



# Max India Limited

## Investor Release

### May 2010

#### *Disclaimer*

*This release is a compilation of unaudited financial and other information 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 Group – Key Highlights 2009-10

## Max India secures growth funding till FY12

- Goldman Sachs invests Rs. 522 Cr. through CCDs representing 9.1% equity stake
- Promoters subscribe to warrants convertible into 3% equity stake at an investment of Rs. 173 Cr, 50% already infused
- IFC invests Rs. 150 Cr. in Max India for onward investment in the healthcare business

## MNYL turns profitable and bolsters banca with Axis Bank

- Policyholder and shareholder P&L combined reports profit of Rs. 24 Cr. in FY10 against loss of Rs. 419 Cr. in FY09
- Unprecedented 10 year distribution alliance with third largest private bank in India with more than 1,000 branches. Axis Bank to acquire a 4% equity stake in MNYL, subject to regulatory approvals
- Embedded Value as at FY10 end Rs. 2,723 Cr. grows by 19% y-o-y

## Max Bupa commences operations... differentiated proposition

- Peak capital commitment of Rs.700 Cr.
- Break even & market share target of 5% by Year 5

## MHC adds pivotal specialties and increases capacity by 40%

- Addition of 350 beds in FY10; bed strength grows to 1100
- Expansion to continue with addition of 800 beds in FY12
- Comprehensive service profile – Oncology and Minimal Access Surgery added; organ transplant, cord blood banking and stem cell research to be added shortly
- Forges strategic alliance to venture in day care surgeries space

## MSF undertakes significant expansion

- 67% expansion in capacity with addition of 20,000 TPA BOPP line, target start up Apr' 11
- Leather finishing foil triples its capacity to 5000 KSM in Q4'FY10



# Consolidated Financial Snapshot

(Rs. Cr.)

Details	Year Ended		Y-o-Y Growth
	Mar-10	Mar-09	
Operating Revenue	5,571	4,508	24%
Investment and Other Income	2,158	384	462%
Total Revenue	7,729	4,891	58%
Profit/(Loss) After Tax	(44)	(333)	-

Particulars	31- Mar-10	31- Mar-09	Growth
Net Worth	1,996	1,312	52%
Preference Shares	250	250	-
Loans Funds	440	347	27%
Fixed Assets (Net Block)	965	930	4%
Treasury Corpus (Debt Mutual Funds & Bank Balances)	909	456	99%
Assets under Management (Life Insurance)	10,121	5,557	82%

Website: [www.maxindia.com](http://www.maxindia.com) BSE Scrip Code: 500271, NSE Ticker: MAX, Bloomberg: MAX:IN





# Max New York Life Insurance



## Financial Performance

- Gross Premium Income for FY10 at Rs. 4,861 Cr. grows 26% y-o-y
- Individual First Year Premium (adjusted for single pay) at Rs. 1,584 Cr. down 1% y-o-y
- Unit Linked products contribute 73% to new sales for the year
- Conservation ratio\* for FY10 improves to 83% from 82% in FY09
- Expenses of management brought down to 40% in FY10 against 52% in FY09
- Policyholder and shareholder P&L combined reports profit of Rs. 24 Cr. in FY10 against loss of Rs. 419 Cr. in FY09

## Other Business Drivers

- AUM crosses Rs. 10,000 Cr. at the end of FY10, grows 82% y-o-y
- Outlook Money ranks MNYL # 1 in 3 fund categories for 2nd year in a row
- Sum assured in-force exceeds Rs. 123,000 Cr. at FY10 end, grows 31% y-o-y
- Approx. 1 million policies sold in FY10, resulting in approx. 3 million policies in force
- Business capitalised at Rs. 1,973 Cr as at Mar, 31, 2010, Rs. 181 Cr. infused during the year.
- Brand Awareness improves from 74% in FY09 to 89% in FY10

## Agency Performance

- Average case size per agent at Rs.20,665 for FY10 against Rs.19,172 in FY09, up 8% y-o-y
- Average case rate per agent at 0.66 for FY10 against 1.05 in FY09, down 38% y-o-y
- Agency force as at Mar'10 end around 73,000

\* Conservation Ratio =  $\frac{\text{Renewal Premium for the current year}}{\text{First Year + Renewal Premium for the previous year}}$



# Max New York Life Insurance

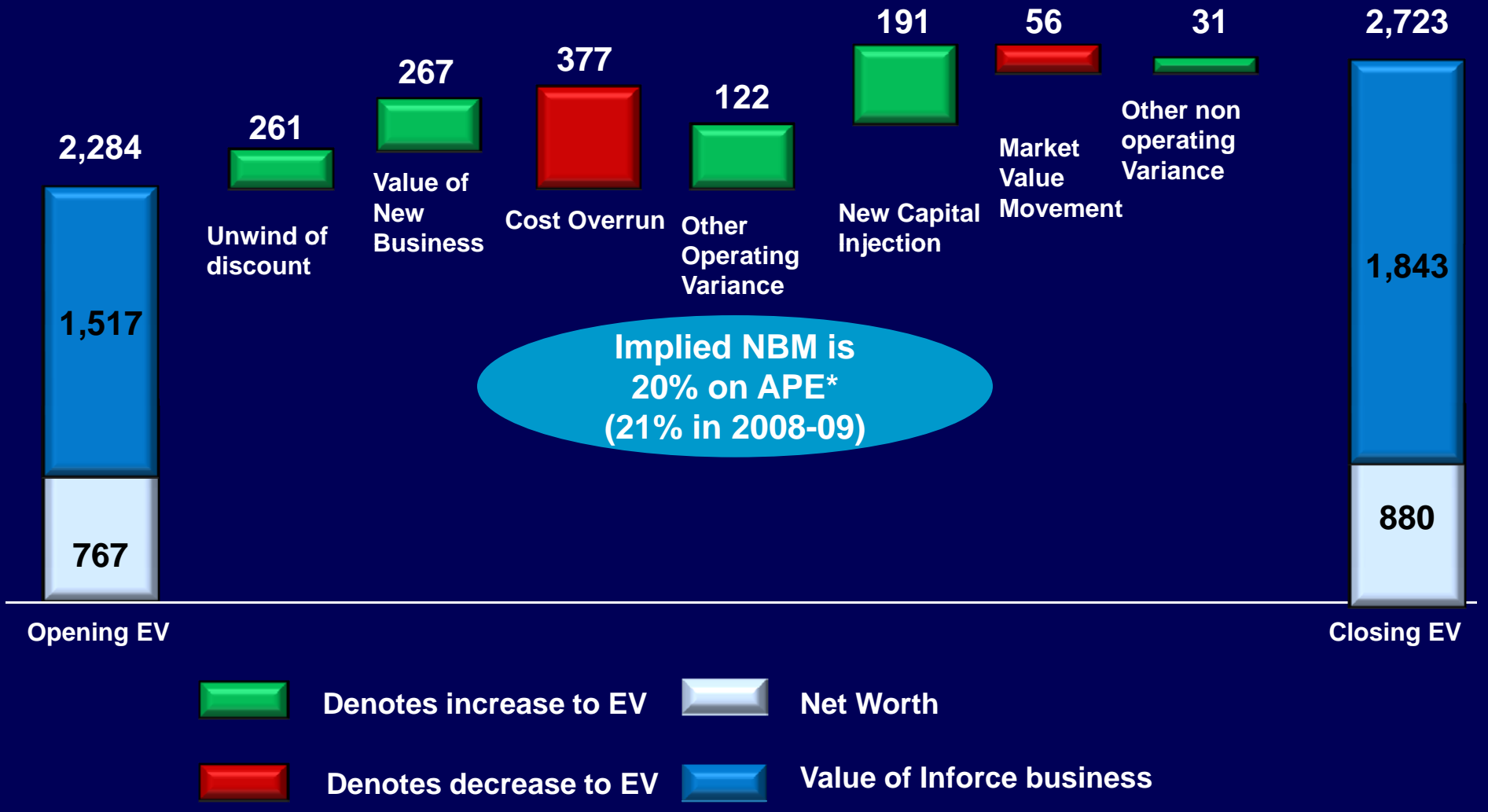


Key Business Drivers	Unit	Year Ended		Y-o-Y Growth
		Mar-10	Mar-09	
a) Gross written premium income	Rs. Crore			
First year premium		1,648	1,594	3%
Renewal premium		3,011	2,014	50%
Single premium		202	249	-19%
<b>Total</b>		<b>4,861</b>	<b>3,857</b>	<b>26%</b>
b) Individual Adjusted Premium (APE*)	Rs. Crore	1,584	1,595	-1%
c) Conservation ratio**	%	83%	82%	
d) Average case size	Rs.	20,665	19,172	8%
e) Case rate per agent per month	No.	0.66	1.05	-38%
f) Number of agents	No.	72,813	84,355	-14%
g) Paid up Capital	Rs. Crore	1,973	1,782	11%
h) Individual Policies in force	No.	2,985,207	2,578,476	16%
i) Sum insured in force	Rs. Crore	123,098	93,593	31%

\*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)

Amount in Rs. Crore



\*APE – Adjusted Premium Equivalent (Annualized First Year Premium adjusted for 10% of Single Premium & 50% of Limited Pay Products) 6

## Economic Assumptions

Particulars	Assumptions
Cash / Money Market / TB	4.30 %
G Secs	7.87 %
Corporate Bonds	8.80 %
Equities	13.00 %
Inflation	5.75 %
Risk Discount Rate	13.00 %
Tax rate	14.2 % (12.5 % + 10% surcharge + 3 % education cess)

## Sensitivity

- For change in risk discount rate by 0.5%, the value of new business would change by 4.3%

## 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 12-13

## Revenue

- Revenue across network of hospitals for FY10 at Rs. 534 Cr., grows 26% y-o-y
- Average Revenue per Occupied bed day\* for FY10 at Rs. 20,431, grows 5% y-o-y

## Profitability

- EBITDA for FY10, at Rs. 24 Cr., down 18% y-o-y
- EBITDA Margin for FY10 at 4.4% against 6.8% in FY09
- MHC ramps up its service profile and adds workforce to operationalise 350 beds added during the year causing an adverse impact on its profitability for the year

## Operational Performance

- Average Occupancy\*\* across all healthcare care facilities improves from 65% in FY09 to 73% in FY10 despite increase in average operational beds from 712 in FY09 to 751 in FY10
- Average length of stay maintained at 3.4 days

## Other Drivers

- Around 1,250 Doctors, 1,900 Nurses and 1,700 para-medical staff across network of hospitals.
- Registered patient base of 930,000 patients with average patient transactions over 200,000 a month

\* 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	Year Ended		Y-o-Y Growth
		Mar-10	Mar-09	
<b>a) Revenue</b>	<b>Rs. Crore</b>			
Inpatient Revenue		407	329	24%
Outpatient Revenue		127	94	36%
<b>Total</b>		<b>534</b>	<b>423</b>	<b>26%</b>
<b>b) Profitability</b>				
Contribution Margin	<b>Rs. Crore</b>	305	239	28%
Contribution (%)	<b>%</b>	57.2%	56.5%	
<b>EBITDA</b>	<b>Rs. Crore</b>	24	29	-18%
<b>EBITDA (%)</b>	<b>%</b>	4.4%	6.8%	
<b>c) Patient Transactions (Number of Procedures)</b>	<b>No.</b>			
- Cardiac Care		8,224	7,439	11%
- Orthopaedics		2,616	2,153	22%
- Neurosciences		1,194	874	37%
- Obstetrics & Gynaecology		5,251	4,861	8%
- Oncology		624	10	
- General Surgery & MAS		3,946	2,966	33%
- Others		7,608	6,693	14%
Medical Admissions		29,667	26,109	14%
Outpatient Registrations		2,249,530	1,899,878	18%
<b>d) Average Operational Beds</b>	<b>No.</b>	751	712	5%
<b>e) Average Occupancy</b>	<b>%</b>	72.6%	65.1%	11%
<b>f) Average Length of Stay</b>	<b>No.</b>	3.4	3.3	-
<b>g) Average Revenue per Occupied Bed Day</b>	<b>Rs.</b>	20,431	19,433	5%

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

## Commences Operations ...

- License received from IRDA in Feb 2010 and first product approved in March 2010
- Launched in 6 Cities in April and May 2010 – Delhi (NCR), Mumbai, Hyderabad, Bangalore, Chennai and Pune
- Cities to be added during next quarter – Surat, Ludhiana and Jaipur
- Current people strength at 400, to grow to 600 by December 2010

## Capital Requirement

- Peak equity commitment of Rs. 700 Cr.
- Rs. 188 Cr. infused as of date

## Differentiated Proposition ...

- Cashless Processing; No third party administrator
- Hassle free claim processing; no underwriting at point of claim
- No age limit; sum assured of upto Rs. 50 Lacs; relationship manager for Gold/ Platinum Customers
- Minimal exclusions



# Max Speciality Films



- All BOPP lines running at 100% capacity utilization
- To add another 20,000 TPA capacity, taking total capacity to 49,000 TPA, operational in April 2011

Key Business Drivers	Unit	Actual		Y-O-Y Growth
		FY10	FY09	
a) Sales Quantity – BOPP	Tons	29,678	28,503	4%
b) Revenue	Rs. Crore	340	370	-8%
c) Profitability:				
Contribution Margin*	Rs. Crore	125	137	-9%
	%	36.7%	36.9%	
EBITDA	Rs. Crore	43	51	-16%
	%	12.7%	13.9%	
PBT	Rs. Crore	20	25	-18%
	%	6.0%	6.7%	

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

## Financial Performance

- Revenue for FY10 at Rs. 18 Cr. grows 26% y-o-y
- Order book of Rs. 32 Cr. as at Mar'10 end with net addition of Rs. 22 Cr. during the year
- Business development pipeline of approx Rs. 85 Cr.
- Business continues to be profitable with net earnings over Rs. 2.2 Cr. for FY10 grows 134% y-o-y

## Operational Performance

- 92 studies being executed across 180 sites
- Database of principal investigators expands to over 1,000 physicians
- Patient retention rate at 92%



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