

# IN THE BUSINESS OF LIFE

We understand the value of life and work passionately to protect life, care for life, enhance life, and improve life.

We seek to perform relentlessly to serve customers better and earn their trust.

## VISION: TO BE ONE OF INDIA'S MOST ADMIRER



### MAX LIFE INSURANCE

Max Life Insurance Company Ltd. (formerly Max New York Life Insurance Company Ltd.) is a joint venture between Max India Limited and MS&AD, World 7th largest general insurer. Incorporated in FY 2000, it is one of India's leading private life insurance companies positioned on the quality platform. The Company offers long-term saving and protection solutions through a suite of individual and group life insurance products.

- Gross Premium Income at ₹6,391 crore, up 10% y-o-y.
- Shareholder Profit at ₹460 crore, up 137% y-o-y.
- Embedded Value at ₹3,684 crore, up 15% y-o-y.
- Largest\* non-bank promoted private life insurer with 3.5 million customers and market share amongst private life insurer's of 8.6%.
- Solvency Surplus of ₹1,506 crore.



### MAX HEALTHCARE

Max Healthcare (MHC) is a leading provider of standard, seamless, integrated and international class healthcare services. It is committed to the highest standards of medical and service excellence, patient care, scientific research and medical education. MHC has centers of excellence in Minimal Access, Metabolic & Bariatric Surgery, Cardiology, Aesthetic and Reconstructive Surgery, Internal Medicine, Neurosciences, Orthopaedics & Joint Replacement, Obstetrics and Gynaecology and Paediatrics.

- Gross Revenue from network of hospitals at ₹823 crore, up 20% y-o-y.
- Highest ever revenue achieved in the month of Mar '12 at ₹85 crore.
- Turns EBITDA positive within 6 months of doubling bed capacity.
- Registered patient base of around 1.4 million.



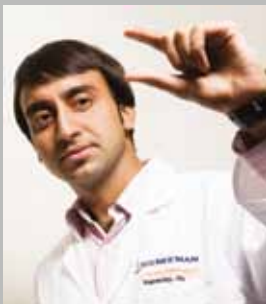
### MAX BUPA HEALTH INSURANCE

Max Bupa Health Insurance (MBHI) is a Joint Venture with Bupa Finance Plc, a leading international healthcare company with a legacy of providing specialized healthcare services for over 60 years.

Max Bupa's mission is to help customers' live healthier and more successful lives. It aims to become the most admired health insurance company in India by delivering high quality health insurance products and ensuring consistent customer experience.

- Gross written premium close to ₹99 crore grows 4 times.
- Lives in-force at 2,70,000 over 100 thousand lives covered in the last quarter FY 2012.
- Enhancing B2B portfolio - Group Personal Accident product filed with IRDA.
- Peak commitment ₹690 crore, ₹420 crore invested till FY 2012 end.

## CORPORATES FOR SERVICE EXCELLENCE



### MAX NEEMAN MEDICAL INTERNATIONAL

Max Neeman Medical International (MNMI) is a leading provider of clinical research services across the entire value chain of new drug development to global pharmaceutical, biotech and devices companies, both in India and abroad. The Company operates through a dual-shoring model, with marketing based in USA and clinical trial operations in India with 6 regional offices and access to hospitals and healthcare facilities across India.

Max Neeman has completed 5 US FDA GCP Audits for highest enrollment globally.

- Revenue at ₹28 crore, up 15% y-o-y.
- 1200+ICH-GCP trained investigators.
- 5 specialization areas - site management, site monitoring, clinical data management, project management and supply chain management of clinical trial material.
- Awarded 250 trials for global sponsors across wide range of therapeutic areas.



### MAX SPECIALITY FILMS

Max Speciality Films (MSF) is a Strategic Business Unit of Max India. It is the only manufacturing business that Max India continues to operate after its reinvention and shift to service oriented businesses in FY 2000. MSF is a leader in the development and manufacture of specialty Bi-axially oriented polypropylene (BoPP) films, including multilayer white opaque films, ultra high barrier metalized plain films and leather finishing foils. MSF caters to the needs of wide range of packaging applications.

- Revenue at ₹703 crore, up 66% y-o-y.
- EBITDA at ₹77 crore, up 50% y-o-y.
- MSF wins Golden Peacock Award for Product Innovation.
- All BoPP lines running at 100% capacity utilization.



### MAX INDIA FOUNDATION

Max India Foundation is the social service arm of Max India Group. It is focused on providing healthcare to the underprivileged, creating health awareness and spreading awareness about environment conservation.

The Group philosophy of caring for life inspires the Foundation to serve in the area of healthcare with a special focus on underprivileged children.

- Has provide support to the needy across more than 295 locations in India
- Impacting nearly 2 lac lives in partnership with 280 NGOs.
- Has won Golden Peacock Award for Corporate Social Responsibility second year in a row.

TRUST  
+  
SERVICE  
=  
GROWTH





## BUILDING EACH OF OUR BUSINESSES INVOLVES TRUST

Customers choose insurance companies and healthcare on Trust

The patients choose healthcare and hospitals based on Trust

Pharmaceutical and medical companies choose clinical research partners on Trust

Manufacturers of food products and edibles select packaging material based on the Trust of health and safety

Trust is paramount to our business...

## AS IS OUR UNWAVERING PASSION FOR BEST-IN-CLASS SERVICE

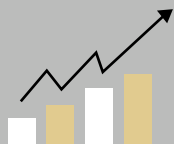
Everywhere; for every customer; all the time

Because we believe in a simple truth...

When you combine Trust with Service

You get Growth

## MAX INDIA LIMITED...BUILDING TRUST FOR GROWTH



## WHAT YOU CAN MEASURE OUR SUCCESS STORY BY

### CONSOLIDATED REVENUE\*

- ✓ Increase of 9% to ₹8,562 crore
- 

### CONSOLIDATED OPERATING REVENUE

- ✓ Increase of 15% to ₹7,648 crore
- 

### NET PROFIT

- ✓ Increase of 18 times to ₹155 crore
- 

### ASSETS UNDER MANAGEMENT

- ✓ Increase of 24% to ₹17,215 crore
- 

### CONSOLIDATED NET WORTH

- ✓ Increase of 77% to ₹2,513 crore
- 

### CUSTOMER BASE

- ✓ Increase of 13% to cross 5 million

*\* Includes investment and other income*

## WHAT'S INSIDE?



Read about our performance, positioning and **plan for the future** in the Chairman's letter.

## WHY WE'RE GOING THE E-WAY?

[www.maxindia.com/financial-results](http://www.maxindia.com/financial-results)



Experience our easy-to-use, flash-based online annual report. This year over 10,000 shareholders have opted for electronic communications and helped preserve the environment. We're doing our bit too: Making the annual report viewing as interactive and engaging as possible. Reason enough for more to sign up and join the campaign.

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## CHAIRMAN'S LETTER

**“ YOUR COMPANY'S TOP MANAGEMENT TEAM, ACROSS KEY BUSINESSES HAVE FUSED TOGETHER TO CREATE SUSTAINABLE AND PROFITABLE GROWTH WITH OPERATING REVENUE INCREASING 15% TO ₹7,648 CRORE AND CONSOLIDATED NET PROFIT RISING TO ₹155 CRORE FROM ₹9 CRORE ”**



*Anajit Singh, Chairman, Max India Limited*

Dear Shareholders,

On many counts, FY 2012 has been a truly eventful and eminently satisfying year for your Company. Let me touch upon some of these before moving on to the prospects of the Indian economy and your Company's businesses in the near term.

As you are aware, in essence, Max India is like a holding Company that owns a majority stake in two insurance joint ventures — Max Life Insurance Company (formerly Max New York Life Insurance Company) and Max Bupa Health Insurance Company — and running a healthcare business through its subsidiary Max Healthcare. It also manufactures bi-axially oriented polypropylene (BoPP) films and speciality foils for the packaging industry.

I have always believed and practiced that able leadership and strong corporate governance systems play a critical role in the ability of companies that operate a portfolio of businesses to effectively focus, develop and create value for each of the individual enterprises.

The challenge is to promote professionalism across the organization while striking a fine balance between centralized control and distributed responsibilities.

With this objective, over the last few years, at Max India, we have been working on a process of 'leadership transformation'. In 2011, your Company segregated the role of the Chairman and that of the Managing Director. While I will continue as Chairman of your Company, it has appointed a new Managing Director, Rahul Khosla. In a short span of time, Rahul has seamlessly integrated into the Max India system and become the focal person through whom the individual company managements have established a working relationship with Max India as a shareholder.

While this transformation is an on-going process, I am happy to share with you the fact that your Company has delivered admirable results for FY 2012. In terms of pure financial numbers: operating revenue has increased by 15% to ₹7,648 crore; while on a consolidated basis, net profit has increased from ₹9 crore in FY 2011 to ₹155 crore in FY 2012.

Achieving excellent financial result is an outcome of managerial efficiency, especially the ability to strategize and execute in equal measure. What pleases me most is that your Company's top management team across its key businesses have fused together to create sustainable and profitable growth.

Consider life insurance. A couple of years ago, Max New York Life (now Max Life Insurance Company) was struggling on account of dramatic regulatory changes as well as internal factors. The team led by Rajesh Sud, CEO & Managing Director, and the Board, decided that a major turnaround needed to be designed and implemented. This was done quickly and with considerable emphasis on execution. Today, the change is paying off. In FY 2012, the Company outperformed the industry by demonstrating superior performance, financial strength and stability. Here are some facts:

- Total revenue, which is the sum of First Year Premium and Renewal Premium, increased by 10% to ₹6,391 crore.
- The Company's share among private players in the market on the basis of individual adjusted first year premium went up by 110 basis points to 8.6%. This made it the largest non-bank promoted and the 4th largest private life insurance company in the country.
- The conservation ratio, an indicator of customer retention, is at 81% — and one of the best among private life insurers.
- The cost ratio improved by 8 percentage points to 30% in FY 2012.
- Shareholders' profit increased by 137% to ₹460 crore. Enterprise profit rose by 159% to ₹733 crore.
- At 534%, the Company maintained 3.5 times the stipulated solvency margin.

The story is similar for Max Healthcare. The business always had best-in-class hospitals, doctors and patient care facilities. Despite these positives, Max Healthcare was not exhibiting the all-round operational and financial performance that was expected of it. That has changed. A new, highly charged and motivated management team led by Dr. Ajay Bakshi at Max Healthcare working in tandem with the senior management of your Company, has turned things around. Gross revenues increased by 20% from ₹685 crore in FY 2011 to ₹823 crore in FY 2012; and the gross contribution margin rose to 59.7%.

Tightening of operations without giving up an iota on high quality patient care was achieved in a milieu where Max Healthcare saw the opening of four more hospitals: at Shalimar Bagh in North Delhi with 300 new beds; at Mohali and Bathinda in Punjab, each with 200 new beds as a part of a public-private-partnership with the Government of Punjab; and at Dehradun with 205 beds.

More such examples of single-mindedness and determined growth can be found in the chapter on Management Discussion and Analysis. Allow me to congratulate your Company's senior management team led by Rahul Khosla, as well as the key managerial personnel in each of the businesses for bringing about renewed focus, purpose and growth.

Let me now turn to the other aspect of Max India's business ethos – of working with partners and focusing on value creation. In our different businesses, it is imperative to remain well capitalized and to continuously adopt 'best-in-class' global practices. To fulfil this objective, we have established strong partnerships based on well defined goals, shared value systems and complete transparency of operations.

On this front, there were certain key developments in FY 2012

In June 2012, there was a change in the joint venture partner

THE LANDMARK TRANSACTIONS  
WITH MS&AD AND LIFE  
HEALTHCARE HAVE HELPED  
ESTABLISH A BASELINE FOR THE  
INTRINSIC ENTERPRISE VALUE OF  
THE MAX INDIA'S LIFE INSURANCE  
AND HEALTHCARE BUSINESSES

“ ”

in our life insurance business – with the MS&AD Insurance Group Holdings, Inc. (MS&AD) of Japan purchasing 26% stake in Max New York Life (now Max Life Insurance Company) at an enterprise value of ₹10,504 crore. Simultaneously, the founding joint venture partner, New York Life sold its stake and exited the Company. I should add that New York Life's exit was on account of its strategy to focus only on North America. This was the second largest FDI in Indian life insurance; and the Max India Group gained ₹880 crore from the transaction, with its stake in the business remaining unchanged. Post this transaction, our insurance Company's name has changed to 'Max Life Insurance Company Limited'.

FY 2012 saw your Company executing the largest FDI deal in Indian healthcare. Life Healthcare from South Africa subscribed to 26% stake in Max Healthcare for ₹517 crore, for an enterprise value of ₹2,300 crore.

Apart from highlighting our focus on establishing strong partnerships, these two transactions have helped establish a baseline for the intrinsic enterprise value of the respective businesses that the Max India Group has developed over the last few years.

THE SENIOR LIVING BUSINESS,  
CALLED ANTARA, WILL BRING  
TOGETHER THE GROUP'S  
CAPABILITIES ACROSS HEALTHCARE,  
SERVICE, HOSPITALITY AND ITS  
FINANCIAL ACUMEN TO DELIVER A  
TRULY PIONEERING PRODUCT



Your Board of Directors and fellow shareholders have approved the entry into the business of Senior Living. It is called Antara, and represents a very interesting opportunity for the Group to bring together its skills in healthcare, service and hospitality to provide a pioneering product that will enable senior citizens to enjoy their golden years in comfort and without the increasing stress of day-to-day living. Two projects have been approved: one in Dehradun and the other in the suburbs of New Delhi. A dedicated management team is working at full stretch on these two projects.

It has indeed been a good year for your Company. While it is sometimes considered 'incorrect' for fiduciaries to comment about a company's future, I do believe that a few positives can be said without the fear of being proven wrong.

For one, despite the rather dramatic slowdown in India's GDP growth, the fact remains that India is still growing at over 6% – which makes it the second fastest growing large economy of the world. For another, I think that we are in sectors that can weather the storm. Healthcare is relatively immune to growth rate changes in the ranges that we are seeing today. Life insurance less so; but penetration remains very low, and with proper products, service delivery and cost controls, we can continue to expect profitable growth. So too, health insurance under Max Bupa. And the business of BoPP film under your Company's division, MSF.

Therefore, I am relatively optimistic of continued growth of your Company's top and bottom-line. As mentioned earlier, I am very satisfied with the calibre of Max India's senior management as well as those of its subsidiaries. And I believe the various teams are now aligned to deliver greater corporate and shareholder value.

Thanks for your support. We have delivered in FY 2012. And we will do so in FY 2013.

With best wishes,

**Analjit Singh**  
Chairman