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## “Max gave me back my life.”

Wilson Golmei

In April 2012, I was diagnosed with chronic kidney disease and thereafter, my life changed all of a sudden. Though I was aware of the fact that I would not get proper treatment in Manipur, I did not have any option. I discussed my problem with my cousin. Moved by my predicament, he consulted his friend at the local church. She recommended my case to Max India Foundation. Within a short time, I was invited to Delhi for treatment. Since then, there has been no looking back. My kidney transplant was not only performed successfully at the Max Hospital, Patparganj, but all my expenses were also covered by Max India Foundation. After months of bed rest and medication, today I am back home, united with my family and enjoying a healthy life. I am grateful to Max India Foundation for their support and compassion.



# CORPORATE REVIEW

- Our Businesses
- What You Can Measure Our Success By
- What We Stand For
- Our Path
- Our Values



# OUR ENTERPRISE



Launched in 2000, Max Life is a 74:26<sup>#</sup> JV with MS&AD, Japan. It is India's largest non-bank private life insurer, with revenues of ₹6570 Cr.\* and a customer base of 3 Mn. across 288 offices in 216 cities in India.



Launched in 2000, Max Healthcare is a 74:26<sup>#</sup> JV with Life Healthcare, South Africa. It is a leading provider of standardised, seamless and world class healthcare services, focussed on tertiary and quaternary care. Max Healthcare has revenues of ₹1149 Cr.\* from 2000 beds across 12 hospitals.



Launched in 2008, Max Bupa is a 74:26 JV with Bupa Finance PLC, UK. It is one of India's leading standalone health insurance companies with revenue of ₹207 Cr.\*, 9600 agents and tie-ups with over 2000 quality hospitals across 360 cities in India.

\*Max India's present shareholding is 71%, with 3% held by Axis Bank.  
\*\*Max India's present shareholding is 71%, with 3% held by IFC.



Launched in 1988, Max Speciality Films is a fully owned division of Max India, based in Railmajra, Punjab and is a leading manufacturer of speciality packaging films, with revenue of ₹713 Cr.\*.

\*FY2013 Numbers



Launched in 2013, Antara is a 100% subsidiary of Max India. It is pioneering the concept of 'Age in Place' for the elderly, by developing Senior Living communities in India. The first Antara community will open in early 2016 near Dehradun, Uttarakhand.



Launched in 2001, Max Neeman is a 100% subsidiary of Max India. It is a full service Clinical Research Organisation with revenue of ₹24 Cr.\* and provides services across the drug development value chain.



Launched in 2008, Max India Foundation integrates the CSR initiatives of the Max India Group. It has benefitted over 4,50,000 people in 360 locations since its inception.

## WHAT YOU CAN MEASURE OUR SUCCESS BY

CONSOLIDATED REVENUE INCREASED BY **24%** TO **₹10,624 CR.**

CONSOLIDATED PROFIT AFTER TAX INCREASED BY **406%** TO **₹784 CR.**

**610%** DIVIDEND AMOUNTING TO **₹324 CR.**

STRONG TREASURY CORPUS OF **₹354 CR.**

CUSTOMER BASE INCREASED BY **14%** TO **5.7 MN.**

A NATIONWIDE NETWORK OF NEARLY **300 OFFICES** ACROSS **216 CITIES** IN INDIA, WITH A PEOPLE STRENGTH OF **60,000.**

FOCUS ON HIGH GROWTH YET UNDER-PENETRATED SECTORS.

INVESTOR BASE INCLUDES MARQUEE GLOBAL FINANCIAL INSTITUTIONS SUCH AS GOLDMAN SACHS, IFC WASHINGTON, TEMASEK, FIDELITY, BLACKROCK.

FORGED AND NURTURED SUCCESSFUL JOINT VENTURE PARTNERSHIPS SINCE INCEPTION WITH LEADING GLOBAL COMPANIES SUCH AS MITSUI SUMITOMO INSURANCE, BUPA, LIFE HEALTHCARE, NEW YORK LIFE, HUTCHISON TELECOMMUNICATIONS, MOTOROLA, SCHERING AG, AVENT INC., GIST BROCADES(GB).

SOCIAL COMMITMENTS BEING FULFILLED THROUGH MAX INDIA FOUNDATION WHICH HAS BENEFITTED OVER **4,50,000 PEOPLE** AT **360 LOCATIONS** ACROSS INDIA.



# WHAT WE STAND FOR



Everything we do, we do for life. For good. For different aspects of life. Positively and always appreciating life. It's why we gather the experts. And the expertise. It's how we create beacons of excellence to serve as the foundations for health, wealth and happiness. With credibility as our North Star, we set out to deliver Seva to you. In ways that enable you to face life's moments of truth knowing that we are there with and for you. And make the right choices, that make the right sense. For you. For Life.

## OUR PATH

To be among the most admired corporates in India for service excellence — in what we do, how well we do it and the positive impact we have on society and our stakeholders.

## OUR VISION

To be the preferred solution provider in life's many moments of truth.

## OUR GOAL

Create and grow businesses that win people's trust by delivering seva through excellence.

## OUR STRATEGY

## SEVABHAV

We encourage a culture of service and helpfulness so that our actions positively impact society. Our commitment to Seva defines and differentiates us.

## OUR VALUES



## EXCELLENCE

We gather the experts and the expertise to deliver the best solutions for life's many moments of truth. We never settle for good enough.

# OUR VALUES



## CREDIBILITY

We give you our word. And we stand by it. No matter what. A 'No' uttered with the deepest conviction is better than a 'Yes' merely uttered to please, or worse, to avoid trouble. Our words are matched by our actions and behaviour.

# OUR VALUES



“I received something that’s priceless: knowledge.”

Ritu Dhiman

Studying in a local school in a small town of Punjab, where education was hardly given a priority, chances of standing on my feet and supporting my father were bleak. At that time life took an unexpected turn. A company called Max Speciality Films started supporting the cause of better education standards at our school. They provided teachers who conducted extra classes after school and encouraged us to put our heart and soul into studies. Facilities like practical labs were set up and scholarships were also offered.

I have recently graduated as a BCA and help my family by giving tuitions. I am also looking forward to the day when I can work in a company like Max so that I can take care of people just the way Max took care of us.



# STRATEGIC REVIEW

- Chairman’s Letter
- Managing Director’s Letter
- Business Review
- Business Responsibility Review
- Board of Directors

## CHAIRMAN'S LETTER

Respected Shareholders of Max India Limited,

I am pleased to share the following highlights with you:

- Max India's consolidated net revenue increased by 24% to ₹10,624 crore. This translates to a consolidated top-line of almost US\$ 1.9 billion
- Consolidated earnings before depreciation, interest, tax and amortisation (EBIDTA) rose by 182% to ₹1,213 crore
- Consolidated Profit Before Tax (PBT) grew by 310% to ₹991 crore
- Consolidated net profit (after minority interest) was ₹784 crore in FY2013 – which represented a 406% growth
- Net worth increased by 16% to ₹2,903 crore as on March 31, 2013
- Your Company's Board of Directors has recommended a dividend of 610% for FY2013

As a Company that is in the 'businesses of life', with a fundamental desire to serve and a quest for excellence delivered through competence and expertise, I am pleased to report that Max India now looks after the needs of 5.7 million customers through 16,000 employees, more than 2,100 doctors, and 44,000 insurance agents. Despite difficult economic circumstances within India, your Company, with its resilient and diversified business model, has moved along a rapid growth trajectory. Its portfolio of businesses has started generating returns and, in doing so, has demonstrated intrinsic values.

Let me now touch upon different aspects of the business.

**Life insurance through Max Life:** This is a joint venture in which your Company owns 71% while MS&AD Insurance Group Holdings of Japan, through their Company Mitsui Sumitomo Insurance (MSI) holds 26%. MSI paid ₹2,731 crore (US\$ 535 million) for the stake, making it the second largest foreign investment in the Indian life insurance market.

Despite a complex environment due to frequent and material changes in regulations since September 2010, Max Life performed well in FY2013, solidifying its position as the largest non-bank owned private life insurer in the country and registering a growth in premium while growth for most private life insurers and overall private life insurance market was negative.

- Gross written premium grew by 4% to ₹6,639 crore, with a 6% increase in renewal premium to ₹4,739 crore
- Assets Under Management rose by 19% to ₹20,458 crore
- Sum assured stood at ₹1,69,167 crore – an increase of 11% over the previous financial year
- Solvency ratio was 521%, more than three times the mandatory 150%
- The conservation ratio, an indicator of customer retention, was 78% – one of the best among private life insurers
- Enterprise Level Profit Before Tax of ₹860 crore, and Shareholder Profit Before Tax was of ₹475 crore
- It declared its maiden dividend of ₹259 crore to shareholders as well as a bonus of approximately ₹297 crore to participating policyholders and a one-time special bonus of ₹130 crore

**MAX INDIA'S CONSOLIDATED NET REVENUE INCREASED BY 24% TO ₹10,624 CRORE WHICH TRANSLATES TO A CONSOLIDATED TOP-LINE OF ALMOST US\$ 1.9 BILLION.**

**ANALJIT SINGH, CHAIRMAN, MAX INDIA LIMITED.**

CREATING A STRONG ORGANISATION WITH ENDURING VALUES IS DEAREST TO ME. THIS CAN ONLY HAPPEN WITH A RELENTLESS 'OTHERS-BEFORE-SELF' FOCUS ON SERVICE EXCELLENCE AND CUSTOMER SATISFACTION.

patient care, scientific research and medical education.

- FY2013 saw the hiring of over 950 new doctors, more than 1,500 new nurses and over 1,100 other staff.
- The total staff strength increased by 27% to over 6,400 people
- Total revenues grew by 39% to ₹1,149 crore in FY2013
- EBIDTA increased over 5 times from ₹12 crore in FY2012 to ₹72 crore in FY2013

Health Insurance through Max Bupa: Your Company's presence in the growing health insurance market is through Max Bupa Health Insurance (Max Bupa), which is a joint venture with BUPA (British United Provident Association) Plc., UK. The Company completed three years of operations in March 2013. Today, Max Bupa offers quality health insurance services with a team of over 1,050 people and a network of 21 offices across 13 cities. Through direct distribution and its indirect presence in 300 plus cities, Max Bupa has rapidly grown to now cover over 1.2 million customers across a network of 1,800 hospitals.

Antara, is your Company's newest venture that focusses on 'improving the quality of life of seniors' by creating vibrant residential communities with comprehensive services; its first community is well into its project schedule and will open in 2015. Max Speciality Films, which produces bi-axially oriented polypropylene films for niche applications in flexible packaging has performed well despite a tough market environment for packaging materials and Max Neeman, which conducts specialised clinical research for global pharmaceutical companies, continued to perform despite regulatory challenges.

Please read more about these in the chapter on Management Discussion and Analysis.

Let me end by touching upon some core values.

Like you, I am delighted with your Company's financial and operational results. I am also confident that the highly professional teams across each of the businesses, united by a top class leadership at Max India will continue generating good results for your Company's stakeholders.

But what is dearest to me is creating a strong organisation with enduring values.

To my mind, this can only happen with a relentless 'others-before-self' focus on service excellence and customer satisfaction. I am your chief fiduciary to ensure that Max India's activities are driven by a sense of social responsibility and commitment. I want to see each business setting high service benchmarks and having the best operational standards. I want Max India to be one of India's most admired corporates for service excellence. I want our customers to think so well of us that they feel proud to refer us to others. I want each of our customers to be delighted by our services and thus become a friend and a well wisher.

Healthcare through Max Healthcare: With 12 hospitals in Delhi-NCR, Punjab and Uttarakhand that offer services in over 30 medical disciplines, Max Healthcare (MHC) is a leading provider of international class healthcare in India. It is committed to the highest standards of medical and service excellence,

I want us to say, day in and day out, "Our way of conducting business is by focussing on core customer values, by being fair and honest, and by treating our customers and employees as we would like to be treated". These are the things that will make Max India a laudable venture. Values that will stand the test of time.

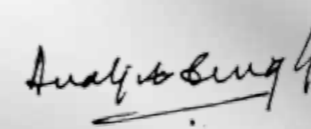
OUR WAY OF CONDUCTING BUSINESS IS BY FOCUSING ON CORE CUSTOMER VALUES, BY BEING FAIR AND HONEST, AND BY TREATING OUR CUSTOMERS AND EMPLOYEES AS WE WOULD LIKE TO BE TREATED.

There is another aspect of customer care that is just as important to me, and to all of us at Max India. We think of each of you, our shareholders, as a valued customer. After all, you have the choice of investing elsewhere, but have chosen to place your trust on us. This is why we are 'Your Company'.

This trust can be kept at its highest level so long as we maintain the best standards of corporate governance. This is the reason why your Company is proud of its Board of Directors - not just in Max India but in each of its subsidiary companies; of their professionalism, independence and competence; of the Board practices that are followed; and of your Directors' and management's determination as ethical fiduciaries to create sustained growth in corporate value - for you, the owner and customer.

Thank you for your support and goodwill.

With best wishes,



Anajit Singh  
Chairman



RAHUL KHOSLA, MANAGING DIRECTOR, MAX INDIA LIMITED.

## MANAGING DIRECTOR'S LETTER

Dear Shareholders,

Please permit me not to write about your Company's operational achievements and financial results for FY2013. These have been adequately summarised in the Chairman's letter, and are described in considerable detail in the chapter on Management Discussion and Analysis.

Instead, I would like to focus on the essence of what the Max India Group stands for as we manage a bouquet of what we call 'businesses of life'. As a custodian who has been entrusted by the Chairman and the Board of Directors to grow and manage this group, it is important to have an overarching and strategic view that is consistent with our vision, values and aspirations. My letter to you is focussed on precisely this theme.

Our vision is to be among the most admired corporates in India for service excellence — in what we do, how well we do it and the positive impact we have on society and our stakeholders.

What does this involve? Let me share some thoughts about our values first:

- Sevabhav - is about being mindful at all times of our desire to serve and to create a positive social impact. It is about nurturing a culture of service, of being helpful and about being aware of the impact our actions have on society and our stakeholders
- Excellence - is about perfecting expertise and delivering performance. It is also about developing and maintaining a spirit of entrepreneurship, and about being dependable - to our customers, employees, shareholders, regulators and the society we live in
- Credibility - This involves transparency. Of having integrity. Of maintaining the highest standards of governance. And of always gaining respect through the right actions. Our credibility depends on our desire to serve (Sevabhav) and the expertise with which we do so (Excellence)

These core values drive our business vision and our goal to be the preferred solution provider in life's many moments of truth for the millions of lives that we want to positively impact.

These words sound good and read well. But managing a portfolio of businesses is not about crafting words. It is about motivating each and every employee of your Company across the enterprise to always do the deeds that match up to our vision and values.

In achieving these objectives, we are already engaged in structuring our businesses optimally. This involves having shared ownership involving both our employees and our partners; organising well and delivering our promised performance. We are increasingly integrated as an enterprise while still enabling each business to retain their core competencies. And we are investing ahead of the curve, so that the Group and each of its component businesses are 'future ready'.

**OUR VISION IS TO BE AMONG THE MOST ADMIRABLE CORPORATES IN INDIA FOR SERVICE EXCELLENCE — IN WHAT WE DO, HOW WELL WE DO IT AND THE POSITIVE IMPACT WE HAVE ON SOCIETY AND OUR STAKEHOLDERS.**

How are we driving our business performance? The Chairman and Board of Directors are focussing on nine strategic levers: enhancing business performance, investing in people and organisational development, creating efficiency in capital management, adopting an integrated enterprise-wide approach, investing sensibly in new growth opportunities, maintaining the highest standards of governance, continuously improving service quality, developing a distinct corporate brand and effectively managing risk. Let me share my thinking on a few of these.

The first is continuously improving service quality. It is imperative that our customers should always see in us as best-in-class for quality, value for money, care and ethics – which should make them always want us to be their preferred partner in life's many moments of truth.

The second involves our organisations, employees and executives. They should always feel that they are part of a work culture that is driven by core values. They should experience a sense of purpose and pride of belonging. They should always see and feel meritocracy. Through our efforts, all of them should realise the benefits of enhanced learning and a joint ownership at the top.

The third is an enterprise-wide approach. The essence of creating and developing a group of businesses that focus on 'life' is to leverage an integrated approach amongst individual businesses. We strive to share knowledge, cross market products and services, gain experience from interactions within the businesses and optimise on economies of scale and scope through shared practices and services.

The fourth is the emphasis on business performance. Each business has defined goals in its development process and there is continuous focus on setting periodic targets and achieving them. Relentless stress on excellence in performance is being embedded into the culture of the organisation. And you can see the reflection of some of this in the performance highlights of each business during FY2013.

**THE CORE VALUES OF SEVABHAV, EXCELLENCE & CREDIBILITY DRIVE OUR BUSINESS VISION AND OUR GOAL TO BE THE PREFERRED SOLUTION PROVIDER IN LIFE'S MANY MOMENTS OF TRUTH, FOR THE MILLIONS OF LIVES THAT WE WANT TO POSITIVELY IMPACT.**

These actions may sound quite obvious. But like most seemingly obvious things in life, they are difficult to accomplish well consistently and they will take patience and time. The task of your Company's senior leadership team is to maintain a strong focus on the values and the levers – so that we

do the right thing always and, in doing so, deliver a well rounded business performance and greater shareholder value overtime.

Turning our attention to our long-term growth potential - Our individual businesses are taking encouraging strides forward. The life insurance sector is set to witness consolidation amongst the leading players and we are steadily gaining share after cementing our position as the fourth largest private life insurance company (and the largest non-bank promoted private player in the country). I can say with satisfaction that our life insurance business is well poised for embarking on the next phase of growth. The healthcare business has started generating operating profits from the established hospitals which are beginning to produce enough cash flows to support our expansion strategy in select north Indian cities. The health insurance subsidiary has doubled its business in a sector that is under-penetrated and has huge growth potential.

With 'Antara', we have entered the business of creating and developing senior living communities and are convinced of the demand for this offering in India. Development is on track and you will see significant value

being created over the next few years. This business too, reflects our deep desire to serve and harnesses all our values and expertise in an integrated offering that we believe will be unique in India.

**IF WE UNWAVERINGLY FOCUS ON OUR VALUES, OUR VISION, OUR GOAL, OUR STRATEGY AND OUR KEY LEVERS, WE WILL CONTINUE ALONG THE PATH OF GROWTH AND PROFITS BY BEING ADMIRIED BY OUR CUSTOMERS, OUR EMPLOYEES AND OUR SHAREHOLDERS.**

The clinical research business, while being a relatively small part

of our portfolio, continues to operate at very competitive costs and maintains strong relationships with medium to small scale global pharmaceutical and biotech companies. Clinical research outsourcing in India requires regulatory clarity. We anticipate positive momentum in the near future.

Since the Speciality Films manufacturing business was not directly in line with our 'life' related businesses, we were in discussions with potential buyers for business at the beginning of this financial year. However, market conditions prevented us from divesting this business to a natural owner at a justifiable price, as valuations declined well below intrinsic worth. The business continues to have excellent market positioning, is profitable and is the only flexible packaging manufacturing company in India to have operated at full capacity in a very difficult market environment. While this business is not a 'natural' fit in our bouquet of 'businesses of life', your Company has decided to subsidiarise this business and invest incrementally to sustain its growth.

While all our businesses are on track, there are environmental challenges and difficulties. The regulatory and governance ecosystem of the country is going through several challenges, some of them quite significant and with deep impact. In addition, for most of our businesses, the real fight is not for customers but for talent, which is in relatively short supply at the higher end of the expertise curve where we mostly hire from.

Even so, we are moving in the right direction. As you will read in the Chairman's Letter and the Management Development and Analysis, your Company's results have been better than ever before. If we unwaveringly focus on our values, our vision, our goal, our strategy and our key levers, we will continue along the path of growth and profits by being admired by our customers, our employees and our shareholders.

Someone once said, "The harder you work, the luckier you get". Wish us harder work, so that we continue to progress along our chosen path of service excellence.

With regards and best wishes,



Rahul Khosla  
Managing Director

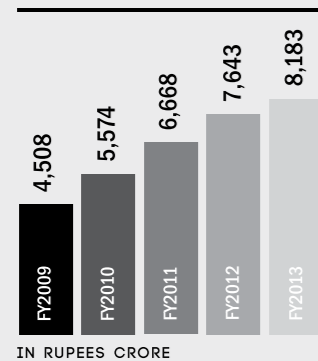
# MAX INDIA

REVENUE UP **24%**  
TO **₹10,624 CR.**

PAT UP **406%** TO  
**₹784 CR.**

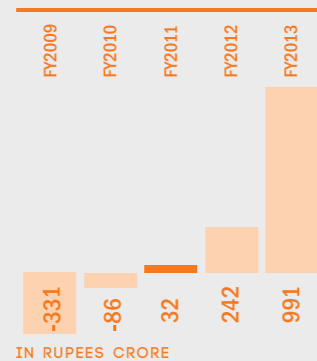
**610%** DIVIDEND  
DECLARED

### OPERATING REVENUE



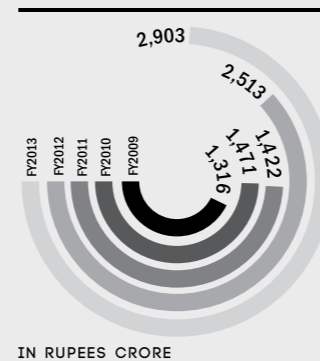
STEADY REVENUE GROWTH  
DESPITE ECONOMIC  
UNCERTAINTIES

### PROFIT BEFORE TAX



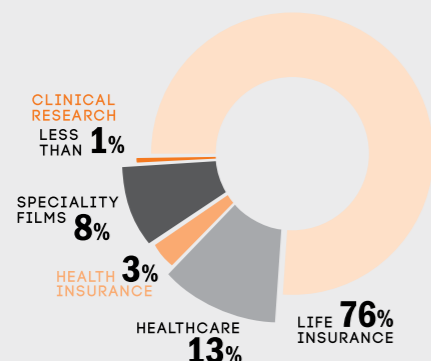
LONG-GESTATION  
BUSINESSS HAVE CROSSED  
THE INFLECTION POINT  
LEADING TO SUSTAINED  
PROFITABILITY

### NET WORTH



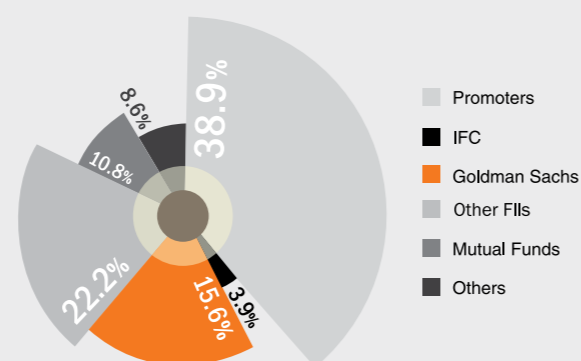
GROWTH IN NET WORTH  
UNDERPINS A STRONG  
FOUNDATION. NET WORTH  
HAS DOUBLED OVER  
5 YEARS

### THE REVENUE SPLIT OF MAX INDIA'S BUSINESSES OF LIFE



LIFE INSURANCE  
CONTRIBUTED 76% TO  
THE REVENUE

### DIVERSIFIED BASE OF MARQUEE SHAREHOLDERS



TOP SHAREHOLDERS INCLUDE GOLDMAN SACHS,  
IFC, FIDELITY, BLACKROCK, TEMASEK, FIRST STATE

POSITIVELY IMPACTING OVER  
**5.7 MILLION** LIVES

PEOPLE STRENGTH OF  
**OVER 60,000**

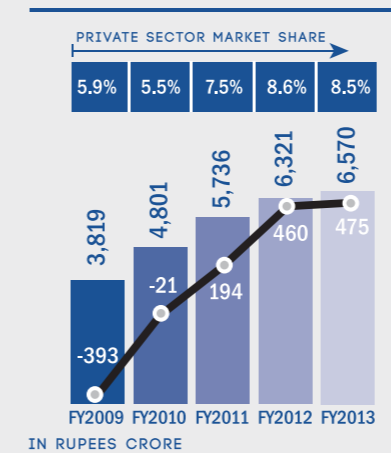
# MAX LIFE INSURANCE

ENTERPRISE LEVEL PBT  
UP **17%** TO **₹860 CR.**

MAIDEN DIVIDEND OF  
**₹259 CR.**

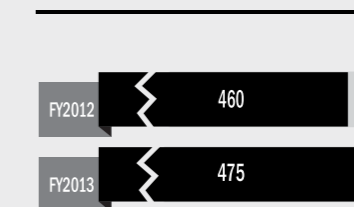
ASSETS UNDER MANAGEMENT  
**GREW 19%** TO  
**₹20,468 CR.**

### MAINTAINED GROWTH IN AN UNCERTAIN REGULATORY ENVIRONMENT



CUSTOMERS TRUST CONTINUES  
TO DRIVE GROWTH

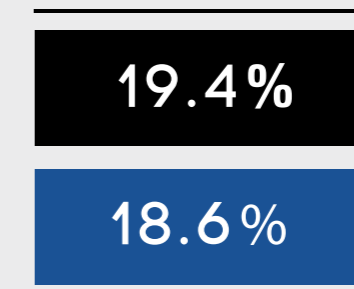
### SHAREHOLDERS PROFIT



IN RUPEES CRORE

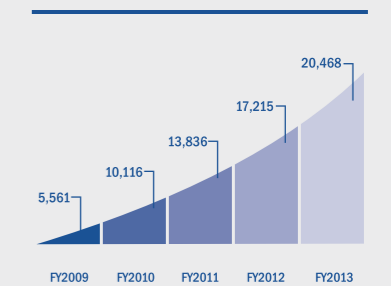
DELIVERED RETURNS TO  
SHAREHOLDERS DESPITE AN  
UNCERTAIN REGULATORY  
ENVIRONMENT

### EXPENSES TO REVENUES RATIO



RESOLUTE FOCUS ON COST  
MANAGEMENT HAS SHOWN  
RESULTS

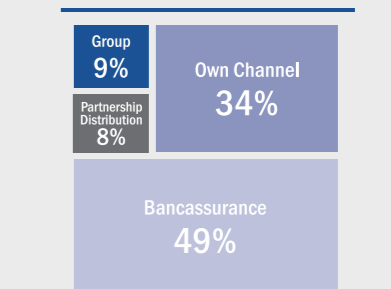
### ASSETS UNDER MANAGEMENT



IN RUPEES CRORE

LARGE SCALE-UP IN ASSETS  
UNDER MANAGEMENT

### DISTRIBUTION SPLIT



A BALANCED MULTI-  
CHANNEL DISTRIBUTION  
NETWORK

### LIFE INSURANCE TRENDS

- FAST GROWTH OF 'MIDDLE CLASS' POPULATION WHO WILL INCREASINGLY REQUIRE INSURANCE PRODUCTS
- IMPROVING LIFE EXPECTANCY AND DEMOGRAPHIC DIVIDEND WILL DRIVE DEMAND FOR RETIREMENT, PENSION AND HEALTH PLANS
- EMERGENCE OF NUCLEAR FAMILIES AND RISING DEBT WILL INCREASE NEED FOR PROTECTION PRODUCTS
- GROWING DIGITAL SEGMENT PRESENTS A COMPELLING CASE FOR ALTERNATIVE DISTRIBUTION

OVER **5 TIMES** SOLVENCY PROVIDES  
SAFETY FOR CUSTOMERS AND HEADROOM  
FOR GROWTH

RATED AMONGST TOP 100  
**'GREAT PLACES TO WORK'**

# MAX HEALTHCARE

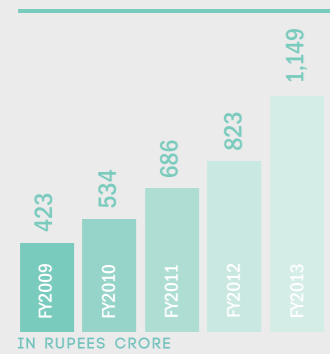
REVENUE UP 39% TO ₹1,149 CR.

EBIDTA UP OVER 5 TIMES TO ₹72 CR.

A LARGE PATIENT BASE OF 17,00,000

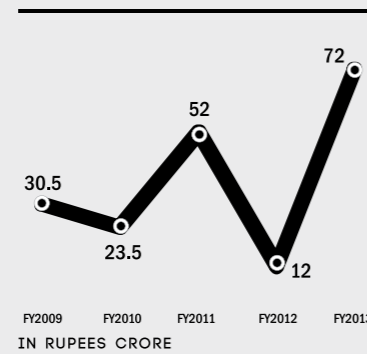
1<sup>ST</sup> IN INDIA TO OFFER GENOMICS TESTING

GROSS REVENUE



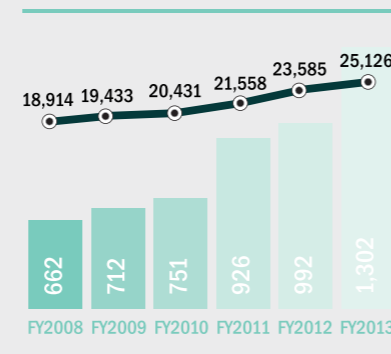
GROWTH BOOSTED BY NEW HOSPITALS COMMISSIONED

EBIDTA



EBIDTA BOOSTED BY LARGER SCALE AND EFFICIENCY

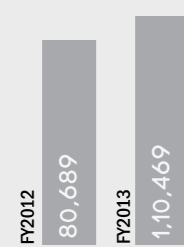
INCREASING SCALE WITH BETTER BED UTILISATION



Average Operational Beds

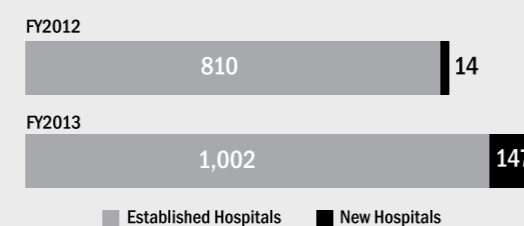
Average Revenue per Bed day (₹)

IN-PATIENT AND DAY-CARE PROCEDURES



LARGE INCREASES IN NUMBER OF PROCEDURES CARRIED OUT

REVENUE CONTRIBUTION FROM NEW EXISTING HOSPITALS



HIGH GROWTH IN ESTABLISHED HOSPITALS COMPLEMENTED STABILISATION OF NEW HOSPITALS

## HEALTHCARE TRENDS

- AGEING POPULATION, LIFESTYLE DISEASES AND HEALTH INSURANCE PENETRATION WILL DOUBLE HEALTHCARE DEMAND IN INDIA BY 2015
- PRIVATE HOSPITALS WILL GENERATE REVENUE OF US\$ 110 BLN BY 2018
- SHARE OF LARGE PRIVATE HOSPITALS (>100 BEDS) WILL REACH 40% BY 2015

2,100 DOCTORS, 2,400 NURSES, AND 900 OTHER TRAINED MEDICAL PERSONNEL

12 HOSPITALS ACROSS NORTH INDIA

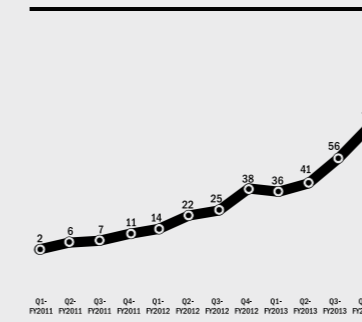
# MAX BUPA

GROSS PREMIUM UP 109% TO ₹207 CR.

CUSTOMER BASE GREW 5 TIMES TO 1.2 MILLION

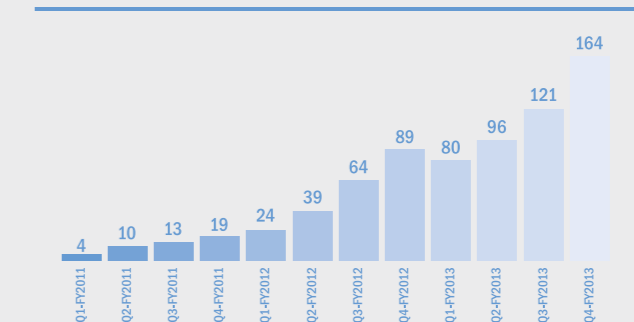
AWARDED THE HEALTH INSURANCE COMPANY OF THE YEAR

GROSS WRITTEN PREMIUM



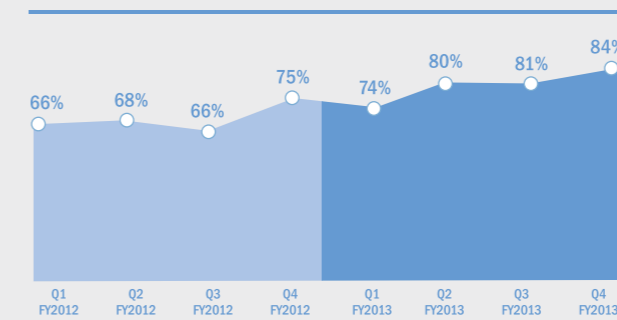
GROWTH IN GROSS WRITTEN PREMIUM POWERED BY PRODUCT & TECHNOLOGICAL INNOVATION

LIVES SECURED



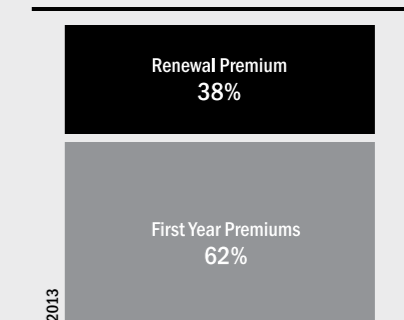
STEADY GROWTH IN NUMBER OF LIVES SECURED

PERSISTENCY



CUSTOMER TRUST & CONFIDENCE CONTINUED TO BOOST PERSISTENCY

REVENUE MIX



GOOD BALANCE BETWEEN NEW BUSINESS AND RENEWAL PREMIUM

## HEALTH INSURANCE TRENDS

- HEALTHCARE SPENDS ARE RISING RAPIDLY, AT A CAGR OF 15%
- INCIDENCE OF CHRONIC AND LIFESTYLE DISEASES (SUCH AS CANCER AND HEART AILMENTS), WILL CONTINUE TO INCREASE
- OVER 50% OF HEALTHCARE EXPENSES ARE OUT OF POCKET
- MAX BUPA'S PRIMARY SEGMENT OF B2C WILL CONTINUE TO ACCOUNT FOR THE MAJORITY OF THE INDUSTRY GROWTH

21 BRANCH OFFICES IN 13 CITIES

NATIONWIDE NETWORK OF 2,000 QUALITY HOSPITALS SPREAD ACROSS 300 CITIES

BUSINESS REVIEW

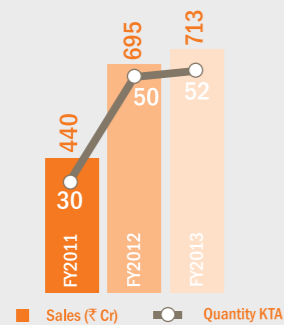
# MAX SPECIALITY FILMS

REVENUE GREW AT **30% CAGR** OVER LAST 3 YEARS

PRODUCTION CAPACITY OF **52,000 TONS PER ANNUM**

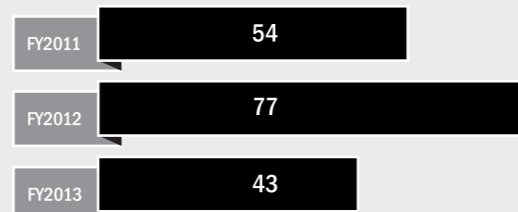
**100% CAPACITY UTILISATION**

REVENUE



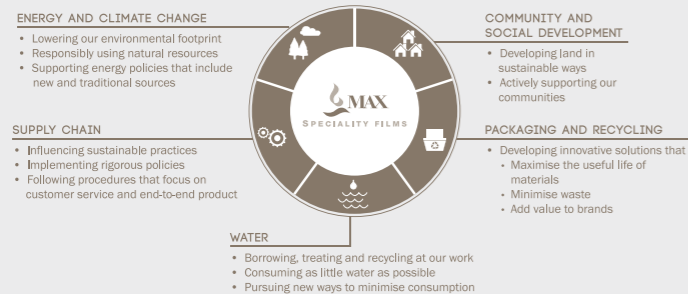
REVENUE GROWTH CONTINUED DESPITE CHALLENGING BUSINESS ENVIRONMENT

EBIDTA

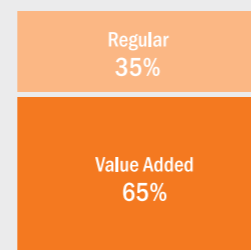


SIGNIFICANT CAPACITY EXPANSION IN INDUSTRY LED TO PRESSURE ON MARGINS

ENVIRONMENT & SOCIAL RESPONSIBILITY



FOCUS ON HIGH MARGIN VALUE ADDED PRODUCTS



FUTURE TRENDS

- RETAIL FDI, URBANISATION & CHANGE IN LIFESTYLES WILL DRIVE GROWTH
- FMCG & END USER DEMAND IS RISING AT OVER 13% P.A.
- SUPERIOR COMPETITIVENESS TO GLOBAL PRODUCERS WILL DRIVE THE EXPORT OPPORTUNITY

**25 YEARS** OF SUCCESSFUL OPERATIONS

**485** COMMITTED EMPLOYEES

BUSINESS REVIEW

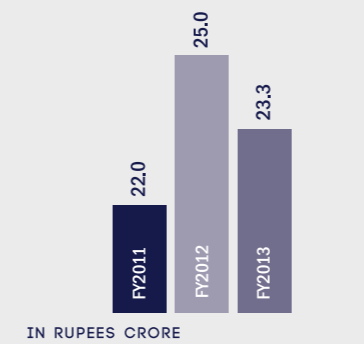
# MAX NEEMAN

**92%** PATIENT RETENTION RATE

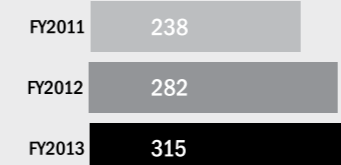
**5 SUCCESSFUL US FDA AUDITS**

**315 STUDIES** BEING EXECUTED

NET REVENUE

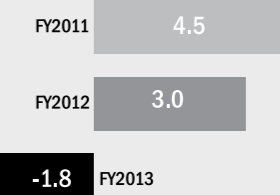


NUMBER OF STUDIES

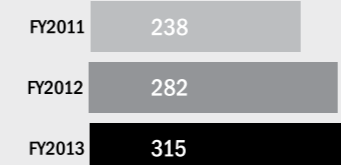


CLIENT BASE

PROFIT BEFORE TAX

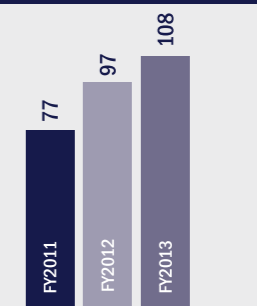


NUMBER OF STUDIES



CLIENT BASE

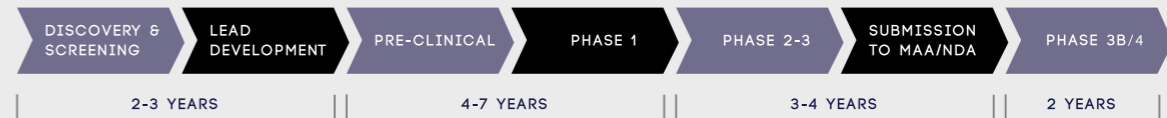
CLIENT BASE



NUMBER OF STUDIES CONTINUED TO RISE WITH EXPANDING SCALE AND SCOPE OF OPERATIONS

MAX NEEMAN CONTINUES TO PENETRATE MARKET AND EXPAND ITS CLIENT BASE

AN OVERVIEW OF THE DRUG DISCOVERY CYCLE



AVERAGE TIME PERIOD

STRONG BASE OF **108 CLIENTS**

OVER **2,000 PHYSICIANS**



# BUSINESS RESPONSIBILITY REVIEW

## OVERVIEW

The incredibly popular and award winning advertising of Max Life Insurance features an upright insurance agent, firmly ignoring a devil's suggestions (devil being a metaphor of misrepresentation in insurance dealings), to misguide the customer. This honest agent which puts customer's interest over his own gains is the epitome of the entire Max India Group, where we feel that our business responsibility features three aspects: a) giving primacy to the interests of our customers & cultivating a relationship based on trust; b) fostering a long-term relationship with our customers beyond the business transaction where we seek to bring a change for better in their lives and c) fulfilling our social responsibilities towards the society and environment. Sevabhav remains the underlying ethos of the Max India Group.

## SUPREMACY OF CUSTOMER'S INTEREST

We are fully conscious that when a customer engages with us through life insurance, healthcare, health insurance or senior living, he/she is investing a lot of trust and emotion. Accordingly, we view our relationship with our customers as one based on supreme trust, where our interests are subservient to those of our customers. This is a sentiment that pervades all our dealings. We shun rampant profiteering, and are averse to any gains that may accrue by being disingenuous.

For us, a steadfast commitment to Sevabhav is of utmost importance, because once we form a bond with our customer, we seek and treasure lifelong associations with them. In fact, our latest communication campaign where we convey that in 'life's ups and downs, we will be there for you', seeks a relationship based on immense trust and faith. To give one such example, Max Life operates under the philosophy of Treating Customers Fairly (TCF). TCF was formally enshrined as a policy, to promote transparent, equitable and customer focussed behaviour. The TCF Program drives core customer outcomes targeted towards raising the standards of Max Life's interactions with the customers at every touch point right from pre-sales engagement to the payment of benefits. Each outcome is supported by strategic initiatives. The Board of Max Life has constituted a special 'Policyholder Protection Committee', which monitors progress and compliance to the principles of keeping the customers interest at the vanguard.

Similarly, the 'Do the Right Thing' initiative at Max Healthcare acts as a constant reminder to do what's best for the customer. It seeks to imbibe the values of Sevabhav amongst the medical and support staff at all Max hospitals. Across hospitals, in each room and service station there are prominent 'Do the Right Thing' signage reminding all employees to treat each patient as they would treat their own family members.

Beyond customer service, the commitment to customer supremacy manifests itself in the business model itself. Since delays and rejection in claims processing is one of the biggest sources of customer dissatisfaction, Max Bupa decided to invest in in-house claims processing, setting aside the industry norms of serving customer through Third Party Associates (TPA). Similarly, by embracing customers of all age groups, especially the very old, Max Bupa set aside the unfortunate industry practice of insuring people of only a select age bracket. Both these customer friendly aspects have since been noticed by the regulator who has introduced norms to minimise the TPA related customer problems as well as mandated companies not to deny insurance to the aged.

### BRINGING A POSITIVE CHANGE IN CUSTOMER'S LIFE BEYOND THE BUSINESS TRANSACTION

We don't view our relationship with our customer as merely limited to the duration and scope of the business transaction. We regularly take initiatives to facilitate positive changes in their lives. A few examples, are as under-

Max Life Insurance's fundamental business is about securing Indian families financially across various stages of their lives. In a country like India with increasingly younger population, a very important part of a family's investment is in the development of its children. For successful future, children have to develop holistically. Not only do they need to do well in academics but also explore extra-curricular activities like painting, dancing, theatre, sports and many other activities. One of their many talents could do wonders for them, if recognised and encouraged at the right time. In order to nurture such talent, Max Life has initiated the 'igenius' programme. This programme is a collection of initiatives aimed at discovering a child's hidden talent and all-round potential early enough to maximise it. The programme focusses on partnering with Indian parents in the journey to nurture their children's abilities and secure their future.

In Max Healthcare while there is focus on maintaining the highest levels of health services, we regularly launch campaigns to apprise society of the threat of myriad diseases. One of the more successful examples was the Breast Cancer Awareness Campaign started last autumn

which saw prominent landmarks in NCR covered in pink light – a colour that represents global breast cancer awareness. This commemoration also involved several engagement activities such as passes which allowed people a discounted medical examination in Max Hospitals. In fact, this was one of the many successful campaigns launched under the auspices of Max Healthcare.

Max Bupa, being in the health insurance space has identified that many health related issues in India have to do with lifestyle related problems. To create awareness on healthier living, the Company actively promoted the concept of 'walking'. It spent 20% of its marketing budget on this initiative. To bring about the required impact, credibility and scale to the initiative Max Bupa roped in a media partner – Times Now, the No.1 English News Channel in India. The channel dedicated 26 hours of editorial air-time to Max Bupa Walk for Health events in October and November 2012 which lent a high degree of credibility, acceptance and support for the initiative by viewers. An entire 360 degree campaign to mobilise this movement was undertaken. Around 20,000 people have so far participated in the Max Bupa 'Walk for Health – Walk towards an Healthier You' and the campaign has reached out to 32 million people through various forms of media creating the kind of awareness it had planned for.

As a large part of Max Neeman's portfolio deals with oncology related drugs, the Company proactively supports the Cancer Foundation of India (CFI). CFI is a voluntary organisation dedicated to cancer prevention and control. Driven by a team of highly motivated professionals, they have been actively engaged in cancer control activities since 2002 in India. The endeavour is to bridge the gap that exists in cancer related public health, education, training and human resource development, population research and methods to deal with cancer survivor issues.

### CORPORATE SOCIAL RESPONSIBILITY

Max India Group in its present avatar is barely a decade old. It has a dedicated CSR wing (Max India Foundation), right from its earliest days. This shows the group's unequivocal commitment to its social responsibilities.

Our social initiatives do not merely involve ploughing back profits into social investments but also involve considerable amount of voluntary effort and time commitment from the Company's employees to collectively strive to make a better India.

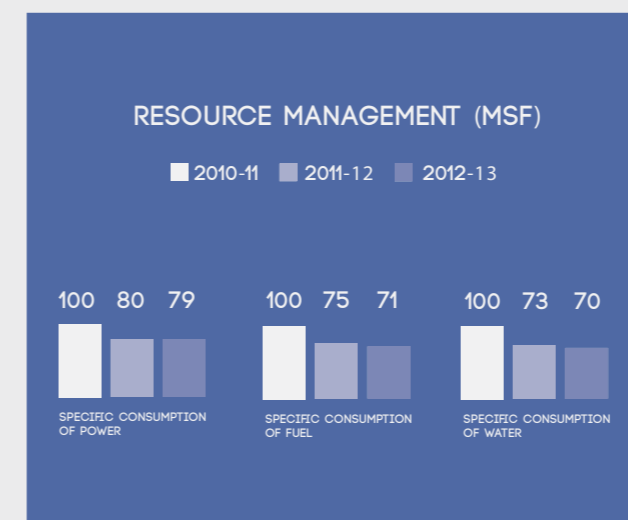
We are also extremely conscious of the relevance and timeliness of our efforts. To give a recent example, during the Himalayan Tsunami in the North Indian state of Uttarakhand, Max India Group was one of the first to come forward and help. We partnered with the government to provide free healthcare (hospital beds in Max Super Speciality Hospital,

Dehradun), medicines and paramedic assistance to the victims. As the scale of the tragedy increased manifold, we too increased our assistance. Similar assistance was provided collectively by Max India Foundation and Max Life to the flood affected and riot victims of Assam with the help of the Indian Army.

A major aspect of our social responsibility is to promote environmental sensitivity. While Max India Foundation has several campaigns which target this aspect, our individual businesses are engaged in a constant endeavour to reduce their energy consumption. To give one example - five of Max Healthcare's hospitals are LEED certified green buildings. This means that these hospitals have 23% energy savings, 53% water savings and 30% more fresh air than conventional buildings. There is also provision for 100% rain water harvesting and re-use of water after treatment for horticulture.

Similarly, Max Speciality Films (MSF) has specific initiatives, which are related to environment management and sustainability. MSF has a clearly defined Green Policy which states that 'Max Speciality Films is committed to promote sustainability by improving our environmental performance and making resource efficiency a core requirement of all our operations. We will deliver products to our customers and manage our operations in an environmentally responsible manner'.

The chart below shows the positive results of several initiatives undertaken by MSF for conservation of resources. On all three aspects of specific consumption of power, fuel and water if the levels were indexed to 100 for 2010-11, there has been considerable reduction in the two years till FY2013.



### MAX INDIA FOUNDATION

Max India Foundation's CSR mission focusses on providing quality healthcare to the underprivileged, facilitating awareness of health related issues, promoting and

fostering an eco-friendly environment and providing support in disaster relief, wherever needed in India. In all these activities, the foundation engages Max India Group employees and partners with reputed NGOs in project execution.

In a short span of 5 years of committed work, MIF has attained a leadership position in the field of CSR in India. Bearing testimony to this, MIF has been invited to become a part of the advisory group of the National Foundation for CSR (NFCSR) at the Indian Institute for Corporate Affairs. MIF, as part of the advisory group, will provide strategic inputs and assist in the effective execution of the policies and programmes of the NFCSR. For the second year in a row, MIF has been awarded the Golden Peacock Award for Corporate Social Responsibility 2012 at a Dubai convention on Social Responsibility organised by Institute of Directors. Mrs. Mohini Daljeet Singh, Chief Executive, MIF was conferred the Responsible Business Leader Award at the Responsible Business Summit organised by World CSR Day, Mumbai. MIF was also awarded the 'Best CSR Practices 2013' at the 7<sup>th</sup> Indy's Award at Mumbai and at the World CSR Congress at World CSR Day, Mumbai.

### PROVIDING QUALITY HEALTHCARE FOR THE UNDERPRIVILEGED

MIF has a series of programmes that focus on supporting the underprivileged with quality healthcare. These include special surgeries, holding mass immunization programmes, operating health centres, conducting health camps, providing artificial limbs and calipers and treatments for leprosy. Some of the major initiatives undertaken in association with partner NGOs in 2012-2013 is highlighted below:

#### Provision of Healthcare for the Underprivileged

**Surgeries For The Underprivileged:** 416 surgeries were facilitated by MIF in FY2013. These include paediatric cardiac surgeries, treatment for cancer, neuro surgeries, complex reconstructive surgeries and others

**Pan-India Immunization Programme:** MIF and Max Life Insurance conduct immunization to protect children from life threatening diseases. They are given the entire spectrum of preventive shots. In 2012-13, 6,982 children benefitted through 7,199 shots in 60 camps and we covered 32 new locations across the country

**Health Centres:** MIF continues to operate several health centres in North India

These include:  
**CanSupport's East Delhi Field Centre:** Provides palliative care to terminally ill cancer patients and their families. This year, palliative care was given to 196 patients.

Railmajra Health Centre: In FY2013, over 8,215 patients have been checked and given medicines, bringing the total since 2008 to 55,093 patients.

Chinmaya Health Centre, Sunlight Colony, New Delhi: During FY2013, some 9,000 patients were treated.

Jamghat Day Care Centre: Located at Jama Masjid and Lado Sarai, this has been providing rehabilitation and educational facilities to about 50 street children. Max Healthcare doctors visit them twice a month for consultation and provide them free medicines.

Dehradun Health Centre: MIF started a Health centre at Guniyal Gaon near Purukul, Dehradun. The centre was inaugurated on 4<sup>th</sup> February, jointly by the local MLA, Mr. Ganesh Joshi, Ms. Mohini Daljeet Singh and Ms. Tara Vachani - CEO, Antara Senior Living. The centre will cater to the immediate basic medical requirement of the villagers of Guniyal Gaon and the surrounding areas.

Artificial Limbs and Polio Calipers: In association with Manav Seva Sannidhi, MIF organised its 5<sup>th</sup> Annual Artificial Limbs and Polio Calipers Camp at Dehradun, from 21<sup>st</sup> - 24<sup>th</sup> March 2013. A total of 362 patients were served. 203 artificial limbs, 134 calipers, 16 crutches and 6 splints were given away to the patients. In association with Kiwanis Club in New Delhi, MIF has provided 168 limbs to the needy. It has also supported three artificial limbs and polio calipers camp organised by Centre for Empowerment and Initiatives in Agra, Ghaziabad and Lucknow in 2012. To date MIF has sponsored 2,602 Artificial Limbs and Polio Calipers

Health Camps: In FY2013, 34 multi-speciality health check-up camps were organised. 4,525 patients were screened and given free medicines. Referrals were also made to various Max Healthcare hospitals for further treatment. MIF also continued to regularly conduct Health Awareness Camps throughout the year

MIF - Raphael Partnership Month, March 2013: MIF partnered with the Raphael Centre, Dehradun, in providing care, rehabilitation and treatment to leprosy patients, children with special needs and TB patients. MIF covered all expenses for March 2013 in addition to organising immunization camps for outreach centre in Mussoorie and Thatyur and covered 1,200 children

Lifeline Express Camp: The lifeline express is a train fully equipped with OPD facility under specialists, operation theatre and free medicines. MIF and Max Healthcare annually sponsor and participate in a multi-speciality camp on board the 'Lifeline Express' and provide free treatment to underprivileged people in Madhya Pradesh in partnership with Shrimant Madhavrao Scindia Swasthya Seva Mission.

This year the camp was organised at Ashok Nagar, MP from 17<sup>th</sup> March to 16<sup>th</sup> April 2012. To date, a total of 30,000 patients have been examined and treated through this camp

## PROMOTING ENVIRONMENT AWARENESS

Besides the business actions taken by the Group to reduce ecological footprint, MIF also continues to work towards creating eco-sensitivity. Some specific initiatives include:

- Clean Dehradun: MIF's 'Clean Doon' team organised an awareness drive to educate shopkeepers and residents about the ban on plastic bag
- Tree Festival in Dehradun: MIF sponsored a tree festival organised by Citizens of Green Doon on November 4, 2012
- MIF joined the 4<sup>th</sup> NDTV Greenathon by supporting their recycling initiative where 250 kg of newspapers and magazines were given by Max House to be recycled
- MIF team is a regular participant in the Eco-Fest Mela 'Panchtattva' organised by middle school students of St. Columba's at the school annually since 2010. MIF Environment Tips are displayed and an Environment Awareness Quiz Competition also conducted for the students

Max India Group deals in what we call the 'Businesses of Life'. Life insurance, healthcare, health insurance, senior living all relate to critical moments in a person's life. In other words, our customers repose immense trust in us. We view ourselves in a fiduciary responsibility vis-a-vis our customers and consider it as our responsibility to give primacy to customer's interests and well-being in all our dealings. This sentiment also manifests in our social responsibility initiatives where we seek to improve the quality of lives through systematic campaigns. As a organisation that represents a modern liberalised India, we are at the forefront when it comes to providing help in the need of hour. Several of our interventions are aimed at improving health environment and education - three critical areas in modern India.

**MOHINI DALJEET SINGH, CHIEF EXECUTIVE, MIF.**

# BOARD OF DIRECTORS



Dr. Bajjal served ICI (India) Limited for over 35 years and was the Chairman of ICI companies in India from 1983 to 1987. He then played an active role on Max India Board from 1998 till 2009, when he added immense value to the Company. He was the Chairman of Max India during the years 1998-2000. On his retirement from the Board in 2009, he was elevated to the position of 'Chairman Emeritus'.

Dr. S.S. Bajjal,  
Chairman Emeritus



Mr. Rahul Khosla is a seasoned business leader with deep management experience, broad leadership skills and wide business perspectives developed over the last 30 years of working in India and globally. Under his leadership, the Max India Group is undergoing a transformation across several important dimensions of performance, quality, leadership and growth.

Before joining Max, Mr. Khosla spent 11 years in Singapore as the Group Head of Products for Visa for all markets in Asia Pacific, Central Europe, Middle East and Africa. He has held several senior roles prior to this - as Country Head for ANZ Grindlays' consumer banking businesses in India; Head of Retail Assets, Strategy, Finance and Legal at Bank of America and as CFO for the American Express TRS businesses for India and South Asia eventually going on to set up a pioneering in-house financial processing facility for American Express for its Asian markets.

Mr. Rahul Khosla,  
Managing Director

Mr. Analjit Singh is the Founder and Chairman of Max India and all its Group Companies. He is the Non-Executive Chairman of Vodafone India, a member of the PM's Joint Indo-US CEOs Forum, and is on the Board of Tata Global Beverages and Sofina NV/SA, Belgium. He is the Chairman of the IIT, Roorkee, and is on the Executive Board of the ISB.

An industry statesman, Mr. Analjit Singh was awarded the Padma Bhushan, one of India's top civilian honours in 2011, the Ernst and Young Entrepreneur of the Year Award (Service Category) in 2012 and the US India Business Council Leadership Award in 2013. He is an alumnus of Doon School and SRCC, and holds an MBA from Boston University.



Mr. Analjit Singh,  
Founder & Chairman

Mr. Mohit Talwar took over as the Deputy Managing Director of Max India Limited in February 2012 and his key responsibilities include managing effective shareholder alignment, especially with Max India's valued joint venture partners, progressing new business opportunities - both organically and inorganically, driving M&As, corporate finance, capital management and ensuring appropriate funding arrangements for the Group, optimising group capital management and treasury, managing investor and analyst relations and advising management and shareholders on capital market implications. In addition, Mr. Talwar also drives revenue synergies across the Max India Group.



Mr. Mohit Talwar,  
Dy. Managing Director



Mr. Anuroop Singh is an independent member on the Board of several leading companies. He is an experienced business leader with over three decades of experience in leadership positions with leading organisations including Max New York Life, ANZ Grindlays Bank, Bank of America, and American Express. He has been associated with the Max India Group for over 10 years. He is a Fellow Chartered Accountant and a holistic life practitioner.

Mr. Anuroop Singh,  
Vice Chairman



A Ph.D in Computer Science from Columbia University, Dr. Ajit Singh has been associated with the Max India Group since January 2009, when he joined Max Healthcare as a member of the Board of Directors. Currently a partner at Artiman Ventures, he focusses on early-stage technology and life science investments. Dr. Ajit Singh is also a Consulting Professor at the School of Medicine at Stanford University. Prior to joining Artiman, Dr. Singh was the CEO of Oncology and Medical Informatics businesses of Siemens Healthcare.

Dr. Ajit Singh,  
Non-Executive Director

# BOARD OF DIRECTORS



Mr. Mehta retired as the CEO of HSBC Asia Pacific in January 2004, after a global career of 35 years, and returned to India on permanent resettlement. He serves as an Independent, Non-Executive Director on the boards of numerous public companies and institutions in India as well as overseas.

Mr. Aman Mehta,  
Non-Executive Director



Professor Gupta has spent 3 decades at the JNU as a faculty member and is considered as India's foremost authority on Indian Sociology. In addition to Max India, he is a member of the Board of the RBI, NABARD, National Standards Broadcasting Authority, and the Doon School. He started the Business Ethics and Integrity Division of KPMG, India which he led till 2003 and then served as its Senior Advisor. He is the author and editor of 19 books including his latest 'Revolution from Above: India's Future and the Citizen Elite'. He was awarded Chevalier de L'Ordre des Arts et des Lettres (Knight of the Order of Arts and Letters) by the French Government.

Prof. Dipankar Gupta,  
Non-Executive Director

Mr. Kacker, M.Sc. (Physics), University of Allahabad (Topper of 1972 batch), has more than 3 decades of experience in the Government as an Indian Revenue Service (IRS) Officer. He has served as the Chief Commissioner of Income Tax and has held senior positions both in executive capacities and policy formulation roles. He has also served as an Executive Director with Securities Exchange Board of India (SEBI) and in various capacities in committees set up by SEBI. He is the Founder and Managing Partner of A.K. Advisors and Consultants, an Advisory Company in area of Financial Services and Group Advisor with the India Bulls Group of Companies.



Mr. Ashok Kacker,  
Non-Executive Director

Mr. Singhal has an experience of over 3 decades in the banking industry and was the founder CEO, designated as the Vice-Chairman & Managing Director, of erstwhile SCICI Limited. He has also been associated with ICICI Ltd., ONGC, ADB, Manila and was deputed by the Government of India to the Industrial Development Bank of Afghanistan, Kabul. Mr. Singhal holds M.A. (Economics), M.Sc. (Statistics) and PGDPA.



Mr. N.C. Singhal,  
Non-Executive Director



Mr. Windlass was part of the founding team at Max India and is the Vice-Chairman of Max Ventures. He has served the Max India Group in different capacities including Joint MD & MD - Hutchison Max Telecom until 1998 and continued as a Board Member of the Company ever since. He has been the Chairman, MGRM (Asia-Pac) & Vice Chairman and the MD of Reliance Telecom. He serves on leading advisory and statutory Boards, including MGRM Holdings Inc., USA, Vodafone India Ltd. and Hindustan Media Ventures Ltd. & The Faculty of Management Studies, Delhi University. He holds B.Com (Gold Medal), Bachelor of Journalism and MBA degrees.

Mr. Ashwani Windlass,  
Non-Executive Director



Mr. Khanna is the Founder & CEO of Arka Capital Advisors Pvt. Ltd., and is an angel investor in early stage companies. Previously, he served as an MD and India Head at Warburg Pincus, and was a member of its global Executive Management Group. Prior to joining Warburg Pincus, he worked with Citibank N.A. and Arthur Andersen & Co. He holds an MBA from the IIM, Ahmedabad, and is a Chartered Accountant.

Mr. Rajesh Khanna,  
Non-Executive Director

# BOARD OF DIRECTORS



Mr. Mehra is the Managing Director and the Co-Head of America's private equity investing at Goldman Sachs & Co. He serves on the Board of ARAMARK Corporation, Interline Brands, Inc., KAR Auction Services, Inc., Sigma Electric and SunGard Data Systems, TVS Logistics, and as a Trustee of Oakham School, England, The Doon School, India and as Chairman of Brunswick School, Greenwich, CT. He holds a B.A in Economics from Harvard College and an MBA from Harvard Business School.

Mr. Sanjeev Mehra,  
Non-Executive Director

Dr. Bijlani is the President of Magnus Consulting Pvt. Ltd., engaged in management consultancy and is the Professor of Practice & Collegiate Professor at the University of Maryland University College, USA. He is past Chairman of the CII (NR). He was awarded Life Fellowship of the Indian Institution of Manufacturing Engineers and received the Shiromani Award for 'Extraordinary Excellence' from Mother Teresa.



Dr. Subash Bijlani,  
Non-Executive Director



Mr. Bakshi is a Managing Director in the Principal Investment Area (PIA) of Goldman Sachs based in Mumbai, India. He serves on the Board of Sigma Electric and Sudhir Gensets. Vishal holds a B.A. (Hons.) in Economics from St. Stephen's College, MBA from IIM Ahmedabad and MBA from Columbia Business School.

Mr. Vishal Bakshi,  
Alternate Director to  
Mr. Sanjeev Mehra

## Stories Of Life

### "At Max, Sevabhav is our guide."

Devdhar Singh

Assistant Security Officer, Max Hospital, Shalimar Bagh

Working as an Assistant Security Officer at Max Hospital over the years has helped me build a habit of serving and helping others. I still vividly remember an incident near the main gate of our hospital. While I was busy with my routine security drill, I got a frantic call from one of the guards. I rushed to the gate and saw a biker and a car owner in a heated scuffle. With the help of other guards, I intervened, tried to calm them down and facilitated a peaceful parting. Later that day, around 100 protestors gathered outside our hospital. They came in jeeps, bearing iron rods, and demanded handing over the car owner, who was also our vendor. They were threatening to damage the hospital. Sensing the danger to the vendor's life, I advised him to pay the biker a compensation. But the vendor wasn't carrying sufficient money. I then decided to pay the villagers ₹1800 from my own pocket and offered free treatment to the biker. Satisfied, the mob eventually dispersed.

A few days later, the vendor came to return me the money, along with a box of sweets. He said that this incident reassured him we still have people who go out of their way to help others. This incident provided me with an opportunity to demonstrate our value of Sevabhav. It also reinforced in me the virtue of being patient and calm.



<b>Mr. Analjit Singh</b>	Chairman
<b>Mr. Anuroop Singh</b>	Vice Chairman
<b>Mr. Rajesh Sud</b>	CEO & Managing Director
<b>Mr. Rajit Mehta</b>	COO & Executive Director
<b>Mr. Hideaki Nomura</b>	Non-Executive Director
<b>Mr. John Poole</b>	Non-Executive Director
<b>Mr. Marielle Theron</b>	Non-Executive Director
<b>Mr. Rahul Khosla</b>	Non-Executive Director
<b>Mr. Rajesh Khanna</b>	Non-Executive Independent Director
<b>Mr. Toshinaro Tokoi</b>	Non-Executive Director

<b>Mr. Analjit Singh</b>	Chairman
<b>Dr. Pradeep. K. Chowbey</b>	Vice Chairman
<b>Dr. S.K.S. Marya</b>	Vice Chairman
<b>Dr. Ajay Bakshi</b>	CEO & Managing Director
<b>Dr. Ajit Singh</b>	Non-Executive Director
<b>Mr. Anuroop Singh</b>	Non-Executive Director
<b>Mr. Jonathan Lowick</b>	Non-Executive Director
<b>Mr. K. K. Mathur</b>	Non-Executive Director
<b>Dr. K.M. Fock</b>	Non-Executive Director
<b>Mr. K. Narasimha Murthy</b>	Non-Executive Director
<b>Dr. Nilesh Kumar Patel</b>	Non-Executive Director
<b>Dr. Omkar Goswami</b>	Non-Executive Director
<b>Dr. Peter Harper</b>	Non-Executive Director
<b>Mr. Rahul Khosla</b>	Non-Executive Director
<b>Mr. S.S.H. Rehman</b>	Non-Executive Director

<b>Mr. Anuroop Singh</b>	Chairman
<b>Mr. Rahul Khosla</b>	Co-Vice Chairman
<b>Ms. Elizabeth Alison Platt</b>	Co-Vice Chairperson
<b>Mr. Manasije Mishra</b>	Whole-time Director
<b>Mr. Amit Sharma</b>	Non-Executive Director
<b>Mr. Anthony Maxwell Coleman</b>	Non-Executive Director
<b>Dr. Damien Vincent Marmion</b>	Non-Executive Director
<b>Mr. James Gordon Wheaton</b>	Non-Executive Director
<b>Mr. Mohit Talwar</b>	Non-Executive Director
<b>Mr. Neil Robert Taylor</b>	Non-Executive Director

<b>Mr. Analjit Singh</b>	Chairman
<b>Dr. Ajay Bakshi</b>	Non-Executive Director
<b>Mr. Ashwani Windlass</b>	Non-Executive Director
<b>Mr. Mohit Talwar</b>	Non-Executive Director
<b>Mr. Rahul Ahuja</b>	Non-Executive Director
<b>Mr. Rahul Khosla</b>	Non-Executive Director
<b>Mr. Rohit Kapoor</b>	Non-Executive Director
<b>Mrs. Sujatha Ratnam</b>	Non-Executive Director



“In life’s ups and downs, Max was there for us.”

Sudesh Jain

My elder brother, Yogesh Jain, was a 39 year old accountant in Gujarat. He was a doting father, caring husband, responsible brother and a dutiful son. Misfortune struck upon us the day he died of a heart attack leaving behind his three little children, wife, parents and me. While going through his phone records, I read an SMS of Ashok Shah, an agent advisor for Max Life Insurance, reminding him to pay the insurance policy premium. A few weeks later, I contacted Ashok to seek help, in this hour of need. He immediately took up the task of settling my brother’s claims and informed us about Yogesh’s life insurance policies that he had purchased from Max Life. After receiving the cheque, I later went to Ashok and thanked him for the quick turnaround of the claim amount and needless to say, also bought a policy for myself, just to make sure that my family is protected if anything ever happens to me. Max Life is truly a company that believes in helping people in their moments of truth.



# MANAGEMENT DISCUSSION & ANALYSIS

- Max India
- Max Life
- Max Healthcare
- Max Bupa
- Antara Senior Living
- Max Speciality Films
- Max Neeman
- Corporate Governance Report



**RAHUL KHOSLA, MANAGING DIRECTOR, MAX INDIA LIMITED.**

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

Max India Limited ('Max India' or 'the Company') is a multi-business enterprise focussed on service oriented businesses of life. While as a commercial venture, it aims to maximise shareholder returns, Max India lays a high emphasis on serving with the right spirit and competency. The Company is firmly committed to setting the highest benchmarks for service and having the best operational standards across its set of symbiotic businesses.

The businesses in the Company's portfolio include:

Max Life Insurance Limited (Max Life), a joint venture with Mitsui Sumitomo Insurance, Japan (part of the world's seventh largest general insurance group MS&AD), which provides financial security across life's various stages

Max Healthcare (MHC), a joint venture with Life Healthcare (South Africa's second largest healthcare chain), which provides standardised, seamless and international-class healthcare services, especially focussed on tertiary and quaternary care

Max Bupa Health Insurance (MBHI), a joint venture between Max India and Bupa Finance Plc., UK which provides consistent, high quality health insurance services

Antara Senior Living Limited, a fully owned subsidiary, which is set to offer highly differentiated, world-class senior living communities fulfilling lifestyle, wellness and health related requirements of seniors over 60 years

Max Neeman Medical International (MNMI), a fully owned subsidiary, which provides clinical research services across the entire value chain of new drug development

In addition, Max India has a well-established and profitable manufacturing business, Max Speciality Films (MSF) that is a quality leader in manufacturing of a wide range of sophisticated bi-axial polypropylene barrier and packaging films

Max India has developed each of these businesses as individual centres of excellence.

THE COMPANY HAS RECENTLY STARTED ADOPTING AN ENTERPRISE-WIDE APPROACH TO REAP BENEFITS FROM THE SYNERGIES THAT LIE ACROSS THESE SYMBIOTIC 'LIFE RELATED' BUSINESSES.

FUNDAMENTALLY, THE FOCUS IS ON EXPLORING THREE TYPES OF SYNERGIES: COST EFFICIENCIES, REVENUE MAXIMISATION AND PROCESSES AND RESOURCE OPTIMISATION.

Max India has started taking specific steps in these areas such as encouraging cross-group talent movement, having a common view of its customers, strengthening the corporate brand and negotiating with suppliers as one entity.

As a Group, Max India's revenues in FY2013 rose by 24% to ₹10,624 crore or approximately US\$ 1.9 billion. The profit after tax (after minority interest) grew five-fold in FY2013 reaching ₹784 crore in FY2013. Given the healthy balance sheet, the Board of the Company recommended a 610% or ₹12.20 per share dividend of the year. Max India maintains a healthy treasury corpus of ₹354 crore as at March 31, 2013.

MAX INDIA DRIVES ITS BUSINESS PERFORMANCE, ESTABLISHES DIFFERENTIATION AMONGST COMPETITION AND ACHIEVES ITS GOALS THROUGH NINE STRATEGIC LEVERS - ENHANCING BUSINESS PERFORMANCE, INVESTING IN PEOPLE AND ORGANISATIONAL DEVELOPMENT, CREATING EFFICIENCY IN CAPITAL MANAGEMENT, ADOPTING AN INTEGRATED ENTERPRISE-WIDE APPROACH, INVESTING SENSIBLY IN NEW GROWTH OPPORTUNITIES, MAINTAINING THE HIGHEST STANDARDS OF GOVERNANCE, CONTINUOUSLY IMPROVING SERVICE QUALITY, DEVELOPING A DISTINCT CORPORATE BRAND AND EFFECTIVELY MANAGING RISK.

There were developments during FY2013 on all these parameters which are captured in the detailed sections on each of the businesses.

FY2013, was the first full year of operations with two new

joint venture partners - Mitsui Sumitomo (MS&AD) Insurance, Japan and Life Healthcare, South Africa. The transition from Max Life's joint venture partner New York Life to Mitsui Sumitomo was executed seamlessly without any adverse impact on customers, employees or distribution partners. The proceeds from change in joint venture partner, received in FY2013, bolstered the treasury corpus and allowed Max India to distribute a healthy dividend to its shareholders. The inclusion of Life Healthcare as a shareholder of Max Healthcare has brought with it increased understanding of global healthcare delivery systems. Acknowledging the growth and potential of Max Healthcare, our new joint venture partner Life Healthcare is keen on making additional investments.

While different economic conditions affect each of these businesses, most of them are in under-penetrated sectors with potential for rapid growth and are driven by demographic and other socio-economic factors which have much greater long-term impact than annual economic fluctuations.

## PERFORMANCE HIGHLIGHTS

TOTAL NET REVENUE INCREASED BY 24% TO ₹10,624 CRORE

OPERATING REVENUE INCREASED BY 7% TO ₹8,180 CRORE

EARNINGS BEFORE DEPRECIATION, INTEREST, TAX AND AMORTISATION (EBIDTA) INCREASED BY 182% TO ₹1,213 CRORE

PROFIT BEFORE TAX (PBT) GREW BY 310% TO ₹991 CRORE

ON A CONSOLIDATED BASIS, NET PROFIT (AFTER MINORITY INTEREST) WAS ₹784 CRORE IN FY2013 - A 406% GROWTH

NET WORTH INCREASED BY 16% TO ₹2,903 CRORE AS ON MARCH 31, 2013

MAX INDIA PAID AN OVERALL DIVIDEND OF 610% FOR FY2013



## CORPORATE DEVELOPMENTS

There were some key developments in terms of value creation and investments which occurred in FY2014, before the publishing of this annual report.

After initially working on divesting its stake in Max Speciality Films, Max India is no longer pursuing the plan in the immediate term. Instead, MSF is being transferred to a separate subsidiary to enable focussed growth and access to capital by attracting strategic and financial partners. The Company has decided in favour of an additional production

line in MSF for a total capital outlay of ₹178 crore, of which the estimated equity requirement of ₹60 crore will be funded from Max India.

IFC Washington has decided to convert part of its Optionally Convertible Preference Shares (OCPS) for MHC, including the coupon, aggregating ₹115 crore to equity, and thus with increasing its equity stake from 2.3% to 7.5%. Life Healthcare will also contribute ₹40 crore to maintain its stake at 26%. The transaction, which values MHC at ₹1,986 crore pre-money, will further improve liquidity and debt/equity ratio of the Company.

Left to Right - **V. Krishnan**: Company Secretary; **Nitin Thakur**: Head - Communications; **Rahul Ahuja**: Group Financial Controller; **Sujatha Ratnam**: Sr. Director - Corporate Finance; **Rohit Kapoor**: Director - Strategy & Business Performance; **Mohit Talwar**: Dy. Managing Director; **P. Dwarakanath**: Advisor - Human Capital; **Archana Pandey**: Director - Business Development;

**Dr. Ajoy Kumar**: Sr. Director - Business Development & CEO, Max Neeman; **C. V. Raghu**: Sr. Director - Legal & Regulatory Affairs; **Vibha Paul Rishi**: Executive Director - Brand & Human Capital; **Rahul Khosla**: Managing Director; **Prashant Hoskote**: Sr. Director - Quality & Service Excellence; **Suresh Ramasubramanian**: Director - Human Capital





RAJESH SUD, MD & CEO, MAX LIFE INSURANCE.

Max India has a prominent presence in the Indian life insurance space through Max Life Insurance Company (Max Life), a joint venture (JV) where Max India holds 71% stake while MS&AD Insurance Group Holdings, Japan has 26% shareholding. Max Life is driven by the objective of providing life insurance and retirement solutions to meet 'Long-term Savings and Protection' needs of Indians.

In 2012, MS&AD Insurance Group Holdings of Japan acquired the founding partner New York Life's stake in the Company at an enterprise valuation of ₹10,500 Cr., New York Life exited the joint venture in line with its strategy of focussing on its core markets.

### THE OPPORTUNITY

Since the sector was opened for private players in 2000, life insurance in India has witnessed high annual growth rates of over 12% till 2010. From there on, a number of regulatory changes aimed primarily at encouraging need based selling of insurance products have resulted in significant changes in the product and distribution mix. With disruptions in the business model, the industry has witnessed a de-growth in the current phase. However, this is anticipated to be a short-term correction, and long-term prospects remain intact. Industry estimates for FY2014 are already predicting modest growth, signalling a bottoming out of the de-growth phase.

Even without the relative reduction that was witnessed in the last few years, the penetration of insurance in the economy remains low compared to similar countries in the world – a fact that has even greater significance for a country like India which does not have a reasonable social security system. Thus, there remains considerable scope for growth in the industry through greater penetration.

Underlying demographic and economic factors that make India one of the top potential life insurance markets continue to display favourable trends. Growth of the middle class continues, so does growth in income levels across socio-economic classifications. India will continue to enjoy its demographic dividend for the next several decades. A more affluent and larger working age population will have

a greater need for long-term financial planning as also of managing savings to meet their growing life stage needs. Increase in life expectancy will result in the population above 60 years increasing 3.5 times to 323 million by 2050, creating a surge in the demand for retirement solutions.

The need for life insurance as a financial protection tool is fuelled by the increase of nuclear families, mainly in urban India. In the decade ending 2011, households of up to 5 members have increased from 61% to 69%. Another need driver for insurance has been the growing trend of household borrowing which has increased by over 22% through the decade ending 2012 to reach ₹2.75 lakh crore.

### EXTERNAL ENVIRONMENT AND THE MARKET

There are two elements of the external environment that continue to affect this sector – economic and regulatory.

The economic environment and developments have been disconcerting. India's 5% GDP growth rate in FY2013 is the lowest in the last decade. More importantly, the growth rate has declined quarter on quarter through the course of the year. With growth slowing down, sustained inflation continues to eat into disposable incomes, net household savings and investable surplus. RBI data suggests that financial savings for Indian households as a percentage of GDP has been declining since FY2009. It had reduced from 10.4% in FY2011 to 8% in FY2012 – and the trend has continued in FY2013. This has resulted in an absolute decline in small savings and slower growth in households' holdings of bank deposits, currency as well as life insurance funds. Households seem to now favour investments in traditional assets such as gold.

Consequently, FY2013 witnessed de-growth in new business premiums: total first year life insurance premium reduced by 9.4% to ₹1,07,011 crore. This is the third consecutive year of market contraction since 2010.

On the regulatory front, there have been several fresh measures which are in continuation of the changes started in 2010. While some of the developments will necessitate

marginal changes in products, the re-filing and IRDA approval of these products will divert organisational energy.

Apart from this, the other measures are positive for focussed life insurance players like Max Life and are in line with the IRDA's regulatory theme of customer orientation, long-term protection. The guidelines also bring in uniformity and transparency for policyholders and ensure stronger controls on risk management systems and processes.

Additionally, the key initiatives expected shortly include greater flexibility in Bancassurance, use and file product approval process and simplifying agency licensing process. During 2012, the Cabinet approved the much-delayed Insurance Bill. This is an important step forward, however the Bill awaits Parliament approval before foreign investors can invest additional funds into this capital-intensive sector.

## MARKET POSITIONING

MAX LIFE CONTINUED TO INVEST IN ITS CHOSEN SIX PILLAR STRATEGY TO PROMOTE LONG-TERM SUSTAINABLE GROWTH. THIS INCLUDES: (I) BUILDING A PLATINUM AGENCY (II) DEVELOPING MULTI-CHANNEL DISTRIBUTION (III) PROMOTING LONG-TERM SAVINGS AND PROTECTION (IV) IMPROVING PERSISTENCY AND CUSTOMER MANAGEMENT (V) FOCUSED COST MANAGEMENT AND (VI) BETTER INVESTMENT PERFORMANCE.

It is this focussed approach and positioning that has been the core of Max Life's long-term value creation strategy in the life insurance space.

In a year where the new business premium of the life insurance industry declined, Max Life Insurance maintained its market share and retained its fourth rank among the private life insurers with a market share of 8.5% of adjusted first year premiums. It continues to be the largest non-bank promoted private life insurer in India.

There are three strategic choices that Max Life has adopted, which have helped navigate through the turmoil in the industry over the last few years.

**THE STRATEGIC DECISIONS TO CONSCIOUSLY SHIFT FOCUS TO MASS-AFFLUENT CUSTOMERS, INCREASED ORIENTATION TOWARDS LONG-TERM PAR PRODUCTS AND A BALANCED DISTRIBUTION STRUCTURE HAVE HELPED MAX LIFE SUCCESSFULLY OUTPERFORM IN THE LIFE INSURANCE INDUSTRY.**

First, the Company has consciously shifted focussed from mass customers to mass-affluent and affluent customer segments. Second, there has been a shift towards greater long-term par products in the Company's portfolio. Third, the channel mix has moved from agency dominance to a more balanced structure.

## TRANSITION TO A NEW BRAND AND SHAREHOLDING STRUCTURE

In April 2012, Mitsui Sumitomo Insurance Co. Ltd. (MSI), a part of MS&AD Insurance Group Holdings Company, acquired 26% stake in the Company from New York Life Enterprise (NLYE) and Max India. MSI paid ₹2,731 crore (US\$ 535 million) for the stake, making it the second largest foreign investment in Indian life insurance space. The equity stake of NLYE was transferred to MSI on June 27, 2012 and Max New York Life became Max Life Insurance Company Limited effective July 6, 2012.

Following this, the Company undertook a comprehensive rebranding initiative. A communication plan was rolled out to inform all stakeholders about the transition and strengthen confidence in the Company. The rejuvenated communication thrust led to an all time high brand consideration score of 29% and spontaneous awareness of 31%. Employees and agent advisors embraced the change and in turn helped build customer confidence.

**MAX LIFE'S COMPREHENSIVE REBRANDING INITIATIVE HELPED BUILD CUSTOMER CONFIDENCE AND LED TO AN ALL TIME HIGH BRAND CONSIDERATION SCORE OF 29% AND SPONTANEOUS AWARENESS OF 31%.**

## KEY OPERATIONAL DEVELOPMENTS

As mentioned earlier, there are six major elements to Max Life's operations, designed to build and retain long-term customer relationships and effectively penetrate the market while satisfying inherent needs of financial security and maintaining a lean business structure.

### BUILDING PLATINUM AGENCY

Max Life has one of the most productive agency distribution channels and is considered a benchmark in the industry for its knowledge backed customer centric approach.

During FY2013, several initiatives were undertaken to improve productivity. Some of these included changing mind set through motivational workshops, office leadership programmes and extensive management learning programmes.

Max Life launched an integrated communication campaign called 'Apke Sachche Advisors' to showcase its inherent strength of well equipped agent advisors who provide solutions

**MAX LIFE HAS ONE OF THE MOST PRODUCTIVE AGENCY DISTRIBUTION CHANNELS AND IS CONSIDERED A BENCHMARK IN THE INDUSTRY FOR ITS KNOWLEDGE BACKED CUSTOMER CENTRIC APPROACH.**

Left to Right - Prashant Tripathy: Director and Chief Financial Officer; Shailesh Singh: Director and Chief People Officer; Ashish Vohra: Senior Director and Chief Distribution Officer; Anisha Motwani: Director and Chief Marketing Officer;

Aalok Bhan: Director - Strategic Initiatives; Rajit Mehta: Executive Director and Chief Operating Officer; Rajesh Sud: Chief Executive Officer & Managing Director; V. Viswanand: Director and Head - Products and Persistency Management; Sanchit Maini: Appointed Actuary



for life stage needs of the customers through a consultative sales process.

Two major initiatives were introduced aimed at up-leveling agency performance and integrating it with learning and development that will drive cost effectiveness in the future.

The New Work System (NWS) based on learning from global markets to address a range of performance levers such as increased sales activity, improved conversion efficiency & case size, reduced time on policy issuance and fulfilment cost, improved customer and agent experience and improved quality of business with focus on need based selling. This initiative is currently in its pilot stage and results to date are highly positive. An all India roll out across offices will be initiated during the FY2014 with process completion by FY2015

The 'Learning and Development Centre of Excellence' was launched during the year as a step forward to the Company's strong training investments over the years. Investments in human capital have been intrinsic to Max Life's business ethos. This initiative, starting with Max Life, is aimed at increasing knowledge, skill, engagement and motivation group wide

#### MULTI-CHANNEL DISTRIBUTION

Max Life has one of the most balanced multi-channel distribution networks based on three pillars: agency distribution, Bancassurance and partnership distribution.

In line with the Company's strategy to diversify its distribution capacity, the corporate agency relationship with Axis Bank has been commercially re-negotiated till 2016. Max Life - Axis Bank has become the largest Indian non-bank owned Bancassurance relationship with the latter's wide network of 1,650 branches selling life insurance solutions. The Company launched a dedicated product by the name of Max Life Maxis for this channel, which has garnered improvement in product diversity for the channel. The Company's Bancassurance relationship with Yes Bank also recorded strong growth.



Partnership Distribution, the other pillar of Max Life's multi-channel distribution, is being developed in a graded manner based on a cost benefit evaluation of aligning with different partners.

Max Life has a unique 'Service-to-Sales' model, referred to as the Customer Advisory Team (CAT), that combines the sales and service channels for direct customers. This channel met its targets both in terms of business and in providing a seamless service and sales experience to its customers.

The Group business added some of the best known corporate clients to its portfolio during FY2013.

Max Life is also at an advanced stage of setting up an online distribution channel for its life insurance solutions. Initially, the Company will launch a differentiated term insurance solution through this channel.

#### LONG-TERM SAVINGS AND PROTECTION (LTSP)

In FY2013, Max Life further increased its focus on providing 'Long-Term Savings and Protection' (LTSP) solutions to its customers. The contribution of such LTSP products for the Company was at a high of 90% in FY2013. As per the new income tax laws and recently announced modified product guidelines, life insurance products need to have 10 times or 105% of all premiums paid as sum assured – which is aligned to Max Life's LTSP focus.

**NEW INCOME TAX LAWS REQUIRE LIFE INSURANCE PRODUCTS TO HAVE 10 TIMES OR 105% OF ALL PREMIUMS PAID AS SUM ASSURED, WHICH ALIGNS WITH MAX LIFE'S LTSP FOCUS.**

In-depth research, conducted as a part of identifying consumer needs and wants, helped establish the urgent needs of mass-affluent and affluent bank customers. This, along with other findings from the research, is being used to develop new products with sharper focus to help the Company retain its position as a top quartile insurer. During FY2013, two new sales concepts were launched which helped improve the product up-take rates. The Company also introduced simplified product brochures for providing a better understanding of product offerings and continued to utilise an agent and customer panel for validating these.

#### IMPROVING PERSISTENCY AND CUSTOMER MANAGEMENT

Customer retention and superior service are critical to Max Life's long-term strategy. A market leader in customer retention, Max Life's conservation ratio for FY2013 was 81% which is among the highest levels in the industry.

**MAX LIFE NOW HAS THE LOWEST CUSTOMER COMPLAINTS INCIDENCE RATE IN THE INDUSTRY AT 0.20 PER THOUSAND AS ON MARCH 31, 2013.**

To further enhance the Company's service propositions, Max Life has embarked on a service excellence journey called Ascent – 'Achieving Service Excellence and Trust'. The objective is to be the most trusted service brand in India.

Treating Customers Fairly (TCF) remains the bedrock of all customer centric initiatives at Max Life. In keeping with this philosophy, the Company has focussed on improving the customer's understanding of products at the pre-sales stage to promote need-based sales. Need-based selling using fact finder, risk profiler and product suitability matrix has now been adopted by all distribution channels.

Post-sales experience of policyholders has been enhanced with the Company pledging a 'Service Promise' that entails 20 second call pickup, four-hour query acknowledgement, four-hour resolution of simple queries (e.g. NAV information, request for premium receipts) and free premium cheque pickup in 20 cities within 24-hours. The Company now has the lowest customer complaints incidence rate in the industry at 0.20 per thousand as on March 31, 2013.

Claims settlement being the most critical touch point in the customer lifecycle, Max Life launched the Claims Guarantee programme. The Company commits to pay claims within 10 working days of the receipt of all the death claim documents/clarifications from the nominee. If it is unable to fulfil its commitment, it will pay interest at the rate of 6% per annum. Max Life also commits to pay the account value amount in case of death claims under the unit linked insurance policies within 48-hours of the intimation by the nominee. It also commits to pay death claims arising out of the policies that have completed continuous three years from the date of the issuance except in cases of fraud. To make the claims process easy and hassle-free, the Company plans to assign a personalised claims relationship officer for each death claim case.

This initiative is tracking well - 100% of death claims received on policies more than three year old have been paid; and 98% of all death claims have been paid within 10 days of receipt of relevant documents. The Outstanding Claims Ratio has come down to 1.31%.

Given the need to build processing capabilities that meet the increasing requirements from new business, the Company has spearheaded many industry level initiatives in underwriting.

#### FOCUS ON COST

During the year, Max Life continued to focus on being a cost efficient organisation and undertook several cost

management initiatives such as surrendering excess office space and shifting to lower rental locations, improving productivity, initiating an energy efficiency programme across offices and reducing wastage in printing and postage. This is reflected in the numbers:

- Cost to Net Premium ratio improved to 28% in FY2013 (previous year: 30%)
- Open to Net Premium ratio was reduced to 18.6% (previous year: 19.4%)
- Max Life Insurance is the only Company among the top 10 life insurers to have recorded a reduction in Opex and cost ratio



#### INVESTMENT PERFORMANCE

Max Life's products are backed by strong asset management capabilities of the Company. It ensures management of investment assets in accordance with asset-liability management for traditional plans and a market oriented approach for unit linked plans.

While focussing on delivering maximum returns to policyholders, the investment function follows a prudent philosophy. The investments are mandatorily in safe instruments – with over 95% of debt investments in AAA or equivalently rated instruments and a minimum of 70% of equity exposure in large cap equities. The Company's assets under management (AUM) grew by 19% to stand at ₹20,458 crore as on March 31, 2013. As on that date, 49% of the AUM was in controlled funds and 51% in ULIP funds.



## ENABLING CHANGE THROUGH PEOPLE AND CULTURE

Max Life believes that people are its biggest organisational asset and hence lays a strong emphasis on employee friendly practices to bring about high levels of employee engagement and motivation.

MAX LIFE GOT RECOGNISED FOR ITS PEOPLE PRACTICES AND WAS RANKED THE SECOND BEST WORKPLACE IN THE INSURANCE INDUSTRY FROM THE GREAT PLACE TO WORK INSTITUTE, INDIA.

The Company continuously evaluates and aligns its human capital practices with its business goals and strategy. Some of the initiatives taken in this regard include strengthening the leadership team, restructuring the agency distribution channel, introducing an organisation and talent review process and enhancing focus on building employee engagement and capability.

Max Life is a young organisation. The average age of the workforce is 33 years. Women constitute 16% of the total workforce.

## PERFORMANCE HIGHLIGHTS

The salient features of Max Life's results are:

- Maiden dividend of ₹259 crore to shareholders approved by the Board of Directors
- Bonus of approximately ₹297 crore to participating policyholders to be distributed during 12 months starting 1<sup>st</sup> July 2013. In addition, a one-time special bonus of ₹130 crore to be distributed to participating policyholders with active policies bought before 31<sup>st</sup> December 2006
- Gross Written Premium increased by 4% to ₹6,639 crore with a 6% increase in renewal premium to ₹4,739 crore.



- Assets under management increased by 19% to ₹20,458 crore
- Sum assured stood at ₹1,69,167 crore – an increase of 11% over the previous financial year
- Solvency ratio of 521%, more than three times the mandatory limit of 150%, indicates the Company's strong and stable financial position
- Conservation ratio, an indicator of customer retention, at 78% is one of the best among private life insurers
- Cost ratio, an indicator of operational cost and expenses on commission, improved by 190 basis points to 28% in FY2013

Consequently, the Company recorded an Enterprise Level Profit Before Tax of ₹860 crore – up by 17% over the previous financial year, while the Shareholder Profit Before Tax increased to ₹475 crore

## OUTLOOK

After a period of exponential growth in its first decade, the life insurance industry in India is going through a period of re-orientation. Given the demographic profile of the country,



MAX LIFE REWARDED ITS SHAREHOLDERS AND POLICYHOLDERS FOR THE CONFIDENCE THEY SHOWED IN THE COMPANY WITH A TOTAL DIVIDEND OF ₹389 CRORE AND PARTICIPATING POLICYHOLDER BONUS OF ₹297 CRORE

habit of savings and high awareness of life insurance, there is still a vast untapped opportunity in India. Consequently, while the short to medium term will continue to witness volatility, the long-term prospects are bright given the basic needs of the economy and population.

The future looks interesting for the life insurance industry with several changes in regulatory framework and economic policy which will necessitate a change in the way industry conducts its business and engages with its customers. Some life insurers are gearing up to get listed over the next couple of years, a move that will enhance values, compliance and

governance. Protection of policyholders' interest will get greater attention of all the stakeholders – the government, the regulator, life insurers and distributors. This includes providing superior service, simpler products, need based solutions and better quality of advice to customers by life insurers. Growth in new business will also help the sector attract new talent.

During FY2014, the global and Indian economy is not expected to show a sharp turnaround but positive indications are anticipated. If so, these will have a positive effect on the growth of Indian life insurance. Moreover, the low base effect should also play a role in the sector which is expecting to grow at low double digits.





AJAY BAKSHI, MD & CEO, MAX HEALTHCARE INSTITUTE LIMITED.

Max Healthcare (MHC) is a leading provider of international class healthcare in India. It is committed to the highest standards of medical and service excellence, patient care, scientific research and medical education. With 12 hospitals in Delhi-NCR, Punjab and Uttarakhand, highly advanced technology and state-of-the-art infrastructure, it is rated as one of the best hospital chains in India.

#### FULFILLING A GROWING NEED

India's need for hospital services is witnessing remarkable growth. This is driven by a number of factors, such as increase in the average life expectancy and income levels, rising awareness of health insurance, growing lifestyle related health issues, and increase in medical value travel. Due to growing demand, the hospital service industry is expected to be worth US\$ 81.2 billion by 2015. Today, India has around 0.91 beds per 1,000 people as compared to an ideal rate of 3 beds per 1,000 based on global standards. The country needs to cover a cumulative deficit of around 3 million hospital beds in the next ten years to match up with the global average.

Over the years, the private sector has played an increasing role in bridging the gap. Today, the private sector accounts for over 77% of spending and 74% of the hospitals beds in the country. This is expected to go up to around 80% in the next decade.

Although the hospital sector in India has taken rapid strides, basic issues of affordability, availability and quality continue to persist and affect a large section of the population. Driven by the pressures of increasing costs and reducing margins, healthcare providers are also grappling with challenges such as improving productivity and efficiency of healthcare services. Most of the large scale private investments in hospitals are concentrated in metros and Tier 1 cities which have a sizeable and increasing population of health conscious consumers who can afford quality healthcare and also demand specialised healthcare services. Hence, these cities are attracting private players with emphasis on not only providing best-in-class infrastructure but also on improving the quality of such services. The Government of

India (GoI) has started getting proactive in its support to this sector. It has provided the sector benefits of infrastructure lending status, promoted healthcare SEZs, allowed 100% Foreign Direct Investment (FDI) and provided tax breaks. The GoI has also decided to increase health expenditure to 2.5% of Gross Domestic Product (GDP) by the end of the Twelfth Five Year Plan (2012-17), from the existing 1.4%. Additionally, there have been several initiatives on the Private Public Partnership (PPP) to promote hospitals in India. It is this route that will be the driving force behind taking hospitals to Tier 2 and Tier 3 cities and the vast rural belt of the country.

#### SERVICE POSITIONING

With a focus on high quality healthcare services, Max Healthcare is one of the most trustworthy hospital networks in India with operations in North India. While increasing its penetration in the Delhi-NCR region, it has also established new hospitals in select North Indian cities, such as Mohali, Bhatinda and Dehradun, which are fast gaining traction with customers.

MHC has always focussed on establishing itself as an institution that promotes excellence in the country. The endeavour has been to create a benchmark in India for quality - both on the clinical as well as the service aspects. The emphasis is on providing cutting edge technology and world-class skills to provide the best hospital services in the country. MHC is equally conscious of its commitments towards the weaker sections of the society. Its expenditure on treatments for the Economically Weaker Sections (EWS) has doubled over the course of FY2013.

#### OPERATIONS: KEY DEVELOPMENTS

Today, Max Healthcare operates 12 facilities in North India that offer services in over 30 medical disciplines. While it is primarily a provider of tertiary and quaternary care services, MHC also provides primary and secondary care to ensure the delivery of comprehensive healthcare to its customers. MHC has adopted a well-structured growth



mechanism to improve its accessibility to customers. The Company is stressing on increasing its penetration in the Delhi-NCR region, while expanding its operations to other parts of North India. A testament is that four new launches - at Shalimar Bagh, Mohali, Bhatinda and Dehradun - have happened successfully in record time. Shalimar Bagh and Mohali broke-even in a span of 11 months. Today, these new facilities are already operating at an average occupancy of around 50%. Given, while the new hospitals and the better capacity utilisation of the existing facilities, MHC has witnessed a significant increase in its workforce. In FY2013, 976 new doctors, 1,513 new nurses and 1,138 other

**IN FY2013, 976 NEW DOCTORS, 1,513 NEW NURSES AND 1,138 OTHER STAFF WERE HIRED. THE TOTAL STAFF STRENGTH INCREASED FROM 5,083 TO 6,433 - A GROWTH OF AROUND 27%.**

professionals were hired. The total staff strength increased from 5,083 to 6,433 - a growth of around 27%.

MHC has consciously worked on changing its operational model from a 'hub and spoke' system around it through a 'networked architecture' model where in each hospital, operates individually, but under the overall supervision and guidance of the central authority. This transformation was completed in FY2013. Today, each hospital is

managed by a General Manager, who is supported by a Management Committee.

There are two benefits of this change. First, the independent method of functioning under a 'networked architecture' provides much greater flexibility to each hospital. Second, with independence comes the responsibility of managing the profitability of the stand alone unit. This makes each of the hospital management focus more on aspects such as increasing footfalls and controlling costs to generate profits for the establishment, while ensuring that the best quality protocols are implemented.

For better administration and provision of hospital services, MHC has set up separate clinical and operations directorates.

The clinical directorate looks after issues of clinical governance. It provides a platform for doctors to interact and participate in the decision-making process. Clinical governance systems assist in developing treatment protocols so that the most appropriate doctors treat patients, based on the clinical need. The operations directorate supervises and frames the guidelines for service and operational functions of the hospitals.

A culture of excellence is promoted through the regular evaluation of operations, using quality scorecards that

compare the outcome with the best in the industry. Special emphasis is given on evaluating the quality and appropriateness of skill levels of doctors. There are detailed checks and balances for establishing the credentials of all the non-doctor staff, most of whom are critical touch-points for patients.

To generate sound financial returns while maintaining a certain level of affordability of the services, there

**TODAY, MAX HEALTHCARE OPERATES 12 FACILITIES IN NORTH INDIA THAT OFFER SERVICES IN OVER 30 MEDICAL DISCIPLINES.**

are constant efforts at curtailing costs and improving efficiencies. Given that much of the fixed assets are sunk costs, optimising the utilisation of these assets has been the prime focus area. This helps reduce the cost per bed. An example - Saket hospital's capacity increased by 30 beds with no capital expenditure.

## STRATEGIC FOOTPRINTS

Strategic direction is being provided through marketing initiatives, human resource management and information technology tools. Traditionally, hospitals in India have

depended on its doctors and their credentials for attracting new patients. At Max Healthcare, while efforts are always to have the best doctors on board, there is also emphasis on creating an institution that directly connects with patients. MHC has been working on striking a balance between increasing hospital footfalls by leveraging the reputation of not only its leading doctors but also the MHC brand's promise of high quality treatment and service.

On the marketing front, several initiatives have been taken to create direct connect and brand recognition for MHC. A centralised call centre has been set up for all the hospitals that create a single point of contact for all patients. A clinical data management system has been put in place to store medical records and health data of all patients. In addition, several focussed branding exercises have been carried out to showcase the softer side of patient engagement.

MHC has a robust human resource management system. The focus is on identifying and grooming talent. MHC has a focussed doctor development programme, which is initiated at an early stage of the younger doctors' career at Max. Special efforts are also made to bring on board some of the best reputed doctors in specific therapeutic fields. They act as brand ambassadors for the organisation to attract patients and also help spread the highest quality of knowledge among the other doctors. For nurses and

Left to Right - **Rajan Bir Singh:** Chief Information Officer; **Indren Poovan:** Chief Operations Officer; **Shubhra Banerjee:** Director - Service Excellence; **Malvika Varma:** Senior Vice President - Human Resources; **Yogesh Sareen:** Chief Financial Officer;

**Dr. Anurag Krishna:** Clinical Director; **Dr. Ajay Bakshi:** Chief Executive Officer; **Anil Vinayak:** Director Sales & Marketing; **K.S.Ramsinghany:** Executive Director - Commercial and Infrastructure





the support staff, specialised training programmes are being conducted on a regular basis. On the administrative side, there is direct contact with leading MBA institutes to attract the best talent, who are taken through a well-structured leadership development programme.

## PERFORMANCE HIGHLIGHTS

### FINANCIAL HIGHLIGHTS

AVERAGE REVENUE PER OCCUPIED BED DAY IS A MEASURE OF BED PRODUCTIVITY. IT INCREASED BY 9% FROM ₹23,605 IN FY2012 TO ₹25,737 IN FY2013.

- Total revenues increased by 39% to ₹1,149 crore in FY2013
- Existing hospitals showed 24% growth
- EBIDTA increased from ₹12 crore in FY2012 to ₹72 crore FY2013
- Average revenue per occupied bed per day is a measure of bed productivity. It increased by 6.5% from ₹23,585 in FY2012 to ₹25,126 in FY2013. This growth is driven by the Company's effort to upgrade its service portfolio and focus more on high-end surgeries
- Overall, bed occupancy improved from 68.6% in FY2012 to 69.7% in FY2013

## RISKS AND OUTLOOK

For MHC, the biggest challenge is manpower. There is a severe supply-demand gap in qualified doctors and nurses

the healthcare space in India. This is a very strategic issue that needs to be addressed by the Government.

In India, costs of infrastructure and land are high. In fact, they are higher compared to several countries in the world. There are also issues with delays in securing requisite permissions to start hospitals. As a result, the amount of capital expenditure required is large and so is the cost of servicing it. Such large and high cost capacity investments increase the financial risk levels of each hospital.

Competition among different players in the industry to get the best doctors on board often result in destabilising existing operations. Max Healthcare has adopted an institution based approach rather than placing the onus solely on the doctors' brand value. While this mitigates risk to some extent, one still needs to have a team of highly qualified doctors to maintain clinical and service excellence.

Lastly, in the healthcare space there is high impact of reputation risk. Given that all treatments do not have a positive outcome, it is imperative to build a warmer and emotional understanding while dealing with patients, to avoid misguided loss in reputation. Also, continuous monitoring of clinical governance is necessary to maintain highest standards of healthcare services.

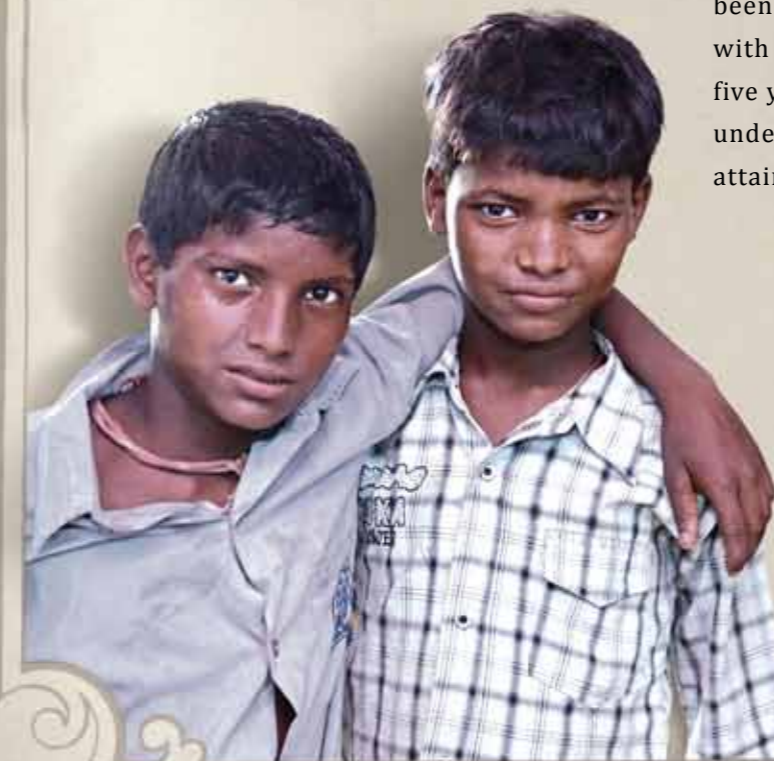
While such risks are inherent to this business, the opportunities outweigh these risks in the larger scheme. MHC expects revenues to continue to grow at healthy rates. Profits are expected at the EBIDTA level in FY2014. To enhance growth, the Company is constantly evaluating new formats such as standalone speciality centres, green-field and brown-field hospital opportunities in chosen geographies.

## Stories Of Life

“Our efforts are towards a brighter future.”

A society called 'Jamghat' launched in the year 2003, aimed at taking care of street kids. Be it education, proper meals, classes on health and hygiene or extra-curricular activities like sports, everything at Jamghat's Day Care Centre is fully funded by Max India Foundation. Jamghat and MIF have supported many underprivileged children who don't have any support. While enrolling children at the centre, MIF staff members came across Ahmed, a 14 year old boy who was going through mental trauma. He reluctantly joined Jamghat's Day Care Centre, three years back and always used to be silent. Finally, he had to be taken to a hospital, for counselling. The counselling given at Max Hospital started showing positive result. Gradually, Ahmed opened up to his friends and teachers and started sharing his problems. His mother used to regularly beat him and his two brothers, which had led him to depression. Today, he's leading a normal life, learning at the Day Care Centre and has also enrolled in a school.

Max India Foundation has been actively involved with Jamghat for over five years now, helping underprivileged children attain a better future.





MANASIJE MISHRA, CEO, MAX BUPA HEALTH INSURANCE.

Max India's foray in the health insurance space is through Max Bupa Health Insurance (Max Bupa), a JV with BUPA (British United Provident Association) Plc., UK. With a vision of becoming India's most admired health insurance company, Max Bupa focusses on building long-term partnerships to enable people to live healthier and more successful lives. It is guided by its six core values acronymed CREATE - Caring, Respectful, Ethical, Accountable, Trustworthy and Enabling.

#### MARKET DEVELOPMENT

HEALTH INSURANCE CONTINUES TO BE ONE OF THE MOST DYNAMIC AND FAST EVOLVING SECTORS OF THE INDIAN INSURANCE INDUSTRY. GROSS WRITTEN PREMIUMS FOR HEALTH INSURANCE INCREASED BY 16% FROM ₹13,212 CRORE IN FY2012 TO ₹15,341 CRORE IN FY2013.

The industry is dominated by 4 public sector entities that together have 60% market share. The rest of the share is with 17 private sector players, of which 4 are standalone health insurance players including Max Bupa. Growth in this industry is fraught with numerous challenges including efficiency, affordability and accessibility of health insurance. Efficiency in the health insurance system is also plagued by mistrust between healthcare providers and insurers due to non-standardised practices and formats in an evolving industry. In FY2013, with a primary goal of sorting out issues related to these factors, the IRDA prescribed several reforms for Indian health insurance industry.

#### REGULATORY INTERVENTION

In FY2013, the IRDA released several regulations specific to the health insurance sector. Most of the regulatory intervention deals with the following areas - standardisation of procedures & nomenclatures used in the health insurance industry, guidelines to the agents, defining the type of investments health insurance companies can make, norms on business expansion and in the reinsurance mechanisms.

While these regulations will impact our operations somewhat which will include realigning certain processes, they are

equally welcome steps, as they deal with some long-term issues faced by the industry. For instance, the regulation on standardisation of nomenclature and terms will assure the customer of a certain basic standards across the industry. Similarly, while increased regulatory control over relationships between insurers, TPA's and network hospitals curbs independence, if implemented prudently, it will go a long way in reducing the number of disputes. With the relaxation of the certifications required by life insurance agents to sell health insurance products, the industry has also got a fillip to penetrate deeper, into markets through the life insurance agency channel. The regulatory approval for bank assure also corporate agent channel presents a significant opportunity for Max Bupa. During this short span, it has made significant progress in developing its customer base, people strength, processes and distribution base.

#### OPERATIONS HIGHLIGHTS

TODAY, MAX BUPA OFFERS QUALITY HEALTH INSURANCE SERVICES THROUGH A DEDICATED TEAM OF OVER 1,050 EMPLOYEES AND A NETWORK OF 21 OFFICES ACROSS 13 CITIES, namely Delhi, Mumbai, Hyderabad, Chennai, Bangalore, Surat, Ludhiana, Chandigarh, Jaipur, Kochi, Kolkata, Pune and Patna. Through its direct distribution and its indirect presence (online, telesales, agency network) in 300 plus cities, Max Bupa has insured over 1.2 million lives. It continues to focus on growing scale of operations while developing market leading product and service innovations.

To reach out to customers and build awareness about its product and service offerings, the Company has been using an effective communication mix of television, print, digital media, outdoor, radio and ground level events. Besides promoting the differentiated products, a lot of the campaigns focus on expanding the health insurance category.

THROUGH ITS DIRECT DISTRIBUTION AND ITS INDIRECT PRESENCE (ONLINE, TELESALES, AGENCY NETWORK) IN 300 PLUS CITIES, MAX BUPA INSURES OVER 1.2 MILLION LIVES.

Max Bupa has been rapidly developing on most business and financial parameters. The key performance highlights for year have been:

- Starting the year with 2.15 lakh customers, Max Bupa closed the year with over 12 lakh customers, aided by the addition of a large rural customer base
- Gross Written Premium (GWP) increased 109% from ₹99 crore in FY2012 to ₹207 crore in FY2013
- The provider network grew from 1,200 to 1,800 hospitals, spanning over 300 cities in India
- A new product Health Assurance, a guaranteed cash benefit offering and an improved version of flagship product Heartbeat were launched during the year
- Max Bupa was awarded Health Insurance Company of the Year and Excellence in Growth awards at India Insurance Awards 2012
- Eight new branch offices became operational in Delhi (four offices), Chandigarh (one office), Bangalore (two offices) and Mumbai (one office)
- Max Bupa launched first of its kind initiative - 'Max Bupa Walk for Health' where 20,000 people across India walked for improving their health

## STRATEGY

Max Bupa keeps customer interest at the centre of all that it does. It brings together Bupa's global health insurance and customer service expertise with Max India's commitment to Sevabhav and service excellence, to offer quality health insurance services through a dedicated team.

The Company has a focussed growth plan. It aims to target end customers by developing tailor-made product offering for each target segment. Overall, the products are positioned in the premium sector for high net worth, affluent and mass affluent population in the top 20-25 towns and cities in India. To support this endeavour, Max Bupa intends to increase its network hospitals from 1,800 to over 3,000 by end of 2013. It supports its customers directly through its in-house team of professionals including doctors. Quality of service through this team is critical to sustaining long-term differentiation. To this end, Max Bupa has adopted a performance excellence framework to help continuous quality improvement. In the next stage, it will aggressively target companies for health coverage of its employees. Here, too, the positioning will be premium, with a focus on profitable sub-segments like small & medium enterprises instead of large corporations. One of the key priorities for Max Bupa is attracting and retaining the right people, for the future development of the Company. The team has grown from 850 at the beginning of the year to over 1050 by the end of FY2013.

The Company continues to innovate and expand its product portfolio, to provide its customers more choice. All key market segments - Individual, Company (Group) and Government — are now covered with Max Bupa products. Based on market experience and a research study conducted during the year, the Company has planned a pipeline of products to be created over the next two years. Over the last year, it has significantly invested in a wider service and distribution platform, and capabilities that will help sustain the fuel growth. Going forward, the Bancassurance channel will be a major driver for future growth.

**MAX BUPA CONTINUES TO EXPAND ITS PRODUCT PORTFOLIO. IT NOW CATERS TO ALL KEY MARKET SEGMENTS - INDIVIDUAL, COMPANY (GROUP) AND GOVERNMENT.**

## OUTLOOK & RISKS

The steady rate of growth of health insurance, ranging from 15% to 17% seen in the last couple of years is expected to continue in FY2014. Max Bupa plans to focus on continued sales growth and service excellence. With an established process, sales team and growing reputation, Max Bupa will continue to capitalise on its market differentiation, and build long-term client relationships.

However, it is important to note that Max Bupa is still one of the smaller players in this segment. Some of the larger players especially in the public sector have hefty health insurance books and considerable effort will be required to compete against players with a much larger scale and greater number of customer relationships.

Regulatory changes continue to create some level of uncertainty. However, much of the changes in FY2013 are beneficial to a product and service driven company like Max Bupa as they create much needed clarity on products and open up newer distribution channels. As the portfolio matures, and claim rates become clearer more organisational focus will be required on managing risk and cost of claims.

Left to Right (Standing) - **Gagan Bhalla:** Director - Strategy & Development; **R. Mahesh Kumar:** Director - Compliance, Legal & Company Secretary;  
Left to Right (Sitting) - **Birender Ahluwalia:** Director - Sales & Distribution; **Manasije Mishra:** Chief Executive Officer

**Neeraj Basur:** Chief Financial Officer; **Sevanti Bhandari:** Director - Marketing; **Somesh Chandra:** Director - Customer Services, Operations & Technology;



**Max Bupa**  
Health Insurance



TARA VACHANI, CEO, ANTARA SENIOR LIVING.

In line with its strategy of growing in symbiotic businesses, Max India recently entered the senior living business through a fully owned subsidiary - Antara Senior Living Limited. Antara is committed to its vision of 'improving the quality of life of seniors in this country'. In order to fulfil this, the Company is focussing on creating vibrant residential communities with comprehensive services that enrich the lives of the residents by providing lifestyle with lifecare.

ANTARA IS FOCUSING ON CREATING VIBRANT RESIDENTIAL COMMUNITIES WITH COMPREHENSIVE SERVICES THAT ENRICH THE LIVES OF THE RESIDENTS BY PROVIDING LIFESTYLE WITH LIFECARE.

Antara Senior Living represents a true amalgam of the businesses of life that the Max India Group engages in, since the offering and value proposition for senior living provide healthcare, insurance and top quality service standards that the Max Group is known for.

### THE OPPORTUNITY

Max India is investing ₹240 crore in the business in the initial stage.

Specialised senior living communities are a nascent concept in India with varying degrees of interpretation. Homes for the aged, which have existed for some time in India, are set to undergo a sea change – starting with the nomenclature of the offering itself, shifting from 'old people's home' to 'senior living'.

As the concept evolves, the social stigma associated with moving to such communities will gradually give way to a more accepted concept of an independent, hassle-free, spirited and protected environment for seniors. The potential service set is wide ranging and is expected to fulfil the social, physical, emotional, safety and health related requirements of seniors. Many of these requirements are tailor-made, taking into account the differences in requirements of say, an active 60 year old against an ailing 80 year old.

Senior living in the west has begun to follow a concept known as CCRC's. This concept focusses on being able to take care of seniors as they transition through age. The ability to take care of 'young' seniors and 'senior' seniors is an art in itself. The concept and provision of an age-in-place solution means the ability to create an infrastructure and a service offering that can adapt to the changing needs of residents. This potentially involves adaptable architectural design, medical services, social and physical service offerings and evolving manpower skill set.

THOUGH INDIA IS A RELATIVELY YOUNG COUNTRY WHEN COMPARED DEMOGRAPHICALLY TO THE US AND JAPAN, BY 2025 IT IS EXPECTED TO HAVE 173 MILLION SENIORS ABOVE THE AGE OF 60 VERSUS AN ALREADY SUBSTANTIAL 110 MILLION TODAY.

Estimates by real estate consulting major Jones Lang LaSalle suggests the demand for senior housing in Antara's target market of high income category SEC A and SEC B customers is around 21,000 dwellings.

### MARKET POSITIONING

Since the concept is new to India, Antara has given considerable emphasis to research. This has included primary surveys and research of market insights, extensive site visits to the benchmarkable senior living communities across the world and involvement of top global consultants specialising in senior living.

Given the needs of the sector, Max India, with its strong foundation in healthcare and service excellence, is well suited to create a comprehensive offering in this segment.

Antara is developing its first community in Dehradun. This is a premium offering, which aims to become a benchmark for quality of product and service. The endeavour is not only to develop a best-in-class community, designed by world renowned architects who have an expertise in designing senior friendly communities across the globe, but to construct integrated communities with right infrastructure which will offer a holistic way of life to the residents. To

successfully deliver on this objective, there is a great deal of focus on the softer aspects of life at Antara. This includes facilitating bonding and friendship among residents, well rounded health and wellness, utmost sense of security and safety, and above all a sense of social satisfaction.

Senior housing is a US\$ 25 billion industry worldwide. In the US alone, there are over 2,000 senior housing projects with over 500,000 residents. In India, such a development is at a nascent stage. The premium senior living industry has usually been attractive in terms of profitability with stability in returns in most parts of the world where it has been operational. The fact that this is a fairly untapped segment in India also provides an early mover advantage for Antara.

The Company expects to learn from the experience of building their first community at Dehradun and develop a highly differentiated model of senior citizen community development. Antara will aim for calibrated growth - learning, replicating and improving key elements of this model in other Indian locations which have a potential demand for evolved senior living offerings, good connectivity & access as well as high quality healthcare support in the proximity.

THE COMPANY EXPECTS TO LEARN FROM THE EXPERIENCE OF THE DEHRADUN PROJECT AND DEVELOP A HIGHLY DIFFERENTIATED MODEL OF SENIOR CITIZEN COMMUNITY DEVELOPMENT.

## PROJECT DEVELOPMENT

The Dehradun project is being developed on two plots of land totalling 20 acres. The residential community, including the clubhouse and other customised senior friendly recreational facilities, is being developed on a 13.5 acre land parcel. The adjoining 6.5 acre plot will house a wellness centre.

Specialised facilities are being provided in the apartments and the clubhouse keeping in mind the needs of the target group. Expert global architects have designed the buildings and public spaces to suit the requirements of seniors. Given the age profile of the residents, close proximity of the Max Super Speciality Hospital, Dehradun will be a major advantage in dealing with more complicated health related issues that may require super-specialised medical treatment.

The wellness centre will have an outpatient facility, short-term rehab, dementia care and long-term monitoring facilities. All services ranging from food, laundry and domestic help will be provided with a personalised touch. Special focus is being laid on training people to provide these services to the residents.

The project is being sold through focussed targeting of clients so as to develop a community of like-minded people. The engagement process with potential residents has

commenced in May 2013. The Dehradun community will have 217 apartments. The first resident family is expected to walk into the community by early 2016.

The revenue stream for Antara includes a single life time lease premium at the time of entry and subsequently a recurring monthly service charge for the maintenance and provision of meals, basic wellness and other regular services. There is also a method of sharing capital appreciation with the customer's legal heirs.

## RISKS AND OUTLOOK

Being a foray into a segment where the market is itself developing as new products get launched, there are certain inherent uncertainties. However, one believes that a niche positioning targeted at the premium segment presents an untapped market and a high quality offering that has significant scope of success.

Invariably, there are risks such as delay in project execution, which are being managed and the financial model is risk hedged with greater front ending of revenue flows.

Antara strongly believes in the potential of senior living in India. It is, however too early to provide any guidance on future financial performance.



Left to Right (Standing) - **AVK Rao**: Director Finance and Accounts; **Sumeet Bhalla**: Director, Business Development;  
Left to Right (Sitting) - **Ambika Chaturvedi**: Associate Director, Human Capital; **Tara Vachani**: Chief Executive Officer; **Deepta Sood**: Legal Counsel

**Kenneth Sannoo**: Director Community Development Program; **Rajiv Sood**: Assistant Director Projects; **Saumyajit Roy**: Associate Director Execution





**SUDHIR MATHUR, CEO, MAX SPECIALITY FILMS.**

Max Speciality Films (MSF) is Max India Limited's division that manufactures 'Speciality' BOPP (Bi-axially Oriented Polypropylene) films for niche applications in flexible packaging food, confectionery, chocolates, FMCG, non-food and industrial packaging, leather coating films. In a largely commoditised B2B market, MSF has always stood out for product innovation & customisation as well as its dependability.

#### THE OPPORTUNITY

India, is witnessing robust demand for packaging driven by the growing population size, rapid urbanisation, changing life styles, increasing need for convenience and growth in organised retail. As per estimates of the commerce ministry of India, the US\$ 24.6 billion Indian packaging industry is expected to grow at 12.3% CAGR during next 4-5 years, to become the fourth largest global market, with sales of US\$ 42.7 billion.

As India grows to become the 5<sup>th</sup> largest consumer market in the world by 2020; the demand for consumer goods that use flexible packaging will grow significantly. The country's per capita consumption of BOPP at 0.23 kg is well below the global average. Indian customers are increasingly expecting better aesthetics and preservation from the packaging. There is also a massive potential of reaching out further into semi-urban and rural markets.

**FLEXIBLE PACKAGING ACCOUNTS FOR 65% OF THE OVERALL PACKAGING MARKET. AS INDIA GROWS TO BECOME THE 5<sup>TH</sup> LARGEST CONSUMER MARKET IN THE WORLD BY 2020; ITS DEMAND FOR CONSUMER GOODS THAT USE FLEXIBLE PACKAGING WILL GROW SIGNIFICANTLY.**

BOPP based flexible packaging for food, snacks and confectionery products accounts for around 65% of the packaging market. This segment is witnessing rapid growth due to the need for preservation of food, and longer shelf life of food products. 27% of the flexible packaging market is used for industrial packaging, and the remaining

portion includes all other non-food items including tobacco packaging. The films are purchased by converters, who print and produce laminates for the final product.

Approximately 40% of the demand from converters is high margin high value speciality packaging products, where MSF has a large market share. In this backdrop, strong annual growth of 12-13% is expected for the BOPP market till 2020.

#### MARKET POSITIONING

Over the years, MSF has emerged as a strong speciality and value added BOPP player, with a steady and established customer base, driven by service quality, excellence and innovation. With its focus on innovation, MSF has established its market share in the higher margin speciality segment. This is reflected in the fact that with 11% of the installed BOPP capacity in India, it has a disproportionately high 16% market share.

To maintain a strong market position, the Company focusses on:

#### DEEP CUSTOMER RELATIONSHIP

- A steady top customer base – Top 15% contribute 60-70% of sales
- Blue chip customer base, catering to top Indian customers
- Working closely with end user brands

#### STRENGTH OF PRODUCT PORTFOLIO

- Widest product range in India
- Strong focus on new product development
- Knowledge and ability to develop high-end products

#### OPERATIONS

The Company's state of the art manufacturing facility is at Railmajra, near Chandigarh.

WITH ITS FOCUS ON INNOVATION, MSF HAS ESTABLISHED MARKET SHARE IN THE HIGHER MARGIN SPECIALITY SEGMENT. THIS IS REFLECTED IN THE FACT THAT WITH 11% OF THE INSTALLED BOPP CAPACITY IN INDIA, IT HAS A DISPROPORTIONATELY HIGH 16% MARKET SHARE.

Trained manpower gives high output and productivity and high efficiencies. MSF was the only player in the industry that operated at 100% capacity during 2012-13. This is a reflection of its high operating skills and strong customer support.

With a strong emphasis on talent management and employee relationships, MSF has achieved excellence in industrial relation and high employee engagement levels.

Innovation continues to be integral to the Company's operations. The new product sales increased from 6% in FY2012 to 10% in FY2013.

## PERFORMANCE HIGHLIGHTS

The second quarter of FY2013 witnessed a bunching of new capacity in the Indian market with 3 new lines getting operational in the industry. This led to some instability in

the market and prices are under pressure. By the end of the final quarter of FY2013, this market blip seems to have subsided. Going forward, even by conservative estimates, significant growth is expected in domestic demand to support not just the recently commissioned capacity but also reasonable additional capacity. In the tight market environment during FY2013, MSF successfully maintained its top-line with revenues increasing by 3% to ₹713 crore.

Given the pricing pressures during 2012-13, even after massive efforts to operate at full capacity and maintain sales levels, the Profit Before Tax reduced significantly to ₹4 crore. On a positive note, MSF has established successful presence in diverse international markets. In FY2013 it exported around 30% of its production to South Africa, Middle East and Europe.

During the year the Company won many recognitions that endorse its capabilities. It won Indian's most coveted packaging award, the India Star 2012 award for :

Matt BOPP Films for Enliven Shelf Appeal and Dust Repellent Cavitated Cold Seal Receptive & Chocolate Release Monolayer Film.

It also went on to win the premier international packaging award, the World Star 2012 for Matt BOPP Films for Enliven Shelf Appeal and Dust Repellent.

Beyond product innovation, the Company's environment sensitivity won it the National Energy Conservation Award 2012 from Ministry of Power, which was conferred by the President of India.

## RISKS AND OUTLOOK

FY2014 is expected to be a more stable year for the BOPP market in India. Demand growth will absorb much of the new capacities that came up in FY2013. MSF is well positioned to compete in a difficult market with its focus on innovation, delivery and customer relations. It has also established a decent export market to offset potential challenges in India.

India is expected to see some more investments in new capacity for BOPP industry during 2013. While in the long run demand growth is well in line to absorb this new capacity, there maybe interim periods when new capacity bunching can temporarily impact pricing in the market.

Global economies continue to witness demand and pricing volatility leading to relative demand and price instability in exports markets such as Middle East and EU. However MSF's focus on geographical customer diversity neutralizes the pressure of such regional imbalance to some extent.

To position itself for the anticipated market growth, MSF is set to embark on capacity expansion in FY2013 with



addition of another production line of BOPP film. The Company is confident of achieving high levels of capacity utilisation in the first year of production itself.

Left to Right (Standing) - Sreekumar N.K.: Associate Vice President-Projects, Technology & Leather Foils; S P Bansal: Associate Vice President - Human Resources; GVS R Mohan: Sr. General Manager - Exports  
Left to Right (Sitting) - Dalbir Singh: Sr. Vice President - Finance & Commercial; S K Mathur: Chief Executive Officer; K Manohar: Vice President - Operations

R K Bakshi: Associate Vice President - Marketing (Domestic); S K Ganeshan: Sr. General Manager - Marketing (Domestic);



**MAX**  
SPECIALITY FILMS





**AJOY KUMAR, CEO, MAX NEEMAN INTERNATIONAL.**

Max Neeman Medical International Limited (MNMI) is Max India Limited's wholly owned subsidiary that focusses on the business of clinical research. It is a value added Contract Research Organisation (CRO) that provides support to the pharmaceutical, biotechnology and medical device industries in the form of research services outsourced on a contract basis.

### THE OPPORTUNITY

In the developed world, the pharmaceutical industry is going through a challenging phase - rising drug costs, differences in cost between drugs in the United States (the largest market) and in other developed countries such as Canada and the United Kingdom, and long time to market. In addition, the safety of drug development has been called into question and public trust in the industry has declined. Consequently, the industry has had to change the way drugs are developed to ensure better patient safety. The quest for reliable endpoints in research has led to a large number of trials, which have to be conducted in a cost effective manner.

Clinical trials have shifted from academic medical centres to community-based practices, which could be a single community hospital or a physician group. To conduct these trials, pharmaceutical and biotechnology companies increasingly use specialised Contract Research Organisations (CROs) that help complete drug research projects faster and at a lower cost. This is the basis of the global CRO opportunity.

Clinical research is fast emerging as a sizeable global industry. Estimates by GBI Research suggest that the total revenue from CRO business in 2010 was US\$ 21.4 billion

**TODAY, THE CLINICAL RESEARCH MARKET IN INDIA IS ESTIMATED AT APPROXIMATELY US\$ 1.5 BILLION, WHICH IS AROUND 5% OF THE GLOBAL BUSINESS.**

and is expected to grow at a CAGR of 12.8% and reach US\$ 56 billion by 2018. Given the large population base

and lower costs, India has the potential of securing a large portion of the global CRO market. While there has been a lot of activity in the CRO space in India over the last decade, there is still a wide gap.

Today, the clinical research market in India is estimated at approximately US\$ 1.5 billion, which is around 5% of the global business between the current and the potential market size. Currently the market in India is estimated at approximately US\$ 1.5 billion, which is around 5% of the global business. Fundamentally, the CRO industry in India is going through similar kind of issues as it went through in its nascent stage in other developed parts of the world. This includes challenges with respect to establishing a progressive regulatory framework incorporating patient care, subject compensation and clinical trial norms and uniformity with globally established standards.

### MARKET POSITIONING

While several players operate in the global CRO space, there is a significant concentration of business with large multinational players. The top ten global companies have around 50% share of the world market. In this environment, Max Neeman has consciously positioned itself as a local player with expertise in the Indian market. It continues to grow the business with a focus on developing internal capabilities and establishing the brand as a trusted partner for its clients.

It has positioned itself as a CRO that:

- Provides full range of clinical research services
- Meets timelines with assured quality standards
- Has operations spread all over India
- Operates with medically qualified staff

Max Neeman targets medium-sized customers across USA, Europe and South-East Asia. It also has a local client base in India. The Company has been successful in getting repeat business from its existing clients who have a pipeline of new drugs. This bears testimony to the Company's service capabilities.

## OPERATIONS

Max Neeman has a presence across all phases of clinical trials that are legally permissible in India right from pre-clinical to phase 4 with services such as site management, site monitoring and data management.

In its site management operations, the Company primarily deploys its workforce for administrative functions to support the principal investigator. There is a strong focus on maintaining strict process protocols for different therapeutic areas. For this service, it has the largest team in India. Currently, Max Neeman is actively executing 315 studies at 540 sites across 43 cities with access to 900 ICH-GCP trained investigators.

In the site monitoring business, the Company is responsible for checking the procedures followed by principal investigators during trials to establish whether they meet prescribed norms and standards. The ethical impact is also verified.

The data management service is a step towards providing the complete package of solutions for the Company's client base in drug development project management. As of today, the Company has a 'SAS' based software, which specialises in drug development data management and is compliant with global regulations.

Max Neeman has the following achievements and certifications to its credit:

- ISO 9001:2008 certification by United Kingdom Accreditation Service (UKAS) for Site Management, Site Monitoring and Data Management
- ISO 27001:2005 certification for ISMS (Information Security Management System)
- ISO 14155:2011 certification for clinical investigation of Medical Devices
- 6 US FDA GCP Audits completed for highest enrollment globally

**MAX NEEMAN HAS THE LARGEST TEAM IN INDIA FOR SITE MANAGEMENT OPERATIONS AND IS ACTIVELY EXECUTING 315 STUDIES AT 540 SITES ACROSS 43 CITIES WITH ACCESS TO 900 ICH-GCP TRAINED INVESTIGATORS.**

## PERFORMANCE HIGHLIGHTS

While the sector has immense potential, there were several regulatory hurdles faced in FY2013. Based on a Public Interest Litigation (PIL), the Supreme Court of India had observed that there were several malpractices in the way clinical trials were being conducted in India and have virtually stalled most types of trials since the middle of

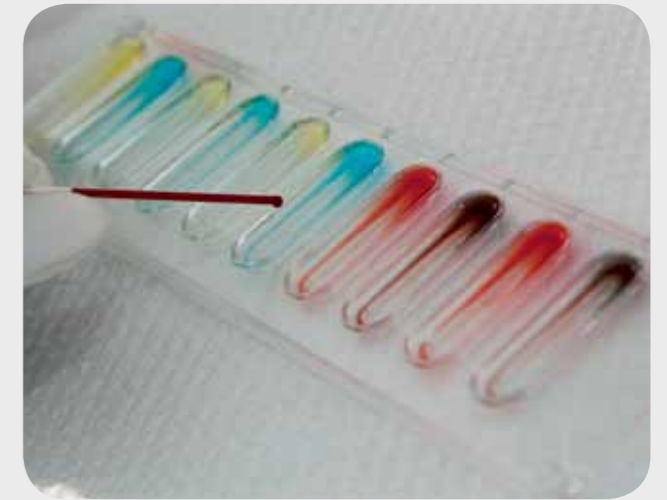
FY2013. While this clean up in the industry augurs well for a system and for process driven CRO's like Max Neeman in the long run, it did affect the performance in FY2013. Some key financial highlights for FY2013 are:

- Total Revenues reduced by 13% to ₹24 crore
- There was a net loss of ₹2 crore

## RISKS AND OUTLOOK

Given its patient population and cost advantages, India has the potential of becoming a major player in the global CRO space. According to Frost and Sullivan, a leading global market research firm, the CRO industry in India is expected to double and reach US\$ 1 billion by 2016. This growth, however, is only possible if there is a supportive regulatory and policy framework.

On this front, there were some challenging developments in 2012-13. Based on a petition by a NGO in Madhya Pradesh, the Supreme Court pulled up the Government of India for not properly regulating clinical trials in the country, which has resulted in several illegal practices. The court virtually ordered a stay on all clinical trials in the country. While this has dented the image of the CRO industry in India, it is part of a natural phase of regulatory evolution of the industry, which will lead to consolidation of the business with well governed players and the curbing of illegal practices. In



addition, there are also issues in managing the framework for compensation of patients who have signed up for clinical trials. Max Neeman has been working with the Government to create policy frameworks that are in the best interests of all stakeholders and the developments have been positive.

The other element of risk is specific to Max Neeman. As discussed before given its size and positioning, the Company has to focus on smaller and mid-size companies as its clients. These companies often do not have a major pipeline of products to continue working with Max Neeman. Consequently, Max Neeman has had to continuously focus on acquiring new clients and maintain a wide customer base.

Left to Right - Dr. Shariq Anwar: Director Operations; Dr. Ajoy Kumar: Chief Executive Officer; Kishor Kumar: Finance Controller; Dr. Renu Razdan: Chief Operating Officer



# CORPORATE GOVERNANCE REPORT

## PHILOSOPHY OF CORPORATE GOVERNANCE

We continue to progress well on our path of making Max India amongst the best governed companies in India. We are now in the 5<sup>th</sup> year of the transformational approach towards Corporate Governance. Active and excellent governance is never a short journey and we take pride in reporting that we continue to improve the architecture and processes that impact our governance .

The various Board committees that we have created to adhere to our principle of multi-level governance continue to add immense value. The Board members for Max India and its subsidiary companies continue to be alert, active and engaged.

We regularly seek feedback from our management teams about the balance our Boards are maintaining, of scrutinising, advising and partnering with them. Our Boards see the recruitment and mentoring of a competent managerial bench as one of their key priorities. The Board has identified the following nine strategic priorities to continuously monitor and observe progress on -- enhancing business performance, investing in people and organisational development, creating efficiency in capital management, adopting an integrated enterprise-wide approach, investing sensibly in new growth opportunities, maintaining the highest standards of governance, continuously improving service quality, developing a distinct corporate brand and effectively managing risk.

At a strategic level, we continue to follow the principle of our operating companies being shareholder steered, board governed and executive managed. This helps to clarify roles and enhances the governance framework that enshrines the group's vision.

While we strive to continuously improve ourselves, the basic principles of Board Governance that we follow remain unchanged as represented below :

Multi-level governance - The Board functions through specialised committees, formed on the basis of business needs. E.g. Investment and Finance Committee, Max India, Actuarial Committee for the life

insurance business. Each committee has well defined charters and role clarity on functions as the first level of governance. The Board takes decision which these committees are not empowered to take

A check and balance based structure - The Board has instituted a 'maker-checker' principle as the risks and complexities in today's business environment are significant. The executives are the decision 'makers' and the sub-committees and Board are the 'checker'. However, the result and accountability rest with management

Inspect what you expect - By inviting outside experts, conducting mystery shopping asking the right question and such measures

Strong belief in measures of success - We decide what success means to us. All companies have a dashboard, which is not only a financial measure, but is geared to long-term success

Decisions based on facts not opinions - We also invite renowned experts and consultants periodically to provide insights and external perspective in critical business areas. We benchmark by sending teams to other similar industries. Numerical data is shared with the Board, to read and take appropriate decisions

## WHO'S ON OUR BOARD

Your Board of Directors currently comprises of thirteen members with three Executive Directors and ten Non-Executive Directors, of which seven are independent. Mr. Analjit Singh, Chairman of the Company is a Promoter Director. No Director is a member in more than ten committees, or the Chairman of more than five committees, across all public companies in which he is a Director.

The composition of Directors and the attendance at the Board meeting during the year 2012-13 and at the last annual general meeting, including the details of their directorships and committee memberships as of March 31, 2013 are given below:

DIRECTOR	BOARD MEETINGS ATTENDED	ATTENDANCE AT LAST AGM	DIRECTOR-SHIPS*	MEMBERSHIPS/ CHAIRMANSHIPS OF BOARD COMMITTEES**
<b>1.Mr. Analjit Singh</b> <i>[Promoter Director &amp; Chairman]</i>	8	✓	12	Nil
<b>2.Mr. Anuroop Singh</b> <i>[Non-Executive Director &amp; Vice Chairman]</i>	6	--	4	Nil
<b>3.Mr. Rahul Khosla</b> <i>[Managing Director]</i>	8	✓	3	3
<b>4.Mr. Mohit Talwar</b> <i>[Dy. Managing Director]</i>	8	--	9	1
<b>5.Mr. Aman Mehta</b> <i>[Non-Executive Independent Director]</i>	6	--	6	6 (including 3 as Chairman)
<b>6.Mr. Ashwani Windlass</b> <i>[Non-Executive Director]</i>	8	--	4	4 (including 3 as Chairman)
<b>7. Dr. Ajit Singh</b> <i>[Non-Executive Independent Director] (Appointed w.e.f. Feb 1, 2013)</i>	2	--	1	Nil
<b>8. Dr. Dipankar Gupta</b> <i>[Non-Executive Independent Director] (Appointed w.e.f. December 24, 2012)</i>	2	--	--	Nil
<b>9. Mr. N.C. Singhal</b> <i>[Non-Executive Independent Director]</i>	6	✓	10	9 (including 5 as Chairman)
<b>10. Mr. Rajesh Khanna</b> <i>[Non-Executive Independent Director]</i>	5	--	3	2
<b>11. Mr. Sanjeev Mehra</b> <i>[Non-Executive Director]</i>	--	--	2	Nil
<b>12. Dr. Subash Bijlani</b> <i>[Non-Executive Independent Director]</i>	3	--	2	1
<b>13. Mr. Vishal Bakshi</b> <i>[Alternate Director to Mr. Sanjeev Mehra]</i>	5	--	--	Nil
<b>14. Mr. K. Narasimha Murthy #</b> <i>[Non-Executive Independent Director]</i>	2	--	--	--
<b>15. Dr. Omkar Goswami #</b> <i>[Non-Executive Independent Director]</i>	2	--	--	--
<b>16. Mr. Piyush Mankad #</b> <i>[Non-Executive Independent Director]</i>	4	--	--	--

@ Appointed as Additional Directors on December

# Mr. K. Narasimha Murthy, Dr. Omkar Goswami and Mr. Piyush Mankad ceased to be directors of the Company effective September 6, 2012 as they retired by rotation at the last Annual General meeting and not offered themselves for re-election

\* Excludes Directorships in Indian private limited companies, unlimited liability companies, companies incorporated under Section 25 of the Companies Act, 1956, foreign companies, memberships of managing committees of various chambers/bodies and alternate Directorships

\*\* Represents Memberships/Chairmanships of Audit Committee & Shareholders/Investors Grievance Committee

**DETAILS OF BOARD MEETINGS HELD DURING THE YEAR ENDED MARCH 31, 2013:**

DATE	BOARD STRENGTH	NO. OF DIRECTORS PRESENT
April 12, 2012	13	07
May 24, 2012	13	11
June 27, 2012	13	08
August 9, 2012	13	11
September 10, 2012	10	06
November 9, 2012	10	10
February 8, 2013	12	11
March 26, 2013	12	11

**HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?**

The calendar for the Board and Committee meetings and significant agenda items are fixed in advance for the whole year. The Company holds at least one Board meeting in a quarter to review financial results and business performance within 45 days from the close of the quarter. The gap between two board meetings does not exceed four calendar months. Apart from the aforesaid four meetings, additional Board meetings are also convened to meet business exigencies. Matters of exigency are approved by the Directors by resolutions passed by circulation as permissible under the provisions of the Companies Act, 1956.

Meetings of all Committees of Board are held prior to the Board meeting. To ensure updation to the Board, the Chairman of the respective Committees briefs the Board about the proceedings of the Committee meetings.

All Agenda items are accompanied by comprehensive notes on the related subject and in certain areas such as business plans/business reviews and financial results, detailed presentations are made to the Board members.

To enable the Board to discharge its responsibilities effectively, members of the Board are apprised on the overall performance of the Company and its subsidiaries/ joint ventures at every Board meeting. The Board has complete access to all the relevant information within the Company and all its employees. Senior Management is invited to attend the Board meetings to provide detailed insight into the items being discussed.

**HOW DO WE COMPLY WITH THE GOVERNANCE CODE?**

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company had adopted a Code of Conduct for the Directors and Employees of the Company, a copy of which is available on the Company's website

viz., www.maxindia.com. All the members of the Board of Directors and senior management personnel had affirmed compliance with the Code for the financial year ended March 31, 2013 and declaration to this effect signed by the Managing Director is forming part of this report as Annexure-I.

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted an Insider Trading Policy for prevention of insider trading, which is applicable to all the Directors and designated employees.

**COMMITTEES OF THE BOARD**

**AUDIT COMMITTEE**

The Audit Committee of the Company currently comprises of Mr. N.C. Singhal (Chairman), Mr. Ashwani Windlass and Mr. Rajesh Khanna. All members of the Committee, except Mr. Ashwani Windlass are Independent Directors. Mr. Rahul Khosla, Managing Director is a permanent invitee to the Committee. The Company Secretary of the Company acts as the Secretary to this Committee. This Committee inter alia, recommends appointment of statutory auditors; reviews Company's financial reporting processes and systems; reviews financial and risk management policies; Company's financial statements, including annual and quarterly financial results; and financial accounting practices & policies. The scope of the audit committee has been defined by the Board of Directors in accordance with Clause 49 of the Listing Agreement and Section 292A of the Act. The Internal Auditors and representatives of Statutory Auditors are invited to the meetings of the Committee, as required. Mr. N.C. Singhal, the Chairman of the Audit Committee, was present at the last Annual General Meeting. Mr. Rajesh Khanna was co-opted as a member of this Committee on July 31, 2012. Mr. K. Narasimha Murthy ceased to be a member of this Committee effective September 6, 2012.

**MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2013:**

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Mr. N. C. Singhal	07	07
Mr. Ashwani Windlass	07	07
Mr. Rajesh Khanna	05	04
Mr. K. Narasimha Murthy	03	02
Mr. Rahul Khosla	07	07

**REMUNERATION COMMITTEE**

This Committee comprises of Mr. Rajesh Khanna (Chairman), Mr. N.C. Singhal, Mr. Ashwani Windlass and Mr. Aman Mehta.

All except Mr. Ashwani Windlass are Independent Directors. This Committee evaluates compensations and benefits for Executive Directors and Senior Executives at one level below the Board, recruitment of key managerial personnel and finalise their compensation, induction of Executive and Non-Executive Directors and fix the method, criteria and quantum of compensation to be paid to the Non-Executive Directors and administers the ESOP Scheme of the Company including allotment of equity shares arising from exercise of stock options. The remuneration policy of the Company is aimed at attracting and retaining the best talent to leverage performance in a significant manner. The strategy takes into account, the remuneration trends, talent market and competitive requirements. Mr. Piyush Mankad ceased to be a member of this Committee effective September 6, 2013. Mr. Aman Mehta was co-opted to this Committee on October 22, 2012.

**MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2013**

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Mr. Rajesh Khanna	04	04
Mr. N.C. Singhal	04	04
Mr. Ashwani Windlass	04	04
Mr. Aman Mehta	03	03

**REMUNERATION PAID TO DIRECTORS DURING 2012-2013**

The Company has not paid any remuneration to its Non-Executive Directors, except for the Sitting Fees for attending meetings of the Board/Committees. Details of the remuneration charged to profit and loss account in respect of Mr. Analjit Singh, Chairman, Mr. Rahul Khosla, Managing Director and Mr. Mohit Talwar, Dy. Managing Director of the Company for the year ended March 31, 2013 are as under:

[Amount in ₹]

DESCRIPTION	MR. ANALJIT SINGH	MR. RAHUL KHOSLA	MR. MOHIT TALWAR
Salary	323,10,000	350,70,000	212,71,520
Benefits (Perquisites)	36,49,970	38,59,715	42,12,628
Performance Incentive	-	640,00,000	237,50,000
Retirals	32,40,000	13,68,000	9,60,000
Service contract	5 years	5 years	5 years
Notice period	3 months	3 months	3 months
Stock options, if any (in numbers)	-	3,38,920	88,728

Details of equity shares of ₹2/- each held by Directors of the Company as on March 31, 2013 are: (a) Mr. Analjit Singh - 58,76,789 shares (b) Mr. Anuroop Singh - 8,00,000 shares (c) Mr. N.C. Singhal- 25,000 shares (d) Mr. Ashwani Windlass - 1,28,800 shares (e) Dr. Subash Bijlani - 5,000 shares (f) Mr. Aman Mehta - 5,000 shares (g) Mr. Rahul Khosla - 49,450 shares and (h) Mr. Mohit Talwar - 35,060 shares.

**SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Committee currently comprises of Mr. Ashwani Windlass (Chairman), Mr. N. C. Singhal and Mr. Rahul Khosla. Key responsibilities of this Committee are formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time, redressal of shareholders and investor complaints/grievances. The Committee also approves the transfer and transmission of securities; issuance of duplicate certificates, etc. Mr. Piyush Mankad ceased to be a member of this Committee effective September 6, 2012.

**MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2013**

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Mr. Ashwani Windlass	05	05
Mr. N.C. Singhal	04	04
Mr. Rahul Khosla	05	05

Besides, Mr. V. Krishnan, Company Secretary & Compliance Officer has been authorised to effect transfer of shares up to 1000 per folio. The Company has normally attended to the Shareholders/Investors complaints within a period of 7 working days except in cases which were under legal proceedings/disputes. During the financial year ended March 31, 2013, 16 complaints/queries were received by the Company, which were general in nature viz., issues relating to non-receipt of dividend, annual reports, shares, etc., which were resolved to the satisfaction of the respective shareholders.

**INVESTMENT & FINANCE COMMITTEE**

This Committee currently comprises of Mr. Ashwani Windlass (Chairman), Mr. N.C. Singhal, Dr. Subash Bijlani, Mr. Sanjeev Mehra, Mr. Rahul Khosla and Mr. Mohit Talwar. The responsibilities of this Committee are to review financial performance of businesses carried on by the Company and its subsidiaries, review and recommend revenue and capital budgets of the Company and its subsidiaries, review and recommend various fund raising options and financial resources allocation to Company's divisions and subsidiaries and to review proposals on business restructuring, mergers, consolidations acquisitions, investments, establishment of joint ventures and divestments of any businesses, etc. Mr. K. Narasimha Murthy and Dr. Omkar Goswami ceased to be members of this Committee effective September 6, 2012. Mr. Mohit Talwar was co-opted as a member of this Committee effective May 29, 2013.

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Mr. Ashwani Windlass	04	04
Mr. N.C. Singhal	04	04
Mr. Rahul Khosla	04	04
Mr. Sanjeev Mehra	04	0
Dr. Subash Bijlani	05	0
Mr. K. Narasimha Murthy	02	01
Dr. Omkar Goswami	02	01
Mr. Vishal Bakshi*	04	03

\*Mr. Vishal Bakshi is an Alternate Director to Mr. Sanjeev Mehra

## WHAT HAPPENS AT OUR AGMS

The Annual General Meetings (AGMs) of the Company are held at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533. The last three AGMs were held as under:

Date	Time
September 15, 2010	10:30 AM
September 27, 2011	11:00 AM
September 06, 2012	04:00 PM

The following special resolutions were passed by the shareholders in the previous three AGMs:

DATE OF AGM	SUBJECT MATTER OF THE RESOLUTION
September 15, 2010	Approval for appointment of Mr. Analjit Singh as the Chairman & Managing Director of the Company for a period of five years effective October 30, 2010 and payment of his remuneration for a period of three years effective the aforesaid date.
September 27, 2011	Approval for appointment of Mr. Rahul Khosla as the Managing Director for a period of five years effective August 18, 2011 and payment of his remuneration for the period from August 18, 2011 to March 31, 2013.  Approval for re-designation of Mr. Analjit Singh as the Executive Chairman of the Company effective August 18, 2011.  Approval for the extension of validity of "Max Employee Stock Plan- 2003" for a further period of ten years, i.e., until September 30, 2023.
September 6, 2012	No special resolution passed in this AGM.

## POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2012-13, the Company passed four special resolutions through postal ballot process, results of which were declared on May 21, 2012. The details of the said postal ballot process were reported in the Corporate Governance Report for 2011-12.

### PROCESS FOLLOWED FOR PASSING SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT ON JULY 24, 2013

The Company appointed Mr. Sanjay Grover, a Practicing Company Secretary, with his office at B-88, 1<sup>st</sup> Floor, Defence Colony, New Delhi as the Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner. The Company issued the postal ballot notice dated June 6, 2013 for proposing special resolutions for (i) Transfer of Max Speciality Films Division (MSF Division) of the Company to Max Speciality Films Limited, a 99% owned subsidiary of the Company and (ii) Invest in security(ies) and make loan(s) to Max Speciality Films Limited for an aggregate amount not exceeding ₹400 crore.

The draft resolutions together with the explanatory statement and postal ballot forms and self addressed envelopes were sent to the members by Registered Post on June 17, 2013 with a request to return the duly completed form to the Scrutiniser on or before July 19, 2013.

The Company also offered e-voting facility as an alternate option to its members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. After due scrutiny of all the postal ballot forms/e-voting received till the close of working hours of July 19, 2013, the Scrutiniser submitted his final report on July 22, 2013.

The results of the postal ballots were declared on July 24, 2013 at the Registered Office of the Company at Punjab. The results were also informed to the BSE and NSE, where the Company's shares are listed.

DETAILS OF VOTING PATTERN ON POSTAL BALLOT ARE AS UNDER:

PARTICULARS	VOTE					
	FOR		AGAINST		INVALID	
	NO. OF SHAREHOLDERS	NO. OF EQUITY SHARES	NO. OF SHAREHOLDERS	NO. OF EQUITY SHARES	NO. OF SHAREHOLDERS	NO. OF EQUITY SHARES
Resolution No. 1 (ordinary) Transfer of Max Speciality Films Division of the Company to a subsidiary of the company as per the provisions of section 293(1)(a) and other applicable provisions of the Companies Act, 1956.	744	209461490	32	8648	55	3014002
Resolution No. 2 (special) Invest in security (ies) and make loan(s) to Max Speciality Films Limited for an aggregate amount not exceeding Rs. 400 crores, as per the provisions of the Section 372A of the Companies Act, 1956.	714	209423890	50	21298	55	3014002

No special resolution requiring approval of the shareholders through postal ballot is being proposed at the ensuing annual general meeting.

### HOW DO WE ENGAGE WITH SHAREHOLDERS

Timely disclosure of reliable information and corporate financial performance is at the core of good Corporate Governance. Towards this direction, the quarterly/annual results of the Company were announced within the prescribed period and published in Business Standard/Financial Express/Desh Sewak. The results can also be accessed on the Company's website www.maxindia.com. The official news releases and the presentations made to the investors/analysts are also displayed on the Company's website. The results are not sent individually to the shareholders. The Company made presentations to financial analysts and institutional investors after the quarterly/annual financial results were approved by the Board.

## DISCLOSURES

### RELATED PARTY TRANSACTIONS

The Company has not entered into any transaction of a material nature with the promoters, Directors or the management, their subsidiaries or relatives, etc., that may have any potential conflict with the interest of the Company.

Statements/disclosures of all related party transactions are placed before the Audit Committee on a quarterly basis in terms of Clause 49 (IV) and other applicable laws.

### COMPLIANCE BY THE COMPANY

The Company has complied with the requirements of the Listing Agreement entered into with the stock

exchanges, SEBI, and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI, or any other statutory authorities on any matter relating to capital markets during the last three years.

## GENERAL SHAREHOLDER INFORMATION

A section on the 'Shareholder Information' is annexed, and forms part of this Annual Report.

## MANAGEMENT DISCUSSION & ANALYSIS

A section on the 'Management Discussion & Analysis' is annexed, and forms part of this Annual Report.

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The certification by the Managing Director and Group Financial Controller on compliance with clause 49(V) of the listing agreement is enclosed as Annexure-II.

M/s. Sanjay Grover & Associates, Company Secretaries have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges and the same is annexed to the Report as Annexure-III.

## NON-MANDATORY REQUIREMENTS

Details of non-mandatory requirements of Clause 49 to the extent to which the Company has adopted are given below:

## REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee, with an independent director as its Chairman, to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment. There is no audit qualification in respect of financial statements of the Company. All Board members are experts in their respective fields. They are well aware of the business model as well as the risk profile of the Company.

## WHISTLE BLOWER POLICY

During the year under review the Board of Directors of the Company adopted a Whistle Blower Policy for the Company to continue in its endeavour to maintain highest standards of professionalism, integrity and ethical behaviour. It is confirmed that the Company has received affirmation from the Committee constituted for implementation of the Whistle Blower Policy that no personnel has been denied access to the audit Committee on matters relating to Whistle Blower Policy of the Company.

Remaining non-mandatory requirements of Clause 49 are expected to be addressed in due course.

New Delhi  
August 13, 2013

For Max India Limited  
Analjit Singh  
Chairman

## ANNEXURE-I

### DECLARATION BY THE MANAGING DIRECTOR ON CODE OF CONDUCT AS REQUIRED BY CLAUSE 49 I (D) (II)

This is to declare that the Company has received affirmations of compliance with the provisions of Company's Code of Conduct for the financial year ended March 31, 2013 from all Directors and Senior Management personnel of the Company.

New Delhi  
August 13, 2013

For Max India Limited  
Rahul Khosla  
Managing Director

## ANNEXURE-II

### CERTIFICATION BY MANAGING DIRECTOR AND GROUP FINANCIAL CONTROLLER

August 13, 2013

The Board of Directors  
Max India Limited  
Bhai Mohan Singh Nagar,  
Railmajra,  
Tehsil Balachaur,  
Dist. Nawanshahr  
Punjab - 144 533

We, Rahul Khosla, Managing Director and Rahul Ahuja, Group Financial Controller of Max India Limited certify to the Board in terms of the requirement of Clause 49(V) of the listing agreement, that we have reviewed the financial statement and the cash flow statement of the Company for the financial year ended March 31, 2013.

To the best of our knowledge, we certify that:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading;
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations; and
- There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

For the purposes of financial reporting, we accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls (if any), and further state that the internal control systems are adequate, commensurate with the size of business.

We do further certify that there has been:

- No significant changes in internal controls during the year;
- No significant changes in accounting policies during the year; and
- No instances of fraud, of which we are aware during the period.

Rahul Khosla  
Managing Director

Rahul Ahuja  
Group Financial Controller

## CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Max India Limited,

We have examined the compliance of conditions of Corporate Governance by Max India Limited for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations/representations given to us/made by the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Clause 49 of the Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates  
Company Secretaries

Sanjay Grover  
CP No. 3850

Company Secretary in Practice

New Delhi  
August 13, 2013

## SHAREHOLDERS' INFORMATION

### REGISTERED OFFICE AND PLANT LOCATION

Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur,  
District Nawanshahr, Punjab - 144533

### INVESTOR HELPLINE

Max House, 1, Dr. Jha Marg, Okhla, Phase - III,  
New Delhi - 110 020  
Phone - 011 42598000 Fax - 011 26324126  
E-mail : rshukla@maxindia.com

### SHARE TRANSFER AGENT

Mas Services Limited,  
T-34, 2<sup>nd</sup> Floor,  
Okhla Industrial Area, Phase - II  
New Delhi - 110 020,  
Phone - 011 26387281/82/83 Fax - 011 26387384  
E-mail : info@masserv.com

### ANNUAL GENERAL MEETING

Date and time: Tuesday, September 24, 2013 at 10:30 am  
Venue: Registered Office of the Company

### BOOK CLOSURE

Thursday, September 12, 2013 to Tuesday, September 24, 2013 (both days inclusive)

### FINANCIAL CALENDAR - 2013 - 2014

First quarter results	-	on August 13, 2013
Second quarter & half yearly results	-	on November 8, 2013
Third quarter results	-	on February 12, 2014
Annual results	-	on May 28, 2014

### LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Company confirms that it has paid annual listing fees due to BSE and NSE for the year 2013-14.

### CONNECTIVITY WITH DEPOSITORIES

The Company's shares are in dematerialised mode through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### STOCK CODE

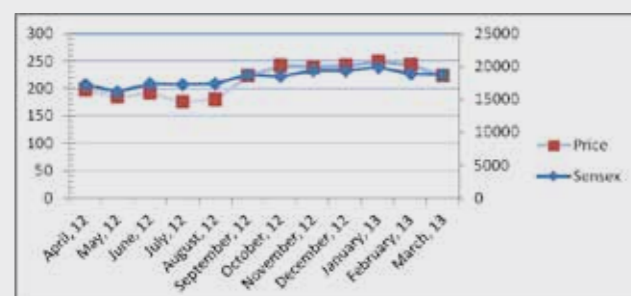
Bombay Stock Exchange Limited	-	500271
National Stock Exchange of India Limited	-	MAX
Demat ISIN No. for NSDL and CDSL	-	INE180A01020

	Reuters	Bloomberg
Bombay Stock Exchange	MAXI.BO	MAX:IN
National Stock Exchange	MAXI.NS	NMAX:IN

**MONTHLY HIGH AND LOW QUOTATION ON BOMBAY STOCK EXCHANGE LIMITED (BSE) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)**

MONTH	NSE		BSE	
	HIGH (₹)	LOW (₹)	HIGH (₹)	LOW (₹)
April, 12	208.70	166.20	208.80	166.10
May, 12	199.75	178.25	199.75	180.40
June, 12	202.20	181.35	202.00	178.60
July, 12	194.80	174.90	195.00	175.00
August, 12	194.00	173.10	192.90	173.25
September, 12	228.00	177.40	227.85	177.50
October, 12	264.80	215.80	250.00	215.25
November, 12	249.90	230.00	248.90	231.00
December, 12	266.70	215.25	266.70	230.10
January, 13	264.50	201.55	264.90	240.10
February, 13	253.85	236.55	253.70	237.00
March, 13	273.00	211.30	241.50	212.00

**SHARE PRICE VS. SENSEX**



**SHAREHOLDING PATTERN AS ON MARCH 31, 2013**

CATEGORY	NO. OF SHARES HELD	% OF SHAREHOLDING
Promoters	103354154	38.92
Mutual Funds and UTI	28612835	10.78
Banks, Financial Institutions	33910	0.01
Insurance Companies	45750	0.02
Foreign Institutional Investors	76209804	28.70
Foreign Direct Investment	34406011	12.96
Bodies Corporate	3172888	1.20
Non-resident Indians/Overseas Corporate Bodies	3562567	1.34
Clearing Members	63562	0.02
Resident Individuals	16058808	6.05
Total	265520289	100.00

**DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013**

NO. OF SHAREHOLDERS	PERCENTAGE TO TOTAL	SHAREHOLDINGS	NO. OF SHARES	PERCENTAGE TO TOTAL
28280	82.59	01 - 1000	3939231	1.484
3106	9.071	1001 - 2000	2421866	0.912
1675	4.892	2001 - 4000	2473869	0.932
412	1.203	4001 - 6000	1030897	0.388
158	0.461	6001 - 8000	564682	0.213
139	0.406	8001 - 10000	659843	0.249
197	0.575	10001 - 20000	1429516	0.538
273	0.797	20001 - above	253000385	95.285
34240	100.00	Total	265520289	100.00

- (i) Shareholding in dematerialised mode 98.95%
- (ii) Shareholding in physical mode 1.05%

**DEMATERIALISATION STATUS AS ON MARCH 31, 2013**

**SECRETARIAL AUDIT REPORT**

As stipulated by the Securities and Exchange Board of India, a qualified practicing Company Secretary carries out the Secretarial Audit, on a quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total listed and paid-up capital. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form and total number of shares in physical form.

of the Company. Further, Section 205 of the Companies Act, 1956 (the Act), mandates companies to transfer Dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Therefore, balance if any remaining unclaimed/unpaid against the Interim Dividend 2012-13, will be transferred to IEPF within the statutory period prescribed under the Act.

**FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALISED MODE**

Shareholders holding shares in dematerialised mode are requested to intimate all changes with respect to bank details, mandate, nomination, power of attorney, change of address, change of name etc. to their Depository Participant (DP). These changes will be reflected in the Company's records on the downloading of information from Depositories, which will help the Company provide better service to its shareholders.

**FINAL DIVIDEND**

The Board of Directors of the Company has recommended a Final Dividend of ₹2.20 per equity share. The Dividend recommended by the Directors for the year ended March 31, 2013, if declared at the annual general meeting, will be paid by October 23, 2013 to those members holding shares in physical form, whose names appear in the Register of Members of the Company on September 24, 2013. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on September 11, 2013 as per the details furnished by the respective depositories for this purpose.

**SHARE TRANSFER SYSTEM**

In respect of shares up to 1000 per folio, transfers are effected on a weekly basis. For others, the transfers are effected within limits prescribed by law. The average turnaround time for processing registration of transfers is 15 days from the date of receipt of requests. The processing activities with respect to requests received for dematerialisation are completed within 7-10 days.

**COMMUNICATION OF FINANCIAL RESULTS**

The unaudited quarterly financial results and the audited annual accounts are normally published in Business Standard/Financial Express/Desh Sewak. The financial results, press releases and presentations etc. are regularly displayed on the Company's website - [www.maxindia.com](http://www.maxindia.com)

Please visit us at [www.maxindia.com](http://www.maxindia.com) for financial and other information about your Company.

**INTERIM DIVIDEND**

The Board of Directors of the Company declared a 500% Interim Dividend of ₹10 per equity share on a face value of ₹2 per share on November 9, 2012. The Record Date for the purpose of payment of Interim Dividend was November 23, 2012 and the Interim Dividend was paid to the shareholders on November 27, 2012.

For Max India Limited  
New Delhi  
August 13, 2013  
Rahul Khosla  
Managing Director

**UNCLAIMED INTERIM DIVIDEND**

During the period under review, the Interim Dividend 2012-13 remaining unpaid was transferred to the unpaid Dividend Account. In respect of the unpaid/unclaimed Interim Dividend for the year 2012-13, the shareholders are requested to write to the Registrar and Share Transfer Agent



# MANAGEMENT & GOVERNANCE

## BOARD OF DIRECTORS

Dr. S. S. Bajjal - Chairman Emeritus  
Mr. Analjit Singh - Chairman  
Mr. Anuroop Singh - Vice Chairman  
Dr. Ajit Singh  
Mr. Aman Mehta  
Mr. Ashok Kacker  
Mr. Ashwani Windlass  
Dr. Dipankar Gupta  
Mr. N.C. Singhal  
Mr. Rajesh Khanna  
Mr. Sanjeev Mehra  
Dr. Subash Bijlani  
Mr. Vishal Bakshi (Alternate to Mr. Sanjeev Mehra)  
Mr. Rahul Khosla - Managing Director  
Mr. Mohit Talwar - Dy. Managing Director

## COMPANY SECRETARY

Mr. V. Krishnan

## MAJOR INTERNATIONAL AFFILIATES

Mitsui Sumitomo Insurance Company, Limited  
Life Healthcare Group (Proprietary) Limited  
Bupa Finance Plc., UK

## AUDITORS

S.R. Batliboi & Co. LLP  
Chartered Accountants

## BANKERS

IndusInd Bank Limited  
Citibank N.A.  
Yes Bank Ltd.  
Kotak Mahindra Bank Ltd.  
HDFC Bank Ltd.

## CORPORATE OFFICE

Max House, Okhla,  
New Delhi - 110 020

## WEBSITE

[www.maxindia.com](http://www.maxindia.com)

## AUDIT COMMITTEE

- Mr. N.C. Singhal (Chairman)  
- Mr. Ashwani Windlass  
- Mr. Rajesh Khanna

## SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- Mr. Ashwani Windlass (Chairman)  
- Mr. N.C. Singhal  
- Mr. Rahul Khosla

## REMUNERATION COMMITTEE

- Mr. Rajesh Khanna (Chairman)  
- Mr. N.C. Singhal  
- Mr. Ashwani Windlass  
- Mr. Aman Mehta

## INVESTMENT & FINANCE COMMITTEE

- Mr. Ashwani Windlass (Chairman)  
- Mr. N.C. Singhal  
- Dr. Subash Bijlani  
- Mr. Sanjeev Mehra/Mr. Vishal Bakshi  
- Mr. Rahul Khosla  
- Mr. Mohit Talwar

## SHARE TRANSFER AGENT

Mas Services Limited  
T-34, 2nd Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi - 110 020  
Tel: 011 26387281/82/83  
Fax: 011 26387384  
E-mail: [info@masserv.com](mailto:info@masserv.com)

Stories Of Life

“Because we serve with all our heart.”

Sanjay Pandey

For the last 18 years, I have been closely working with haemophilia affected patients at the Varanasi Haemophilia Society. This cause was close to my heart ever since I was diagnosed with Haemophilia, years back. And since the time Max Neeman decided to work with us two and half year ago, their Hematologists have been providing Factor IX treatment to the patients registered with us. The company has also been supporting us financially to conduct physiotherapy sessions for our patients, and has funded surgery for poor children. I recall a serious case of Babloo, a twenty four year old Haemophilia patient, who could barely walk, and needed a major knee replacement surgery. Max Neeman's specialists recognised the need for immediate action and funded the operation.

I am sure Max Neeman's expertise, commitment and support will help us improve the life of Haemophilic patients significantly and help them lead a normal life.



## “A friend in need is a friend indeed.”

Vanita Agarwal

My life came to a sudden halt when I was diagnosed with Giant Cell Tumour of the spine. While I somehow braced myself for the treatment, an insurance policy that I had purchased from Max Bupa came to my aid. Though it had just been 1.7 years since I had bought it, I felt at ease when I got to know that unlike any other health insurance company, only Max Bupa insures the treatment of this benign yet aggressive tumour. My treatment also involved getting some imported medicines and it came as a big relief and a pleasant surprise that the Company readily reimbursed the cost of these expensive medicines as well.

Today, life looks much better with my health improving at a rapid pace. Though I've to undergo another surgery, I thank my stars that I purchased this policy and will always remember Max Bupa as an honest companion in need.



The picture shown above is indicative. The actual picture has not been published on the customer's request to protect her privacy.



# FINANCIAL REVIEW

- Max India Standalone Financials
- Max India Consolidated Financials

