



Max India Limited

Investor Release FY 2008-09

Disclaimer

This release is a compilation of financial and other information all of which has not been subjected to audit. 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.



Consolidated Financial Snapshot

(Rs. Cr.)

Details	FY09	FY08	Growth (%)
Operating Revenue	4,508	3,244	39%
Investment and Other Income	383	367	4%
Total Revenue	4,891	3,611	35%
Profit/(Loss) After Tax*	(333)	(60)	-
Net Worth	1,312	1,537	-15%
Preference Shares	250	250	-
Loans Funds	347	552	-37%
Fixed Assets (Net Block)	930	718	30%
Treasury Corpus	413	1,261	-67%
Life Insurance Investments (AUM)	5,405	3,575	51%

* Losses have increased on account of significant expansion undertaken in the life insurance business

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





Key Highlights

International Finance Corporation invests Rs. 150 Crore in Max India...

- 10,326,311 shares allotted at Rs 145.26 per share for 4.4% stake in Max India
- IFC already holds 3.8% stake in Max Healthcare

Life Insurance

- Embedded Value as at FY09 end at Rs. 2,284 Crore, grows 74% year-on-year
- Value of New Business for FY09 at Rs. 312 Crore, grows 17% year-on-year
- Implied New Business Margin for FY09 at 21% on APE* against 21.8% in FY08
- MNYL outperforms private players growth in FY09 – Market Share improves from 5% to 6%

Healthcare

- Max Healthcare awarded land by Govt. of Punjab to build hospitals in Bathinda & Mohali with 300 beds each under public private partnership by 2011
- Max Healthcare to add around 1,000 beds by FY12
- Revenue at Rs. 423 Crore, grows 13% year-on-year
- EBITDA at Rs. 29 Crore, grows 46% year-on-year
- Business Turns Cash Positive in FY09

Speciality Products

- To add another 20,000 TPA capacity, taking total capacity to 50,000 TPA by end of 2010

Max India resets its Health Insurance JV with Max Bupa...

- To hold 74% stake in the Health Insurance JV against 50% earlier

*APE – Annualized First Year Premium adjusted for 10% of Single Premium and 50% of limited pay products



Max India Group Bolsters Governance ...

Appoints Vice Chairman and globally renowned experts on various boards

- **Mr. Anuroop (Tony) Singh appointed Vice Chairman (Non- Executive) of Max India Limited**

He was CEO & Managing Director of MNYL since its inception in 2000. In his previous assignments he worked as Country Head – India and Regional Head – Consumer Banking for ANZ Grindlays Bank; Country General Manager for retail banking at Bank of America and various senior positions with American Express

- **Mr. Tony Coleman appointed as Business Advisor to the Group**

He is currently Chairman of Enterprise & Financial risk committee of the International Actuarial Association; Australian representative on International Accounting Standards Board Insurance working group. He worked with Insurance Australia Group as Chief Risk Officer & Group Actuary and at PWC as Corporate Finance and valuations partner

- **Prof. Ram Charan, a Management Guru, to facilitate the strategic dimensions of the Group**

- **Ms. Marielle Theron and Mr. Omkar Goswami appointed as Non-Executive Director at MNYL**

Ms. Marielle Theron, headed Business Development & Strategy, Asia, for Swiss Re Life & Health, a large global re-insurer; was a Life Actuary for Tower Life, New Zealand and Executive Director of Mercer, Singapore.

Dr. Omkar Goswami, a noted economist, is an independent director on several reputed Indian Corporates and has served on several government committees. He has also been a consultant to the World Bank, the IMF, the ADB and the OECD.

- **Dr. Ajit Singh appointed as Non- Executive Director of Max Healthcare**

Dr. Ajit Singh spent 20 years at Siemens in various roles, most recently as the CEO of the Image & Knowledge Management Business Group of Siemens Healthcare



Max New York Life Insurance



- **Gross premium income of Rs. 3,857 Crore for FY09, grows 42% year-on-year**
 - *Gross premium income for the quarter ended Mar'09 at Rs. 1,155 Crore, grows 21%*
- **Annualized First Year Premium (new sales) of Rs. 2,096 Crore for FY09, grows 25% year-on-year**
 - *New Sales for the quarter ended Mar'09 at Rs. 518 Crore, down 10%*
 - *Unit Linked products contribute 82% to the new sales for the year*
- **Assets Under Management at FY09 end at Rs. 5,405 Crore, grows 51% year-on-year**
- **Life Insurance business capitalised at Rs. 1,782 Crore**
 - *The shareholders infused Rs. 750 Crore as fresh capital during the year*
- **Sum assured in force as at Mar'09 end around Rs. 94,000 Crore, grows 40% year-on-year**
- **Around 2.6 million policies in force**
 - *Over 1.2 million policies sold during the year, up 38% year-on-year*
- **Conservation ratio* for FY09 at 82% against 83% for the FY08**
- **Agency force as at Mar'09 end at 84,000 agents, grows 129% year-on-year**
 - *Around 47,500 net agents added during the year*

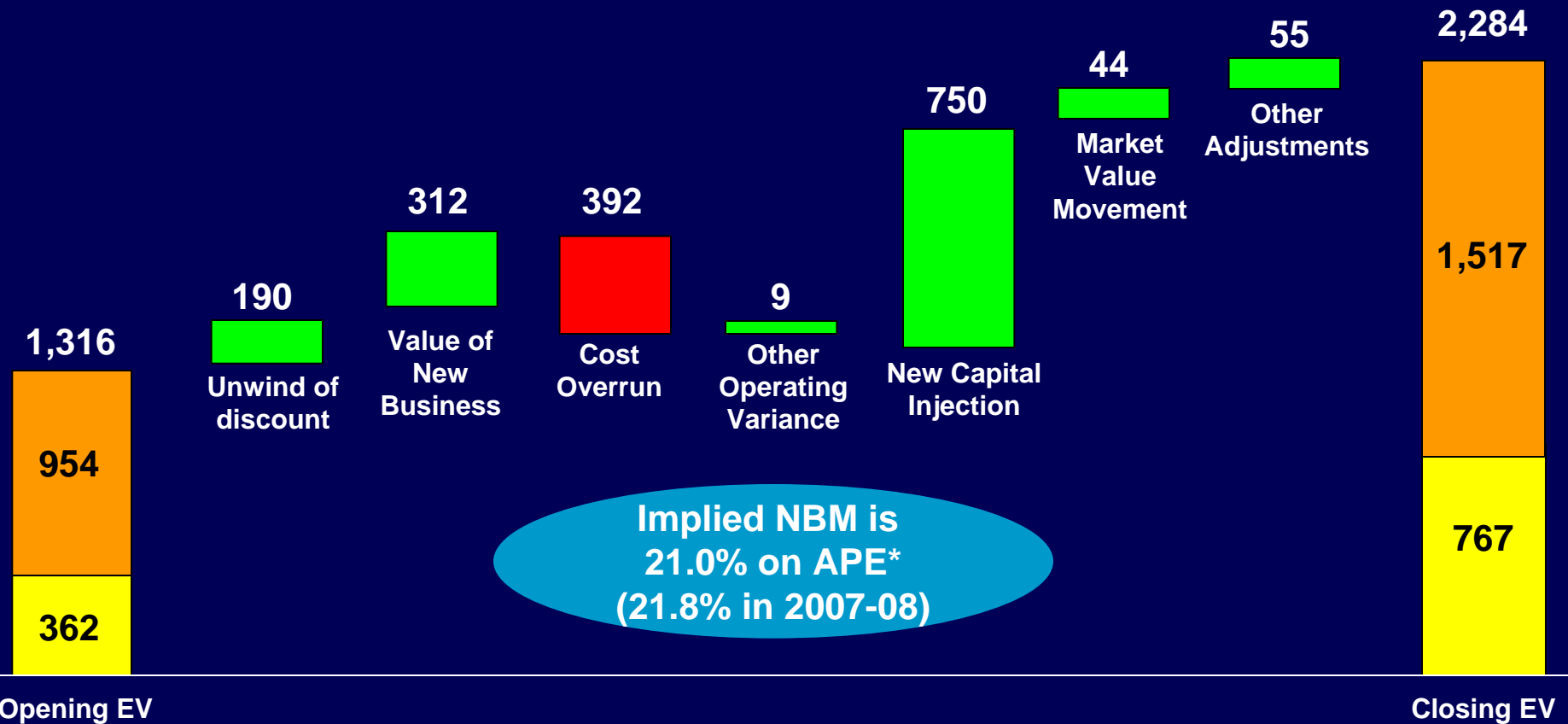


Max New York Life Insurance



- Average case size per agent at Rs. 19,000 for the year ended Mar'09 against Rs. 22,000 for the year ended Mar'08, down 13% year-on-year
- Average case rate per agent per month at 1.1 at FY09 end against 1.5 at FY08 end
- Geographic coverage increases to 581 offices across 382 locations as at FY09 end
 - 339 offices added during the year
- MNYL enters into a broker relationship with India Infoline, a leading financial services distributor
 - Distribution network across 25 states with over 700 branches in 350 locations
 - Employee strength of around 16,000 employees and customer base in excess of 800,000
- Peerless signed up to distribute Max Vijay – encouraging early results
- Tie up with big television properties – Indian Premier League & T20 Cricket World Cup
- MNYL receives recognition across categories
 - Selected to the Elite group of 'Super Brands' in India
 - Ranked 2nd in BT-Cirrus Newsmakers Survey of most written about private life insurance company in the media
 - Featured in Top 50 Best Companies to Work for – 2009 by 'Great Place to Work'

Amount in Rs. Crore



- Denotes increase to EV
- Denotes decrease to EV
- Net Worth
- Value of Inforce business

*APE – Annualized First Year Premium adjusted for 10% of Single Premium and 50% of limited pay products



MNYL – Key Assumptions to Embedded Value



Economic Assumptions

Particulars	Assumptions
Cash/Money Market/TB	5.50%
G Secs	7.00%
Corporate Bonds	8.50%
Equities	13.00%
Inflation	5.00%
Risk Discount Rate	13.00%
Tax rate	14.2% (12.5% plus 10% surcharge +3% education cess)

Sensitivity

- For change in risk discount rate by 0.5%, the value of new business would change by 4.9%

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 year FY 11-12



Max New York Life Insurance



Key Business Drivers	Unit	Year Ended		Y-o-Y Growth
		Mar-09	Mar-08	
a) Sales Value (Annualized first year premium)	Rs. Crore	2,096	1,676	25%
b) Average case size	Rs.	19,172	21,923	-13%
c) Case rate per agent per month	No.	1.05	1.46	-28%
d) Number of agents	No.	84,355	36,896	129%
e) Net agents added	No.	47,459	11,848	301%
f) Conservation ratio*	%	82%	83%	
g) Gross written premium income	Rs. Crore			
First year premium		1,594	1,326	20%
Renewal premium		2,014	1,117	80%
Single premium		249	272	-8%
Total		3,857	2,715	42%
h) Paid up Capital	Rs. Crore	1,782	1,032	73%
i) Individual Policies in force	No.	2,578,476	1,750,725	47%
j) Sum insured in force	Rs. Crore	93,593	66,620	40%

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

- **Revenue across network of hospitals for FY09 at Rs. 423 Crore, grows 13% year-on-year**
 - *Revenue for the quarter ended Mar'09 at Rs. 109 Crore, grows 9%*
- **EBITDA for FY09 at Rs. 29 Crore, grows 46% year-on-year**
 - *EBITDA Margin improves to 7% in FY09 from 5% in FY08*
- **Business turns cash positive during the year**
- **Average Occupancy* across all healthcare care facilities at 65%**
 - *Average length of stay maintained at 3.3 days*
- **Around 1,200 doctors and 3,100 employees in the network**
 - *Physicians on rolls over 500*
- **Registered patient base of around 750,000 patients**
 - *Average patient transactions for the year at over 160,000 transactions a month*
- **MHC won “Economics of Quality Award” from Quality Council of India, the first healthcare organization in the country to receive this**

* Occupancy has been calculated on average operational beds.



Max Healthcare (MHC)



Key Business Drivers	Unit	Year Ended		Growth (%)
		Mar-09	Mar-08	
a) Revenue	Rs. Crore			
Inpatient Revenue		329.0	301.5	9%
Outpatient Revenue		93.6	71.0	32%
Total		422.6	372.5	13%
b) Profitability				
Contribution Margin	Rs. Crore	238.9	197.7	21%
Contribution (%)	%	56.5%	53.1%	
EBITDA	Rs. Crore	28.7	19.6	46%
EBITDA (%)	%	6.8%	5.3%	
Cash Profit	Rs. Crore	1.0	(11.8)	108%
c) Patient Transactions	No.			
Number of Procedures				
- Cardiac Care		7,437	7,648	-3%
- Orthopaedics		2,153	2,004	7%
- Neurosciences		874	657	33%
- Obstetrics & Gynaecology		4,861	4,171	17%
- Others		9,669	8,214	18%
Medical Admissions		26,109	23,838	10%
Outpatient Registrations		1,899,880	1,592,804	19%
d) Average Operational Beds	No.	712	662	8%
e) Average Occupancy	%	65.1%	65.8%	
f) Average Length of Stay	No.	3.3	3.4	
g) Average Revenue per Occupied Bed Day	Rs.	19,433	18,914	3%

Note: The results presented above are for Max Healthcare's network of hospital



Max Speciality Products



- All BOPP lines running at 100% capacity utilization
- To add another 20,000 TPA capacity, taking total capacity to 50,000 TPA, operational by end of 2010
- Return on Capital Employed for the year ended Mar'09 at 15%

Key Business Drivers	Unit	Year Ended		Growth (%)
		Mar-09	Mar-08	
a) Sales Quantity – BOPP	Tons	28,503	23,929	19%
b) Revenue	Rs. Crore	370.4	306.0	21%
c) Profitability:				
Contribution Margin*	Rs. Crore	136.8	119.9	14%
	%	36.9%	39.2%	
EBITDA	Rs. Crore	51.4	49.6	4%
	%	13.9%	16.2%	
PBT	Rs. Crore	24.8	24.5	1%
	%	6.7%	8.0%	

* Contribution Margin is calculated as revenue less raw material consumption.

- Revenue at Rs. 14 Crore for FY09, grows 29% year-on-year
- Business continues to be profitable with net earnings around Rs. 1 Crore for FY09, grows 20% year-on-year
- Order book of Rs. 40 Crore as at Mar'09 end, grows 18% year-on-year
 - *Net addition of Rs. 12 Crore during the quarter*
 - *Business Development pipeline of around Rs. 125 Crore*
- 74 studies being executed across 252 sites
- Database of principal investigators expands to over 850
- Patient Retention rate maintained at 98%



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