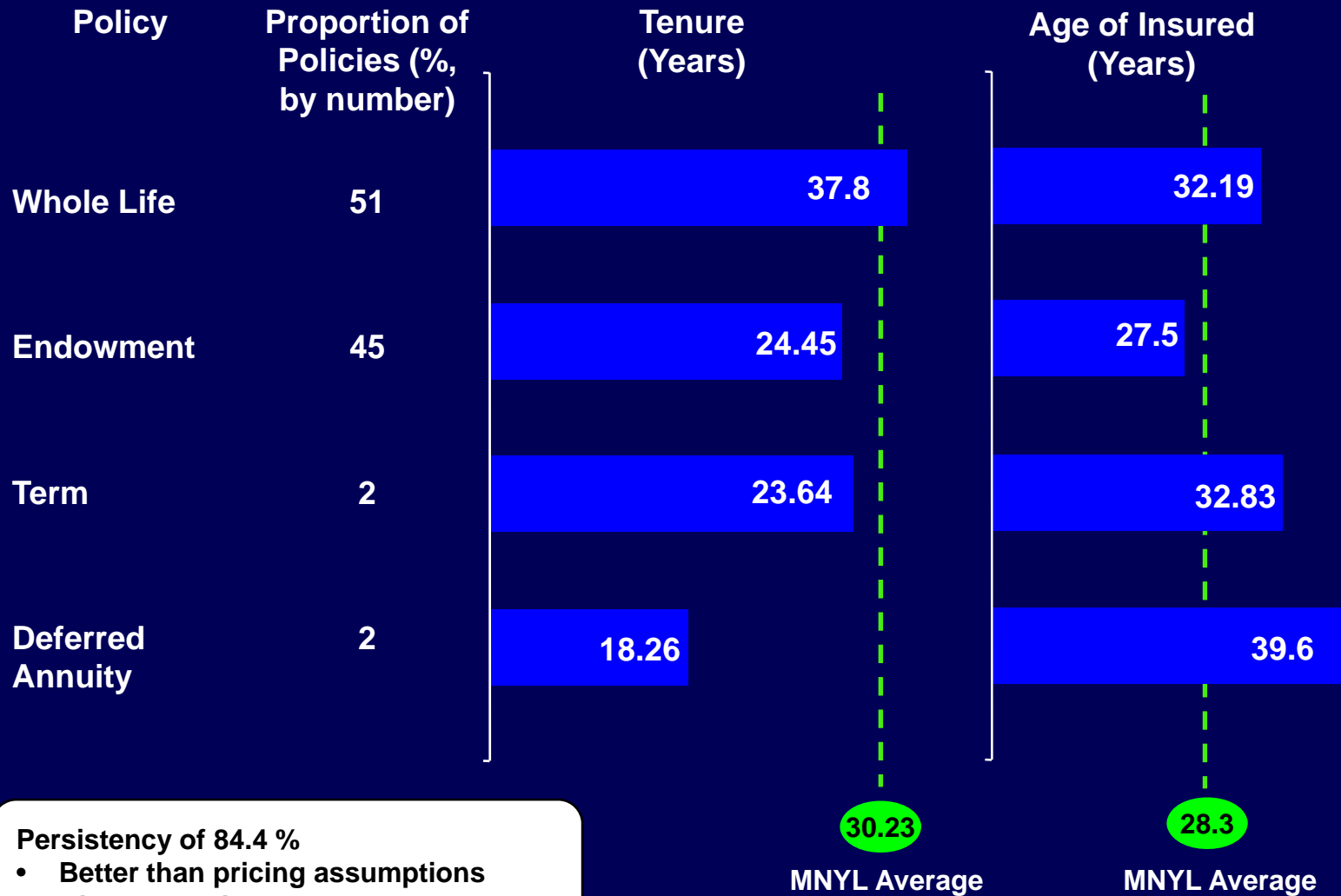
# Life Insurance

- **Joint Venture between Max India & New York Life International**
- **NYL, a top 100 company in Fortune 500 provides insurance domain expertise**
- **NYL is one of the oldest mutual life insurance company in the US with over \$200 billion in assets under management**
- **Max India contributes local market understanding and managing regulatory environment**



## **MNYL'S STRATEGY TO BUILD A STRONG LIFE INSURANCE BUSINESS**

- 1. Focus on protection oriented, long tenor life insurance**
- 2. Build the best-in-class capability for face to face selling**
- 3. Create a high degree of service orientation and quality management**
- 4. Ensure strong execution**
- 5. Develop strong customer trust and market credibility**
- 6. Build high embedded value in the business**



**Persistency of 84.4 %**

- Better than pricing assumptions
- Higher than industry

95% of portfolio is participating

Rupees Crore	<u>Individual &amp; Group</u>		<u>Individual</u>	<u>Number of Individual Policies</u>
	Total New Business Premium	Total New Business Premium	Total New Business Premium	
ICICI Prudential	1060		977	518,247
Birla Sun Life	469		390	156,738
Bajaj Allianz	315		310	206,436
HDFC Standard Life	260		250	190,819
Tata AIG	248		212	197,521
Max New York Life	6 <sup>th</sup> Position 181	6 <sup>th</sup> Position	176	4 <sup>th</sup> Position 182,980
Aviva	146		144	69,194
SBI Life	135		68	83,623
Kotak Old Mutual	118		107	48,628
ING Vysya	90		87	84,992
Metlife	44		39	36,999
AMP Sanmar	30		27	28,823
Sahara Life	0.4		0.4	3068
All private Life Insurers	3096		2787	1,808,068
MS of Private Players (%)	25		24	11

➤ **Phased approach to building the business**

**Geographical penetration**

**New distribution channels**

➤ **Strong operating procedures – ISO 9001:2000 certifications**

➤ **Healthy risk management practices**

**Internal audit organization**

**Internal compliance team**

**Satisfactory external audit on underwriting**

- **High capital base of US\$ 104 Mn**
- **Solvency margin that is always ahead of regulatory requirements**
- **Strong compliance orientation**
- **Consistent achievement of rural and social targets**
- **Conservative investment approach with a very long term view**

**72% Of Portfolio consists of long tenor government paper; 26% in AA+ and better corporate bonds**

**Portfolio yield of 8.4%**

**Unrealized mark to market profit of Rupees 33 crore**

- **First life insurer to introduce a free look period**
- **No asterisks in advertising**
- **Original proposal form sent with policy**
- **Honest illustrations**

**Controlled centrally**

**Sent along with policy**

Key Business Drivers	Unit	Quarter Ended		Year Ended	
		Dec-04	Dec-03	Dec-04	Dec-03
a) Net Income (US GAAP) - Profit / (Loss)	\$ Mn	1.31	0.31	4.62	(3.89)
b) Sales Value (Annualized first year premium)	\$ Mn.	16.93	9.87	47.64	24.82
c) Average case size per active agent	\$	301.22	296.22	272.00	263.22
d) Case rate per active agent per month	No.	3.69	3.07	2.16	1.86
e) Number of agents	No.	6,908	5,070	6,908	5,070
f) Net agents added	No.	353	275	1,838	1,916
g) Overall persistency rate	%	82.90	81.10	82.90	81.10
h) Gross written premium income	\$ Mn.				
First year premium		16.02	8.22	42.76	21.18
Renewal premium		12.04	5.31	31.98	14.29
Single premium		1.13	1.07	3.71	2.78
<b>Total</b>		<b>29.20</b>	<b>14.60</b>	<b>78.44</b>	<b>38.24</b>
i) Sum insured in force (Individual policies)	\$ Mn	3,387.56	2,178.89	3,387.56	2,178.89



**Max New York Life reported  
positive net income of US\$ 5 Mn.  
under US GAAP in 2004**

# Healthcare

## PRIMARY

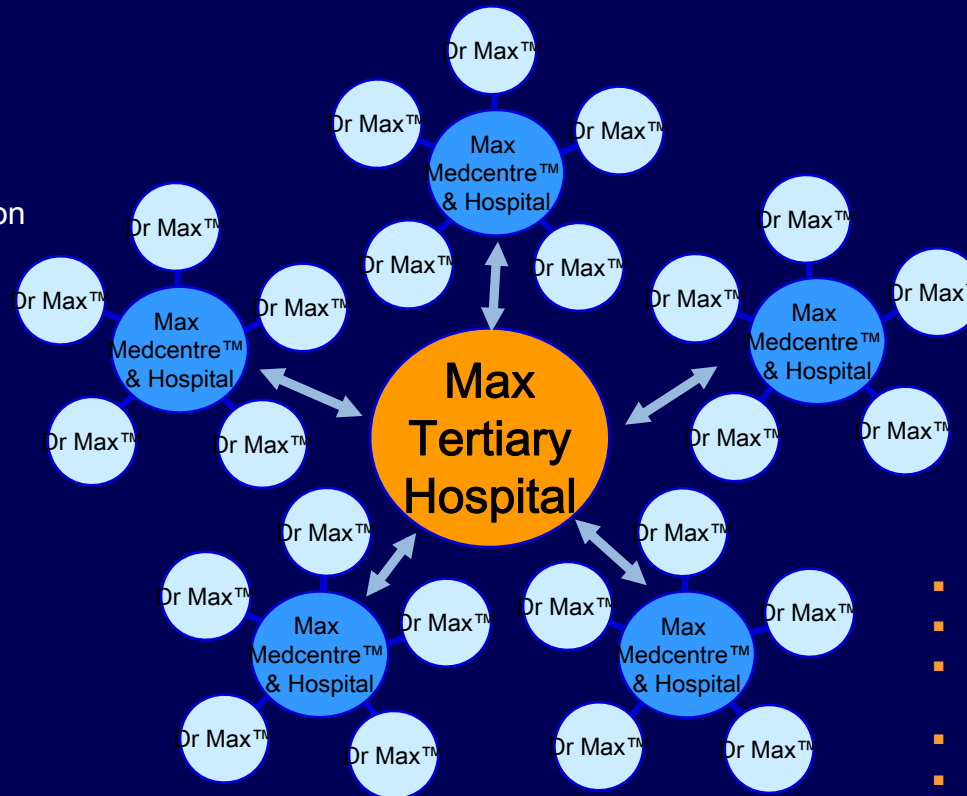
### Dr Max™ Clinic

- GP/ FP Concept
- Specialist doctor consultation
- Diagnostics: X-Ray, ECG
- Pathology Collection
- Treatment Room

## PRIMARY

### Dr Max™ Implant

- Pathology Collection
- Full time nurse/first aid
- Part time doctor



## TERTIARY

### Max Hospital-Saket

- Heart & Vascular Institute
- Inst. Of Neurosciences
- Inst. Of Joint Replacement & Orthopaedics
- Mother & Child
- Inst. Of Minimally Invasive Surgery

## SECONDARY

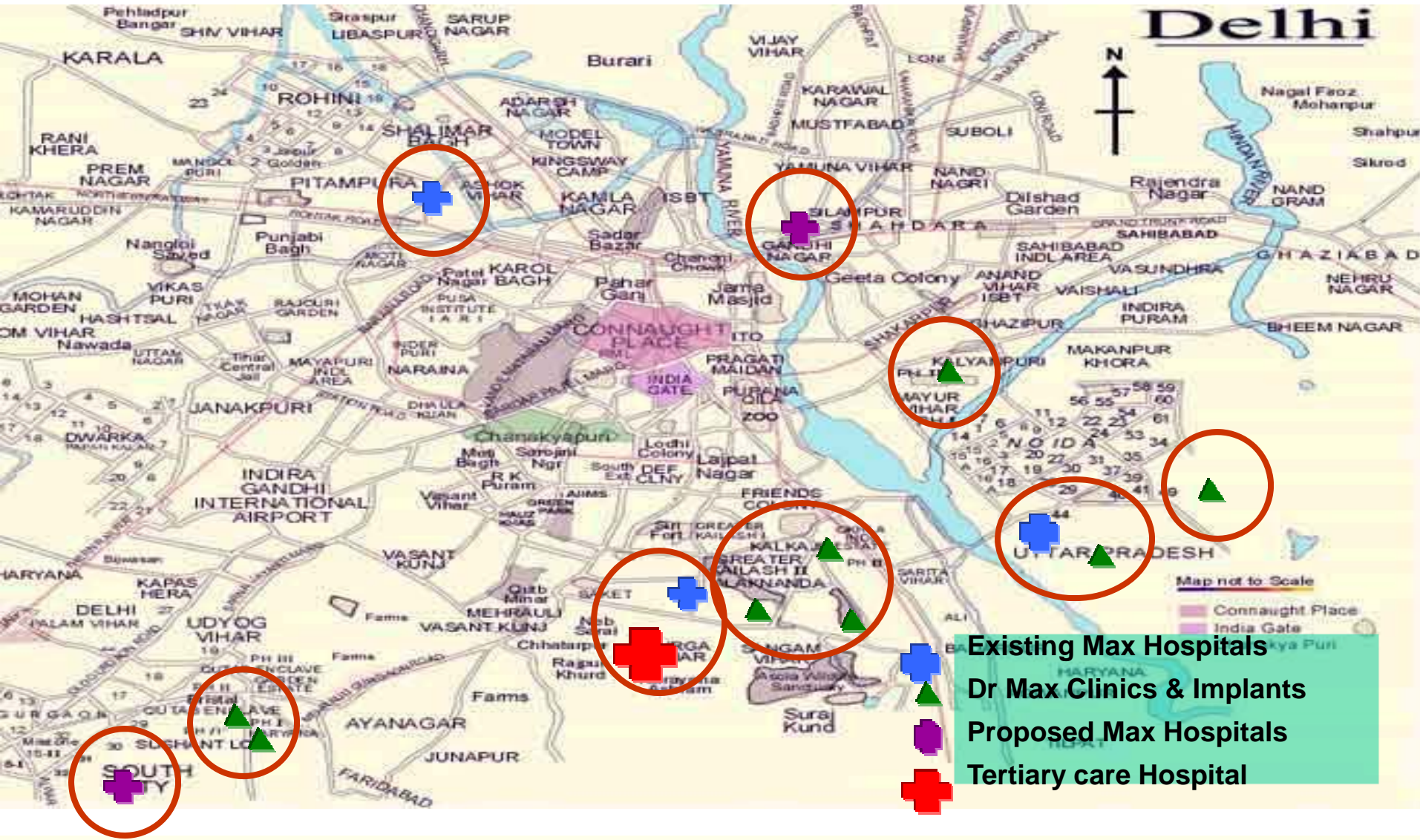
### Max Hospital & Max Medcentre™

- High-end Diagnostics: MRI, CT
- Doctor Consultation
- Surgery & inpatient facilities

- Enable retention of patient traffic

- Enable 'start-to-finish' comprehensive, seamless care : Consult & Diagnostics, Diagnostic tests, pre-operative work up, operations, post-operative care.

# Our Locations



# Addressable Market

- **NCR's population: 15 million; growing at 3.9% p.a.**
- **Per Capita Income: Rs 40,000; growing at 5.2% p.a. in real terms**
- **Relevant Population: Households with income over Rs 2.4 lakhs p.a.**
- **Size of Relevant NCR Population: 4.7 million; growing at 10% p.a.**

# Max Healthcare

## □ Current Status

- **3 Secondary Care Max Hospitals at Panchsheel, Pitampura and NOIDA**
- **1 Dr Max Primary Clinic in South Delhi**
- **7 Dr Max Implants**
- **400 leading Doctors**
- **280 leading Corporate Clients**
- **Patient base of over 1,75,000**
- **70% Brand Awareness amongst target residents of NCR**
- **First phase of Tertiary Care Hospital at Saket already operational (Total 500 beds)**
- **Second Tertiary Care Hospital at Patparganj (127+ 320 beds) to be launched in Q2 '05**
- **Third Tertiary Care Hospital at Gurgaon (200 beds) to be launched in Q1 2007**

***Total Targeted Bed Volume- 1000 by 2006***

***Peak Revenue- \$125 Mn. by 2008***

# Current Facilities

## MAX DEVKI DEVI HEART & VASCULAR INSTITUTE- SAKET



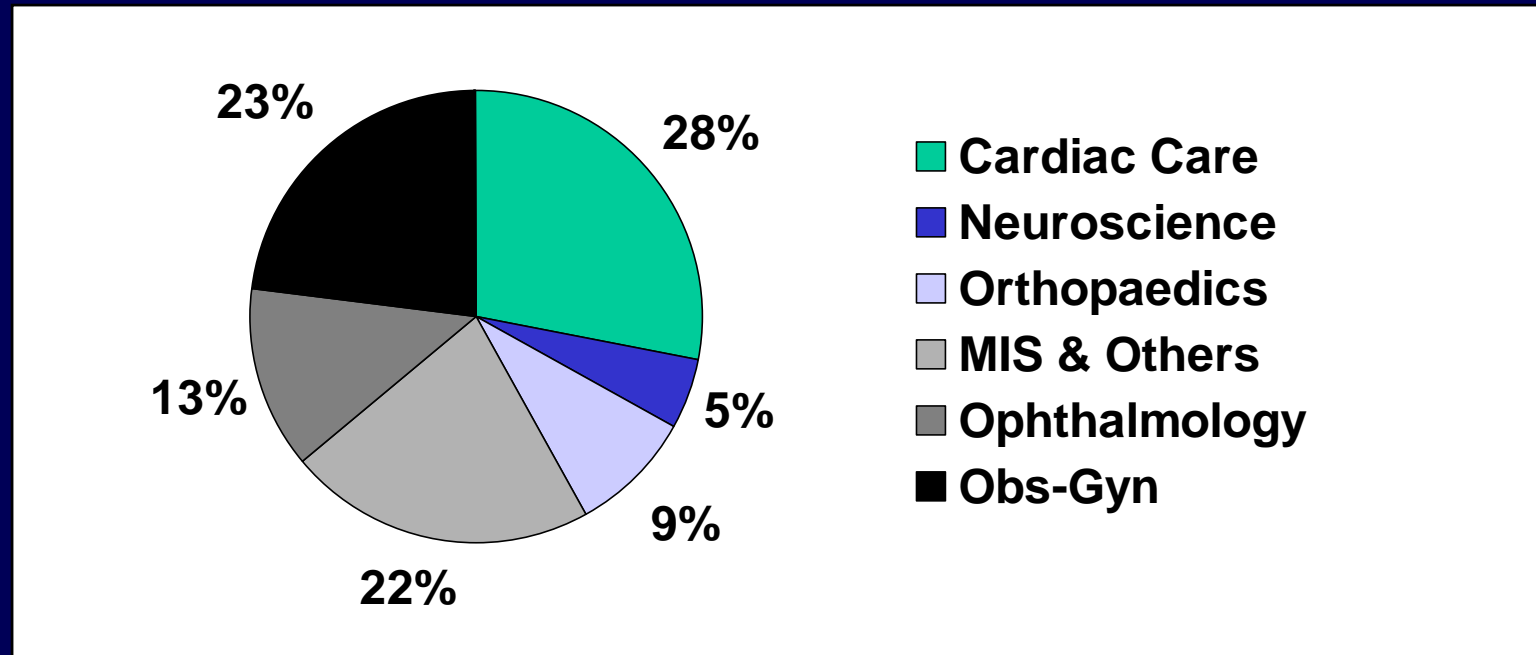
- 250 patient beds
- 3 Operation Theatres, 2 Cardiac Catheterization Labs
- Total covered area of approx.150000 sq. ft.
- Designed by international architects in conformity with the accepted global
- Post Surgery Critical Care Unit
- High Dependency Unit
- Apex Coronary Care
- Advanced Coronary Care Unit
- Exclusive well equipped 'Observation Bay' and 'Post Cath. Recovery'
- Centralized Emergency Command with Advanced Cardiac Life Support Ambulances and Air Evacuation Service.



## MAX TERTIARY CARE HOSPITAL - SAKET

Service Profile: Why we chose the 4 Towers?

### Constituents of Private Healthcare Market\*\*



\*\*Size: Rs 1100 crore

## DR. MAX™ CLINIC



Greater  
Kailash

## MAX MEDCENTRE

Panchsheel



## MAX SECONDARY CARE HOSPITALS

Pitampura



Noida



## MAX BALAJI HOSPITAL- PATPARGANJ



- Phase I: 125 beds with 3 OTs
- Phase II: 325 beds
- To include:
  - Cath Lab
  - Non-invasive Cardiology
  - Mother & Child
  - PHP
  - Dialysis
  - Blood Bank
  - Traumatology
  - All other specialities

# Upcoming Facilities

# MAX HOSPITAL- SAKET (West Block)

- **250 Patient Beds**
- **Four Super Specialities**
  - **Orthopaedics and Joint Replacement Surgery**
  - **Woman & Child**
  - **Minimally Invasive Surgery**
  - **Neurosciences**

## MAX HOSPITAL- GURGAON

- 200 bed Hospital with 4 OTs
- Tower Specialities to include:
  - Ophthalmology (anterior & posterior work)
  - Woman & Child (incl. Infertility)
  - Health Checks
  - Nephrology & Urology
  - Plastic & Reconstructive Surgeries
  - 24-hour Chemist
  - General & Minimally Invasive surgeries



# Medical Assistance Collaboration with Singapore General Hospital

- **Medical**
- **Nursing**
- **Paramedical**
- **IT**
- **Telemedicine**
- **Facility Services**



**Singapore General Hospital**  
*A Tradition of Caring & Excellence*

	\$ Mn.
<b>Equity</b>	<b>75</b>
<b>Debt</b>	
HDFC	23
LIC	7
Indian banks	23
<b>Total Debt</b>	<b>53</b>
<b>Total Project Cost</b>	<b>128</b>
<b>Debt Equity Ratio</b>	<b>0.71</b>



# Other Businesses

## EXPANDING GEOGRAPHIES

### North America

- Alabama
- Georgia
- Massachusetts
- New York
- North Carolina
- Texas
- Wisconsin
- Arizona
- Florida

### Mumbai /Delhi India

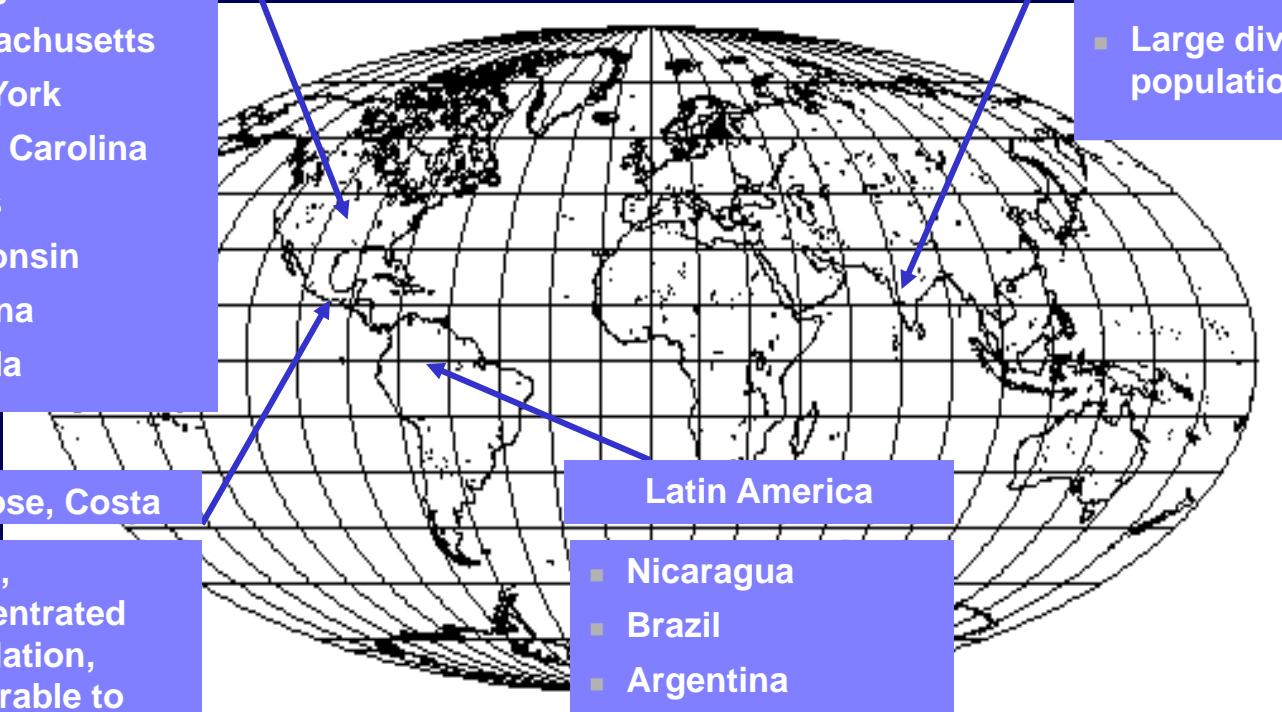
- 32 sites in 8 Major Cities
- Large diverse population

### San Jose, Costa

- Small, concentrated population, vulnerable to range of diseases
- Established brand and service quality

### Latin America

- Nicaragua
- Brazil
- Argentina
- Mexico



# NEEMAN MEDICAL INTERNATIONAL

- **Rapid growth in business pipeline, order book size in excess of US\$ 5.5 million as of March 2005**
- **The clinical research group achieves consolidated revenues of US \$ 3.3 million in FY 2004-05, with gross margins of 50%**
- **Neeman Asia (Indian operations) – Already profitable on a net income basis. High patient retention rate of over 90%, better than industry average of 80-85%**
- **Growth in physician network – The principal investigator network has grown to over 850 qualified and skilled physicians across North America, Latin America and India**

# NEEMAN MEDICAL INTERNATIONAL

- **Neeman continues to increase its therapeutic expertise and now also has capabilities in Ophthalmology, Interventional Cardiology, Rheumatology and Psycho Geriatrics**
- **Customers include all major Pharma companies like GSK, Wyeth, Pfizer and CROs like Quintiles, PPD etc.**
- **With the changes in Patent Act in India in line with the WTO commitments, Neeman Asia, with its proven track record is expecting a favorable impact on its business development pipeline with more and more overseas pharmaceutical companies expected to outsource their clinical trials to India**

## **BOPP Business**

- **Strong performance continues – 100% capacity utilization**
- **Metallized film segment shows excellent performance. Both the metallizers running in full capacity. Full capacity utilization of the 2<sup>nd</sup> metallizer achieved in 2<sup>nd</sup> production year itself**
- **Achieved 31% growth in metallized BOPP films from 1966 tons during Apr-Dec'03 to 2582 tons during Apr-Dec'04. Also achieved 28% growth in metallized jobwork**
- **82% growth in 2004-05 in the sale of thermal films (MCG), a niche product**
- **Export sales grew by 38% in 2004-05 from Rs. 1358 Lacs during Apr-Dec'03 to Rs. 1885 Lacs during Apr-Dec'04**

## **BOPP Business**

- **High production yield of 1.18 as of December 2004**
- **Stringent cost management yields PBDIT of 16% to net sales despite pressure on selling price and constantly increasing input prices, mainly HP. This yield is highest in the BOPP industry**
- **Highest return on net capital employed in the BOPP industry, at 21%.**

**Thank You**