



FOR YOU
**FOR
LIFE**
ANNUAL REPORT
2012-13



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www.maxindia.com



www.maxlifeinsurance.com



www.maxhealthcare.in



www.maxbupa.com



www.antara.com



www.maxspecialityproducts.com



www.neeman-medical.com



www.maxindiafoundation.org



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Stories Of Life

“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[#] 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^{**} 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.*.



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.

*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.

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.

A black and white photograph of a person standing in a field of tall grass, with their arms raised in a gesture of triumph or joy. The person is silhouetted against a bright, hazy background. The overall mood is one of positivity and achievement.

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 TRANSLATING 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.

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,

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
- EBITDA 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 focuses 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.

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.

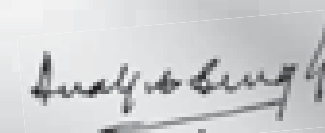
OUR WAY OF CONDUCTING BUSINESS IS BY FOCUSING ON CORE CUSTOMER VALUES, BY BEING FAIR AND HONEST, AND BY TREATING OUR CUSTOMERS AND EMPLOYEES AS WE WOULD LIKE TO BE TREATED.

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,



Analjit 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 integrated 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 AND 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.

Now, 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 very excited and convinced of the possibilities of this space 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 ADMIRER 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 space 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

BUSINESS REVIEW

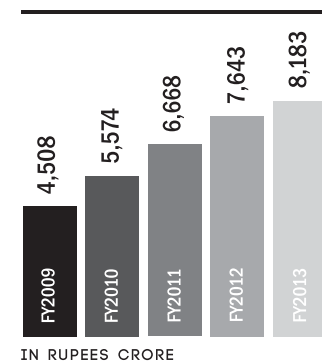
MAX INDIA

REVENUE UP 24%
TO ₹10,624 CR.

PAT UP 406% TO
₹784 CR.

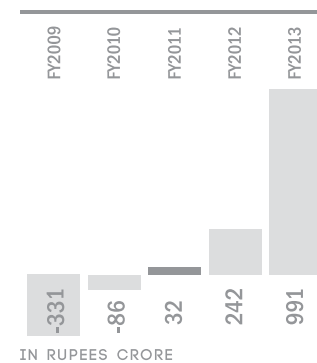
610% DIVIDEND
DECLARED

OPERATING REVENUE



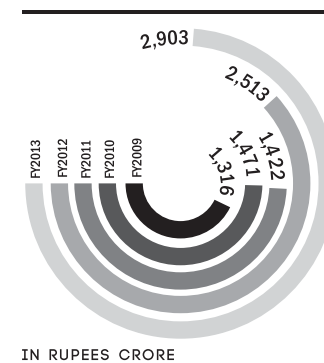
STEADY REVENUE GROWTH
DESPITE ECONOMIC
UNCERTAINTIES

PROFIT BEFORE TAX



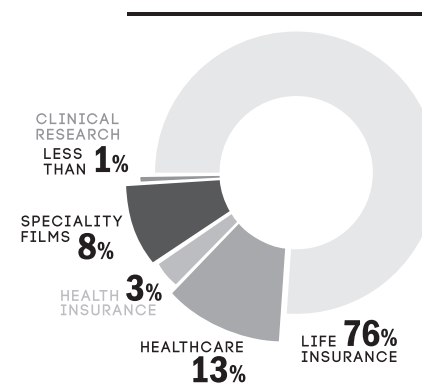
LONG-GESTATION
BUSINESS HAVE CROSSED
THE INFLECTION POINT
LEADING TO SUSTAINED
PROFITABILITY

NET WORTH



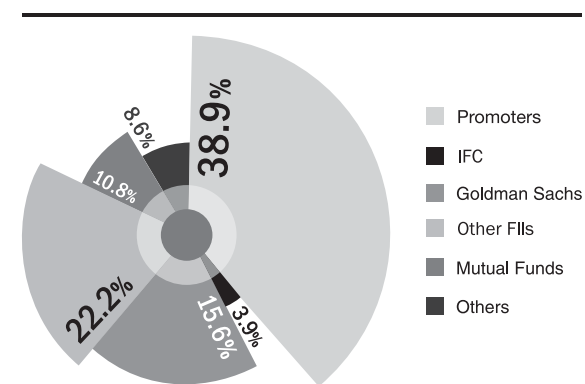
GROWTH IN NET WORTH
UNDERPINS A STRONG
FOUNDATION. NET WORTH
HAS DOUBLED OVER
5 YEARS

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

BUSINESS REVIEW

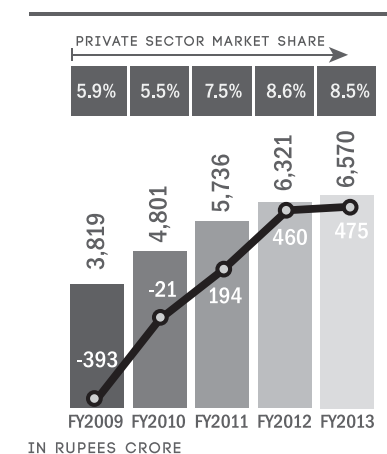
MAX LIFE INSURANCE

ENTERPRISE LEVEL PBT
UP 17% TO ₹860 CR.

MAIDEN DIVIDEND OF
₹259 CR.

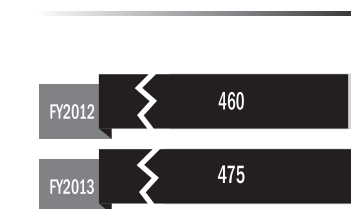
ASSETS UNDER MANAGEMENT
GREW 19% TO
₹20,468 CR.

MAINTAINED GROWTH IN AN UNCERTAIN REGULATORY ENVIRONMENT



CUSTOMERS TRUST CONTINUES
TO DRIVE GROWTH

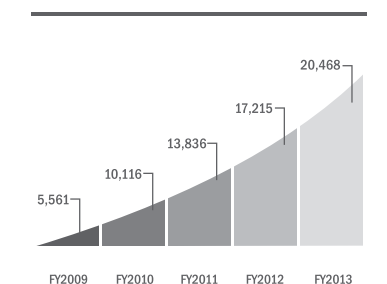
SHAREHOLDERS PROFIT



IN RUPEES CRORE

DELIVERED RETURNS TO
SHAREHOLDERS DESPITE AN
UNCERTAIN REGULATORY
ENVIRONMENT

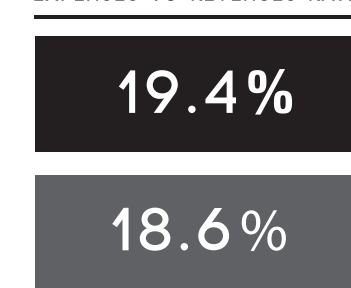
ASSETS UNDER MANAGEMENT



IN RUPEES CRORE

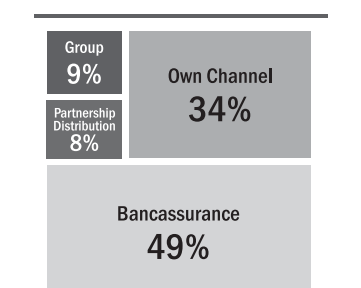
LARGE SCALE-UP IN ASSETS
UNDER MANAGEMENT

EXPENSES TO REVENUES RATIO



RESOLUTE FOCUS ON COST
MANAGEMENT HAS SHOWN
RESULTS

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

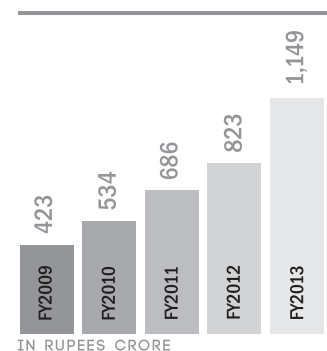
REVENUE UP 39%
TO ₹1,149 CR.

EBIDTA UP OVER
5 TIMES TO ₹72 CR.

A LARGE PATIENT BASE OF
17,00,000

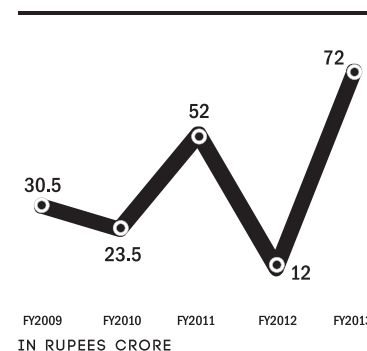
1ST IN INDIA TO
OFFER GENOMICS
TESTING

GROSS REVENUE

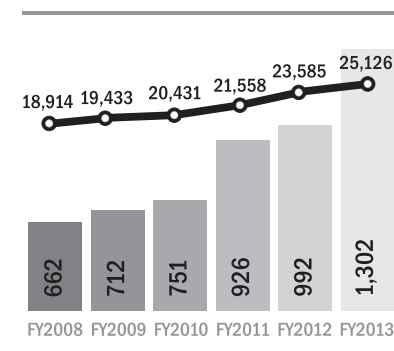


GROWTH BOOSTED BY
NEW HOSPITALS
COMMISSIONED

EBITDA

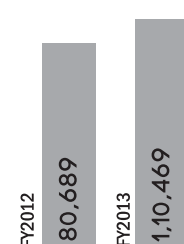


EBIDTA BOOSTED BY LARGER
SCALE AND EFFICIENCY

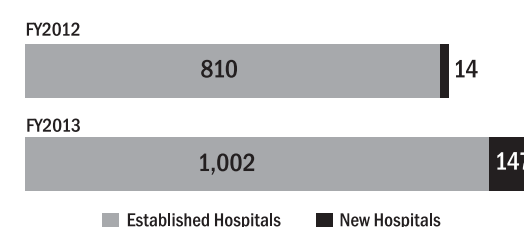
INCREASING SCALE WITH BETTER
BED UTILISATION

■ Average
Operational
Beds

● Average
Revenue per
Bed day (₹)

IN-PATIENT AND DAY-CARE
PROCEDURES

LARGE INCREASE IN NUMBER
OF PROCEDURES CARRIED OUT

REVENUE CONTRIBUTION
FROM NEW EXISTING HOSPITALS

IN RUPEES CRORE

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

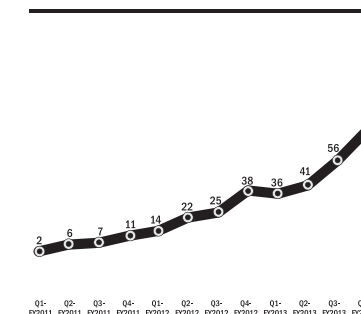
MAX BUPA

GROSS PREMIUM
UP 109%
TO ₹207 CR.

CUSTOMER BASE GREW
5 TIMES TO
1.2 MILLION

AWARDED THE HEALTH
INSURANCE COMPANY
OF THE YEAR

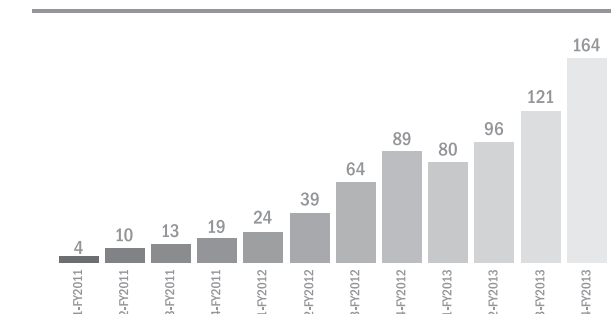
GROSS WRITTEN PREMIUM



IN RUPEES CRORE

GROWTH IN GROSS WRITTEN
PREMIUM POWERED BY
PRODUCT & TECHNOLOGICAL
INNOVATION

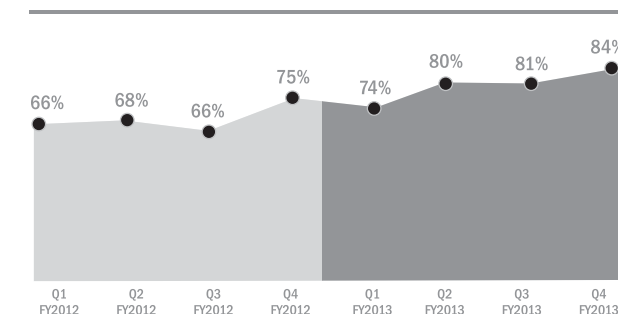
LIVES SECURED



IN THOUSANDS

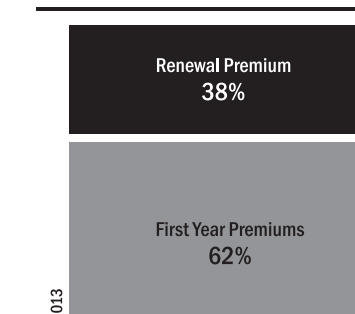
STEADY GROWTH IN NUMBER OF LIVES SECURED

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

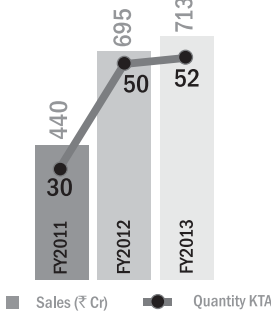
MAX SPECIALITY FILMS

REVENUE GREW AT
30% CAGR OVER LAST
3 YEARS

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

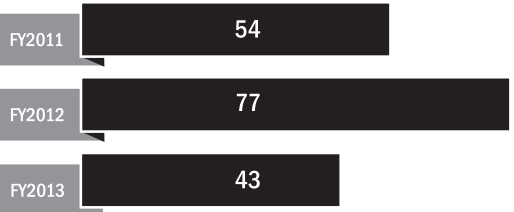
100% CAPACITY
UTILISATION

REVENUE



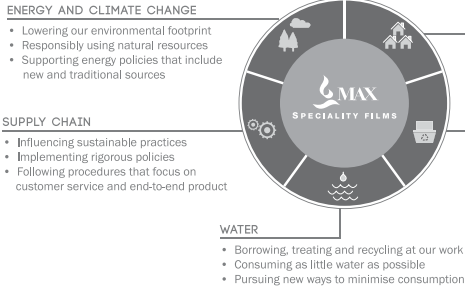
REVENUE GROWTH CONTINUED
DESPITE CHALLENGING BUSINESS
ENVIRONMENT

EBITDA

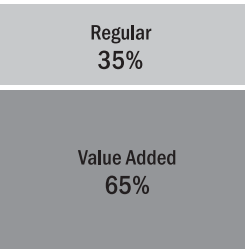


SIGNIFICANT CAPACITY EXPANSION IN
INDUSTRY LED TO PRESSURE ON MARGINS

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

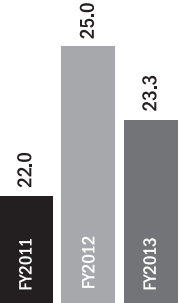
MAX NEEMAN

92% PATIENT
RETENTION RATE

**5 SUCCESSFUL
US FDA AUDITS**

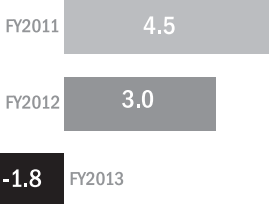
**315 STUDIES
BEING EXECUTED**

NET REVENUE



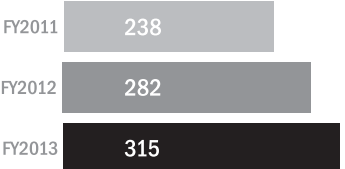
IN RUPEES CRORE

PROFIT BEFORE TAX



IN RUPEES CRORE

NUMBER OF STUDIES



IN RUPEES CRORE

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

CLIENT BASE



IN RUPEES CRORE

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 focuses 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.

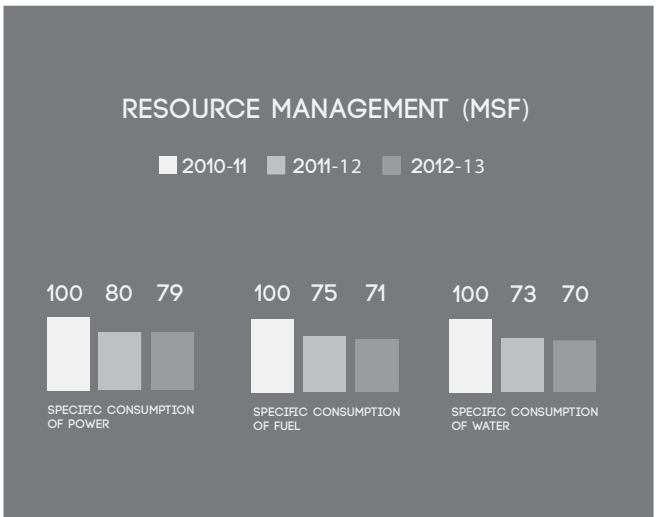
We are also extremely conscious of the relevance and timeliness of our efforts. To give a recent example, during the Himalayan Tsunami in the North Indian state of Uttarakhand, Max India Group was one of the first to come forward and help. We partnered with the government to provide free healthcare (hospital 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 7th 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, neurosurgeries, 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 4th 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 5th Annual Artificial Limbs and Polio Calipers Camp at Dehradun, from 21st – 24th 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-specialilty 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 17th March to 16th 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 4th NDTV Greenathon by supporting their recycling initiative. 250 kg of newspapers and magazines from 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 wellbeing 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. 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. 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



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. 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



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 focuses 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.

MAX LIFE INSURANCE COMPANY LIMITED

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

MAX HEALTHCARE INSTITUTE LIMITED

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

MAX BUPA HEALTH INSURANCE CO. LTD.

ANTARA SENIOR LIVING LTD.

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

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

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.

RAHUL KHOSLA, MANAGING DIRECTOR, MAX INDIA LIMITED.

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 `8,183 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 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) FOCUSSED 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.

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.

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.

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

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



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.

To further enhance the Company's service propositions, Max Life has embarked on a service excellence journey called

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

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 July 1, 2013. In addition, a one-time special bonus of `130 crore to be distributed to participating policyholders with active policies bought before December 31, 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, 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.

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

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

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%.

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 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.

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

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 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.

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.Ramsinghaney: Executive Director – Commercial and Infrastructure



PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- 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

AVERAGE REVENUE PER OCCUPIED BED DAY IS A MEASURE OF BED PRODUCTIVITY. IT INCREASED BY 7% FROM ` 23,585 IN FY2012 TO ` 25,126 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.

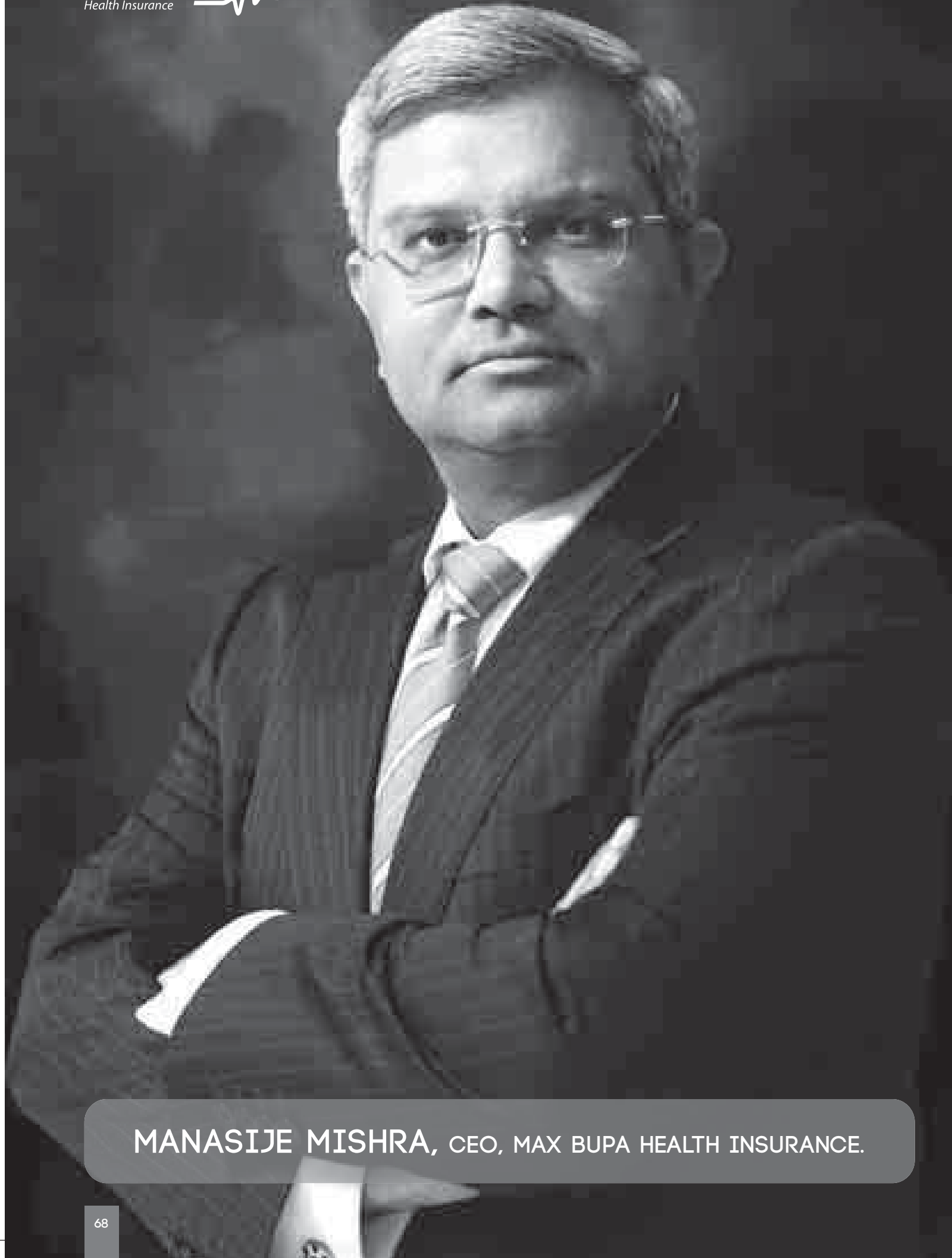
In India, costs of infrastructure and land are high. In fact, they are higher compared to several countries in the world. There are also issues with delays in securing requisite permissions to start hospitals. As a result, the amount of capital expenditure required is large and so is the cost of servicing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



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; **Sevantika 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 FOCUSSED 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; Deepa 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 5th 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 5TH 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 convertors, who print and produce laminates for the final product.

Approximately 40% of the demand from convertors 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

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% THE INSTALLED BOPP CAPACITY IN INDIA, IT HAS A DISPROPORTIONATELY HIGH 16% MARKET SHARE.

OPERATIONS

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

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 neutralises 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; **R K Bakshi:** Associate Vice President - Marketing (Domestic);
Left to Right (Sitting) - **Dalbir Singh:** Sr. Vice President - Finance & Commercial; **S K Mathur:** Chief Executive Officer; **K Manohar:** Vice President – Operations

S K Ganeshan: Sr. General Manager - Marketing (Domestic); **S P Bansal:** Associate Vice President – Human Resources; **GVS R Mohan:** Sr. General Manager – Exports





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 and is expected to grow at a CAGR of 12.8% and reach

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

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

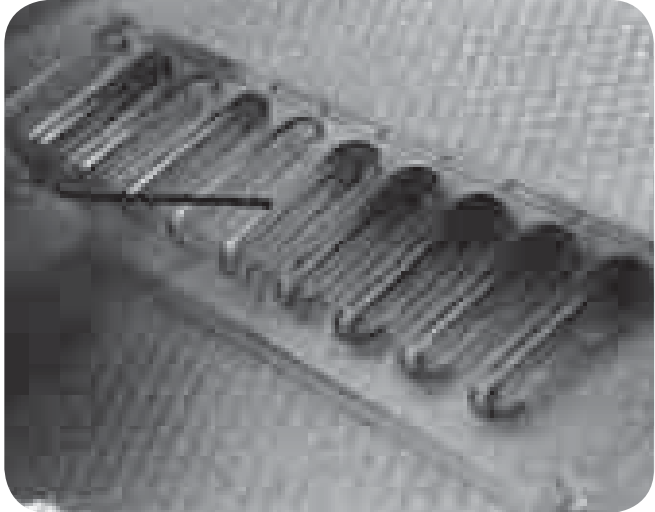
up in the industry augurs well for a system and for process driven CRO's like Max Neeman in the long run, it did affect the performance in FY2013. Some key financial highlights for FY2013 are;

- 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 5th 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**
1.Mr. Analjit Singh <i>[Promoter Director & Chairman]</i>	8	✓	12	Nil
2.Mr. Anuroop Singh <i>[Non-Executive Director & Vice Chairman]</i>	6	--	4	Nil
3.Mr. Rahul Khosla <i>[Managing Director]</i>	8	✓	3	3
4.Mr. Mohit Talwar <i>[Dy. Managing Director]</i>	8	--	9	1
5.Mr. Aman Mehta <i>[Non-Executive Independent Director]</i>	6	--	6	6 (including 3 as Chairman)
6.Mr. Ashwani Windlass <i>[Non-Executive Director]</i>	8	--	4	4 (including 3 as Chairman)
7. Dr. Ajit Singh <i>[Non-Executive Independent Director] (Appointed w.e.f. Feb 1, 2013)</i>	2	--	1	Nil
8. Dr. Dipankar Gupta <i>[Non-Executive Independent Director] (Appointed w.e.f. December 24, 2012)</i>	2	--	--	Nil
9. Mr. N.C. Singhal <i>[Non-Executive Independent Director]</i>	6	✓	10	9 (including 5 as Chairman)
10. Mr. Rajesh Khanna <i>[Non-Executive Independent Director]</i>	5	--	3	2
11. Mr. Sanjeev Mehra <i>[Non-Executive Director]</i>	--	--	2	Nil
12. Dr. Subash Bijlani <i>[Non-Executive Independent Director]</i>	3	--	2	1
13. Mr. Vishal Bakshi <i>[Alternate Director to Mr. Sanjeev Mehra]</i>	5	--	--	Nil
14. Mr. K. Narasimha Murthy # <i>[Non-Executive Independent Director]</i>	2	--	--	--
15. Dr. Omkar Goswami # <i>[Non-Executive Independent Director]</i>	2	--	--	--
16. Mr. Piyush Mankad # <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 6, 2012	4.00 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, 1st 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.

New Delhi
August 13, 2013

For Sanjay Grover & Associates
Company Secretaries

Sanjay Grover
CP No. 3850
Company Secretary in Practice

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, 2nd 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

— Second quarter & half yearly results

— Third quarter results

— Annual results
- on August 13, 2013

- on November 8, 2013

- on February 12, 2014

- 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

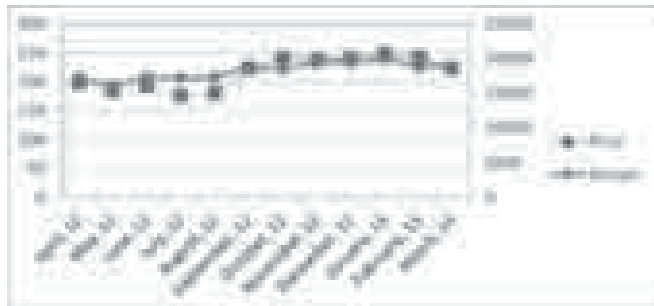
Bombay Stock Exchange Limited - 500271
National Stock Exchange of India Limited - MAX
Demat ISIN No. for NSDL and CDSL - INE180A01020

	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.

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.

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.

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.

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 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.

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.

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

Please visit us at www.maxindia.com for financial and other information about your Company.

New Delhi
August 13, 2013

For Max India Limited
Rahul Khosla
Managing Director

MANAGEMENT & GOVERNANCE

BOARD OF DIRECTORS

Dr. S. S. Baijal - 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

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

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.



Stories Of 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
- Subsidiary Company Financials



MAX INDIA LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the twenty-fifth Annual Report of your Company with the audited Statement of Accounts for the financial year ended March 31, 2013.

Consolidated Results

The highlights of the consolidated financial results of your Company and its subsidiaries are as under:

	(Rs. Crore)	
	Year ended March 31, 2013	Year ended March 31, 2012
Income		
Net Sales	888.3	832.1
Service Income	7,292.1	6,810.9
Other operating revenue and investment income	2,381.6	893.9
Other Income	61.6	41.3
Total Income (I)	10,623.6	8,578.2
Expenses		
Cost of raw material consumed	515.7	482.5
Purchase of pharmacy and pharmaceuticals supplies	288.9	219.5
(Increase)/ decrease in inventories of work-In-progress, finished goods and traded goods	(0.6)	(8.1)
Employee benefits expense	879.6	796.2
Change in policy reserves	3,050.7	2,659.4
Other expenses	4,676.7	3,998.8
Depreciation & Amortisation	136.8	102.0
Financial Expenses	84.4	86.0
Total Expenses (II)	9,632.2	8,336.3
Profit/(Loss) Before Tax (I-II)	991.4	241.9
Tax Expense	141.9	4.0
Profit / (Loss) After Tax	849.5	237.9
Minority Interest	65.4	82.9
Profit/(Loss) after tax, (after adjusting Minority Interest)	784.1	155.0

During the financial year 2012-13, the consolidated group revenue was Rs 10,624 Crore, representing a growth of 24% over the previous year. The group recorded a net profit of Rs. 784 Crore against Rs. 155 Crore in 2011-12, representing a significant increase of 406%. The growth in revenue and profit was primarily on account of gain made from stake sale in Max Life due to change in joint venture partner. A brief update on the business achievements of your Company's key operating subsidiaries is as below:

(i) Max Life Insurance Company Limited

Max Life Insurance Company Limited ('Max Life'), a joint venture (JV) where Max India holds 71% stake while MS&AD Insurance Group Holdings, Japan has 26%, provides financial security across life's various stages. Max Life has a prominent presence in the Indian life insurance space and is driven by the objective of providing life insurance

and retirement solutions to meet 'Long Term Savings and Protection' needs of Indians.

The year 2012 witnessed, MS&AD Insurance Group Holdings of Japan acquire the founding partner New York Life's stake in Max Life at an enterprise valuation of Rs. 10,500 Crore. New York Life exited the joint venture in line with its strategy of focusing on its core markets.

MS&AD is world's seventh largest general insurance group and brings with it, a rich experience of Life Insurance.

The salient features of Max Life's results for the year 2013 are:

- Gross Written Premium increased by 4% to Rs.6,639 Crore with a 6% increase in renewal premium to Rs.4,739 Crore. AUM increased by 19% to Rs.20,458 Crore
- Sum assured stood at Rs.1,69,167 Crore - an increase of 11% over the previous financial year.
- A maiden dividend of Rs.259 Crore to shareholders was approved by the Board of Directors
- Bonus of approximately Rs.297 Crore to participating policyholders will be distributed during 12 months starting 1 July 2013. In addition, a one-time special bonus of Rs.130 Crore will be distributed to participating policyholders with active policies bought before 31 December 2006.
- Solvency ratio of 521%, more than thrice the mandatory 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, Max Life recorded an Enterprise Level Profit Before Tax of Rs.860 Crore - up by 17% over the previous financial year, while the Shareholder Profit Before Tax increased to Rs.475 Crore.

In a year where the new business premium of the life insurance industry declined, Max Life 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 premium. It continues to be the largest non-bank promoted private life insurer in India.

(ii) Max Healthcare Institute Limited

Max Healthcare Institute Limited ('Max Healthcare') is a leading provider of standard, seamless, integrated and international class healthcare in India, especially focused on tertiary and quaternary care. It is committed to the highest standards of medical and service excellence, patient care, scientific research and medical education. With a network of 12 hospitals in Delhi-NCR, Punjab and Uttarakhand, the most advanced technology and state of the art infrastructure; it is rated as one of the best hospital chains in India.

There has been a significant capital infusion in the company in recent past primarily for setting up of new



DIRECTORS' REPORT

hospitals. While the new hospitals will take some time to scale up and become profitable, Max Healthcare has managed to maintain a decent topline and bottomline. The key numbers for 2012-13 are as follows:

- Total revenues increased by 39% to Rs.1149 Crore in FY2013 helped by a 23% growth in existing hospitals.
- EBITDA increased by 545% from Rs.12 Crore in FY2012 to Rs.72 Crore in FY2013.

Max Healthcare has always endeavored to create a benchmark in India for Clinical & Service Excellence supported by best in class Infrastructure. While providing best in class services, the company is conscious of its commitments towards the weaker sections of society. Max Healthcare continues to strive to deliver its social obligations - expenditure on treatment for the economically weaker sections (EWS) has doubled over the course of FY2013.

To continue to generate financial returns while maintaining relative affordability, there is a constant effort to optimize costs and improve efficiencies. Given that much of the fixed assets are sunk costs, optimising the utilisation of these assets has been a major focus area.

(iii) Max Bupa Health Insurance Company Limited

Max India's foray in the health insurance space is through Max Bupa Health Insurance Company Limited ('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 focuses 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.

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 Rs.13,212 Crore in FY2012 to Rs.15,341 Crore in FY2013.

The industry is dominated by 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.

In the above backdrop, Max Bupa completed three years of operations in March 2013. During this short span, it has made significant progress in developing its customer base, people strength, processes and distribution base. 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 including Delhi, Mumbai, Chennai, Bangalore, Kolkata. Through its direct and indirect presence in 300 plus cities, Max Bupa insures over 1.2 million lives. It continues to focus on growing scale of operations while developing market leading product and service innovations.

Max Bupa has been rapidly expanding on most business and financial parameters though some of these superlative

growth statistics are aided by the benefit of a relatively small base.

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 Rs.99 Crore in FY2012 to Rs. 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, guaranteed cash benefit offering and an improved version of flagship product Heartbeat were launched during the year.

(iv) Antara Senior Living Limited

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'). Antara is committed to its vision of 'influencing positive change and improving the quality of life of seniors in this country'. In order to fulfil this, Antara is focusing on creating vibrant residential communities with comprehensive services that enrich the lives of the residents by providing lifestyle with life-care. Max India is investing Rs.240 Crore in the business in the initial stage.

Though prevalent and matured in developed economies, senior housing in India is at a nascent stage. Estimates by real estate consulting major Jones Lang LaSalle suggests the demand for senior housing in Antara's target market of high income category customers is around 21,000 dwellings.

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 segment offering, which aims to become a benchmark for quality of product and service. The endeavour is not only to develop a best-in-class facility created by world renowned architects to meet the requirements of seniors, but to construct integrated communities which will offer an aspirational way of life. To successfully deliver on this objective, there is a great deal of focus on the softer aspects of life at Antara. This includes the 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.

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.

DIRECTORS' REPORT

(v) Max Neeman Medical International Limited

Max Neeman Medical International Limited ('Max Neeman') focuses 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.

Today, the market in India is estimated at approximately US\$1.5 bn, which is around 5% of the global business. Though the market is crowded with large Multi-National Players, Max Neeman has, since its inception, consciously positioned itself as a local player with expertise in the Indian market. It continues to grow the business with a focus of 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 size customers across USA, Europe and South East Asia. It also has a local customer base in India. Max Neeman 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.

In site management operations, it has the largest team in India and at the moment, Max Neeman is actively executing 315 studies in 540 sites across 43 cities with access to 900 ICH-GCP trained Investigators.

Standalone Results

The highlights of the stand-alone financial results of your Company are as under:

	(Rs. Crore)	
	Year ended March 31, 2013	Year ended March 31, 2012
Income		
Net sales	713.4	694.9
Revenue from Investment Activities	801.7	52.1
Other income	12.6	7.9
Total revenue (I)	1,527.7	754.9
Expenditure		
Manufacturing expenses	515.7	482.5
(Increase)/decrease in inventories of finished goods and work-in-progress	0.8	(0.5)
Employee benefits expenses	81.7	61.8
Other expenses	238.8	170.5
Depreciation and amortization	23.8	22.8
Financial expenses	17.4	31.0
Total expenses (II)	878.2	768.1
Profit/(loss) before tax	649.5	(13.2)
Tax expense	88.0	2.2
Profit/(Loss) After Tax	561.5	(15.4)

MSF, a division of Max India Limited, has a state of the art manufacturing facility at Railmajra, near Chandigarh where it 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.

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 market share in the higher margin specialty segment.

India is witnessing a robust demand for packaging driven by the growing population size, rapid urbanisation, changing life styles, increasing need for convenience and growth in organized retail. As per estimates of the commerce ministry of India, the \$24.6bn 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 \$42.7bn. In this backdrop strong growth annually of 12-13% is expected for the BOPP during this period.

In the tight market environment during FY2013, Max Speciality Films division ('MSF') successfully maintained its top-line with revenues increasing by 3% to Rs.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 Rs.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

Deep customer relations and strong product portfolio are few of its strengths which have enabled it to sail through even during turbulent times. MSF was the only player in the industry that operated at 100% capacity utilisation during 2012-13. This is a reflection of its high operating skills and strong customer support.

As informed earlier, the entire MSF division shall be transferred into newly incorporated Max Speciality Films Limited ('MSF Limited') in which the shareholding of Max India Limited shall be 99% while 1% shall be held by Pharmax Corporation Limited, another subsidiary of Max India Limited. The shareholders of the Company had accorded their approval to transfer of MSF division as above, by way of a postal ballot process, the results of which were declared on July 24, 2013.

Dividend

Your Directors had approved payment of Interim Dividend of 500%, i.e., Rs.10/- per equity share of Rs.2/- each for the financial year 2012-13. Your Company made the payment of the aforesaid interim dividend to shareholders in the month of November 2012.

The Board of Directors of your Company further recommended a final dividend of 110% amounting to Rs.2.20 per equity share (on face value of Rs.2/- each) to the Shareholders for their approval at the ensuing Annual General Meeting scheduled to be held on September 24, 2013 and if approved, the same will be paid to the shareholders, in compliance with the applicable legislations. For shares held in electronic form, the dividend

DIRECTORS' REPORT

will be paid on the basis of beneficial ownership furnished by Depositories, viz., NSDL and CDSL for this purpose.

Directors

Dr. Dipankar Gupta, Dr. Ajit Singh and Mr. Ashok Kacker have been co-opted as additional directors on the Board of Directors of the Company effective December 24, 2012, February 1, 2013 and August 13, 2013, respectively. The Company has received notices under Section 257 of the Companies Act, 1956 ('the Act') proposing their candidature for being appointed as Directors of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Anuroop Singh, Mr. N.C. Singhal, Dr. Subash Bijlani and Mr. Aman Mehta retire by rotation at the ensuing Annual General Meeting. Mr. Anuroop Singh, Mr. N.C. Singhal, Dr. Subash Bijlani and Mr. Aman Mehta have offered themselves for re-election at the ensuing Annual General Meeting.

Mr. Piyush Mankad, Dr. Omkar Goswami and Mr. K. Narasimha Murthy retired by rotation in the last Annual General Meeting held on September 6, 2012. Your Directors place on record, their appreciation for the valuable contributions made by Mr. Piyush Mankad, Dr. Omkar Goswami and Mr. Narasimha Murthy during their association with the Company.

Increase in paid up share capital of the Company

The paid up equity share capital of the Company further increased from Rs. 52,91,38,220/- as of March 31, 2012 to Rs. 53,18,72,078/- as of the date of this report arising from the allotment of 13,66,929 equity shares under "Employee Stock Plan 2003"

Business Investments

During the year under review, your Company made investment of Rs. 54.86 Crore in the share capital of Antara, the new business initiative of the Company. Further, share application money of Rs. 36 Crores paid by your Company is pending for allotment.

During the year under review, your Company also made a further investment of Rs. 112.48 Crore in Max Bupa. With this, the total equity contribution by the Company in Max Bupa stood increased to Rs. 372.96 Crore as of March 31, 2013.

Your Company acquired 71,42,857 equity shares of Max Healthcare from an overseas body corporate for an aggregate amount of Rs. 35.71 Crore. With this acquisition, your Company's stake in Max Healthcare stood increased to 71.17% as of March 31, 2013.

The total investment in Max Life stood at Rs. 1490.87 Crores as at March 31, 2013, the details of which were reported in the previous Directors' Report.

Management Discussion & Analysis

A review of the performance of businesses, including those of your Company's joint ventures and subsidiaries, is provided in the Management Discussion & Analysis section which forms part of this report.

Particulars of Deposits

During the year under review, your Company has not accepted or renewed any deposit from the public.

Employee Stock Option Plan

- (i) Your Company had instituted an 'Employee Stock Plan 2003' ('2003 Plan'), which was approved by the Board of Directors in August 2003 and by the shareholders in September 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees and directors of the Company. The 2003 Plan is administered by the Remuneration Committee appointed by the Board of Directors. During the year under review, upon exercise of options, 9,51,179 equity shares of Rs. 2/- each for cash at par were allotted. Your Company also granted 7,31,648 Options during the year under review.
- (ii) The particulars of options granted, as on the date of this report, under the aforesaid stock option plan as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given below:

Sl. No.	Description	2003 Plan
(a)	Total number of options granted till March 31, 2013	38,25,398
(b)	The pricing formula	Rs. 2/- per share
(c)	Number of options vested till March 31, 2013	25,78,893
(d)	Number of options exercised till March 31, 2013	21,78,893
(e)	Total number of shares arising from exercise of options	21,78,893
(f)	Number of options lapsed/forfeited till March 31, 2013	3,48,005
(g)	Variation in terms of options	--
(h)	Money realized by exercise of options (Rs. Crore)	0.44
(i)	Total number of options in force as on March 31, 2013	12,98,500
(j)	Number of options granted to senior management including directors in FY 2012-13	7,31,648
(k)	Employees holding 5% or more of the total number of options granted during the year	None
(l)	Employees granted options equal to or exceeding 1% or more of the issued capital during the year	None

The diluted earning per share was Rs. 21.03 for the financial year ended March 31, 2013. The diluted earning per share for the previous year was Rs. (0.60)

- (iii) In respect of stock options granted till March 31, 2013 under the 2003 Plan, the Company has calculated employee compensation cost using intrinsic value of the stock options. Accordingly, an amount of Rs. 62.69 Crore has been recognized as total compensation charge for grants made in October 2003, March 2005, December 2005, June 2006, November 2008, January 2009, September 2009, January 2010, June 2010, October 2011, May 2012, June 2012, August 2012, November 2012, December 2012 and

DIRECTORS' REPORT

February 2013, out of which, in the current financial year, Rs. 8.19 Crore has been taken to the Profit and Loss account as expense. The additional details required to be disclosed in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 relating to the 2003 Plan are given below:

- (a) The employee compensation cost based on fair value of stock options granted in October 2003, March 2005, December 2005, June 2006, November 2008, January 2009, September 2009, January 2010, June 2010, October 2011, May 2012, June 2012, August 2012, November 2012, December 2012 and February 2013, under the 2003 Plan is Rs. 63.29 Crore, out of which, in the current financial year, Rs. 8.21 Crore would have been recognized as compensation cost if the Company had used fair value basis instead of adopting intrinsic value basis of accounting for these stock options.
- (b) On fair value basis of recognizing the employee compensation cost, profit after tax for the current financial year would have been Rs. 561.46 Crore instead of Rs. 561.48 Crore reported in the Profit and Loss account.
- (c) Basic earnings per share would have remained unchanged at Rs. 21.16 and diluted earnings per share would have remained unchanged at Rs. 21.03, and the Company adopted fair value basis of recognizing the employee compensation cost due to insignificant amount of difference in the recognized expense and fair value of the ESOP expense.
- (d) The exercise price of the stock options on the grant date is Rs. 2/- per existing equity share of Rs. 2/- each and the fair value for October 2011 grant is Rs. 168.55.
- (e) The computation of fair value of stock options granted under the 2003 Plan has been done using Black Scholes Option Pricing Model. The following assumptions have been used in applying this options pricing model:
 - (i) Risk free interest rate of 8.77% for May 2012 grant, 8.51% for June 2012 grant, 8.36% for August 2012 grant, 8.31% for November 2012 grant, 8.30% for December 2012 grant and 7.97% for February 2013 grant.
 - (ii) Expected life for the options granted during the FY 2012-13 i.e. May 2012 grant, June 2012 grant, August 2012 grant, November 2012 grant, December 2012 grant and February 2013 grant is 11 years.
 - (iii) Expected volatility of 26.99% for all options granted during the financial year 2012-13 based on historical volatility of the Company's share.
 - (iv) Price of Rs.197.95 for May 2012 grant, Rs.185.05 for June 2012 grant, Rs.183.95 for August 2012 grant, Rs.242.95 for November 2012 grant, Rs.240.7 for December 2012 grant and Rs.244.45 for February 2013 grant,

being the latest available closing price of the Company's share on the National/Bombay Stock Exchanges prior to the date of grant.

Statutory Disclosures

Information in accordance with the provisions of Section 217(1)(e) of the Act read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are given in the prescribed format annexed to this Report as *Annexure-A*. A statement giving particulars of employees under Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 for the financial year ended March 31, 2013 is annexed to this Report as *Annexure-B*. Statement pursuant to Section 212 of the Act relating to the subsidiaries of your Company is annexed to this Report.

Central Government vide its circular No. 5/12/2007-CL-III dated February 8, 2011 has granted a general exemption under Section 212(8) of the Act to companies provided certain conditions are fulfilled. Based on the aforesaid circular, the Board of Directors of the Company passed a resolution giving consent for not attaching the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and the Report of the Auditors of its subsidiaries. Your Company will make available these documents/details upon request by any member of the Company and its subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by members at the respective registered offices of the Company and its subsidiary companies. However, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements are presented by the Company as part of the annual report which includes the financial information of the subsidiaries.

Auditors

S.R. Batliboi & Co. LLP (Formerly S.R. Batliboi & Co.), Statutory Auditors of your Company, retires and offers themselves for re-appointment. Your Company has received from them, a certificate required under Section 224(1-B) of the Act to the effect that their re-appointment, if made, would be in conformity with the limits specified in that Section.

The Auditors' Report read alongwith notes to accounts is self explanatory and therefore does not call for any comments.

Cost Audit Report

The Board appointed M/s. Balwinder and Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2012-13. The cost audit report will be filed with the Central Government within the statutory timelines.

Directors' Responsibility Statement

The Board of Directors of the Company confirms that:

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a



true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

Acknowledgements

Your Directors would like to place on record their appreciation of the contribution made by its management and its employees who through their competence and commitment have enabled the Company to achieve impressive growth. Your Directors acknowledge with thanks the co-operation and assistance received from various agencies of the Central and State Governments, Financial Institutions and Banks, Shareholders, Joint Venture partners and all other business associates.

On behalf of the Board of Directors

New Delhi
August 13, 2013

Analjit Singh
Chairman



ANNEXURE - A

Particulars Pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken

The Company has taken several steps to conserve energy. Energy conservation continues to be on high priority for existing as well as new projects. Various steps taken to bring about savings are :-

- Conservation of energy by reduction in waste, aggressive promotion of use of recycled material .
- Reduction in energy consumption by use of high efficiency water chiller.
- Conservation of energy by using high efficiency lighting fixtures.
- Optimised process parameters of new speciality BOPP Lines to increase the film line output (Kg /Hr)
- Reduction in energy consumption by use of cooling tower water instead of chilled water in winter for new BOPP film line.
- Reduction in energy by using heat exchanger in chilled water circuit.
- Reduction in Furnace oil consumption in BOPP speciality lines by re-using hot Air through heat recovery system.
- Optimized RPM of Fans and Blowers in different machines.
- Implemented green Purchase Policy enabling purchase of High efficiency motors, Pumps etc.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- Created new Energy cell to do energy audit & identify and implement new Energy saving projects/measures.
- Evaluating various alternatives of Energy for sustainability of Environment.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- Won National Energy Conservation award 2012 instituted by Ministry of Power, Govt. of India on 14th December 2012 in Plastic Industry category.
- Implementations of above measures resulted in significant saving of Power & fuel cost and water conservation.

(d) Total energy consumption and energy consumption per unit as per Form A of the annexure of "Particulars pursuant to companies (Disclosure of particulars in the Report of the Board of Directors) Rule 1988

NOT APPLICABLE

B. RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

I. RESEARCH AND DEVELOPMENT

1. Research & Development

- Through in-house research and development efforts, new products were developed for various applications
- Development of indigeneous additives, and speciality compounds to minimize dependency on imported raw materials
- Alternative vendors for raw materials, additives & machinery spares are being developed.

2. Process Improvement and Development

- Optimization of process parameters of BOPP film lines to enhance efficiencies / yields.
- Improvement in efficiency of newly developed high value added products
- Process optimization of metallisers to increase production
- Quality of reprocessed granuals being continuously improved

3. Benefits Derived

- Received the prestigious **"Worldstar 12" award** at a ceremony held in Sydney .Worldstar" awards are given by the World Packaging Organisation to honour unique product innovations
- Won two **India star awards** - INDIA's top award for Excellence in Packaging by IIP (Indian Institute of Packaging)



- Cost competitiveness, effectiveness and high quality products.
- Better & optimized product mix resulting in better price realization
- Technical support to various convertors and brands on technical know how
- Packaging change for various Customers, helped brand owner to reposition their products

4. Future Plan of Action

- Value added new applications of BOPP Film for sustainable packaging
- Cost reduction and efficiency improvement to remain more competitive.
- Enhance sales of new generation products to further improve product mix & resultant enhancement in value addition.
- Product innovation with end users / brands in FMCG Industry

5. Expenditure on R & D

- Capital : 'Nil'
- Recurring : Rs. 36.57 lacs
- Total : Rs. 36.57 lacs
- R&D expenditure : 0.05%
as % of net sales

II. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

Company has in- house development and R & D cell which develops new products. These products are commercialized after successful trials at customer end.

2. BENEFITS DERIVED AS A RESULT OF ABOVE EFFORTS

New developments as per customer's requirements further result in product mix optimization.

3. INFORMATION ABOUT IMPORTED TECHNOLOGY IN LAST 5 YEARS

BOPP and Foil Business did not import any technology in the last 5 years.

C. Foreign Exchange Earning and Outgo

I. Activities Relating to Exports

- Increased exports of high-value-added films.
- Increased presence in Europe, Africa , as well as in Asian countries.
- Enhanced Thermal film sales volumes by 40% & in terms of value by 40%
- Total Exports value increased by 8% over 2011-12

II. TOTAL FOREIGN EXCHANGE EARNED AND USED

	Year ended March 2013	Year ended March 2012
Earnings	23,773	22,045
Outgo	12,236	12,008

On behalf of the Board of Directors

New Delhi
August 13, 2013

Analjit Singh
Chairman

ANNEXURE - B

INFORMATION AS PER SECTION 217 (2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013

Sr. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (In Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Held Organisation	Designation
A. Employed throughout the year and were in receipt of remuneration of not less than Rs. 60,00,000/- per annum										
1	Ahujia, Rahul	41	Group Financial Controller	Finance/Accounts	14,993,051	B.Com (Hons), CA	05.03.2012	17	Tulip Telecom Limited	Chief Financial Officer
2	Dwarakanath, P.	65	Director - Group Human Capital	Group Human Resources	20,346,210	B. Sc., LL.B., PGDM (PM & IR)	02.04.2007	43	Glaxo SmithKline Consumer Healthcare	Director-Human Resources & Administration (India/South Asia)
3	Hoskote, Prashant	47	Senior Director - Quality & Service Excellence	Quality & Service Excellence	12,407,192	BSc., Diploma in Computer Science & Management, Certified Trainer & Facilitator from the Juran Institute, INC, USA	07.06.2010	26	Mashreqbank	Sr. Vice President and Head - Customer Experience & Quality Division
4	Khosia, Rahul	54	Managing Director	General Management	101,488,417	BA (Hons), CA	18.08.2011	29	Visa International	Group Head of Products
5	Krishnan, V	49	Company Secretary	Company Law Matters	7,356,449	B.Com, FCS	18.06.2003	28	Self employed	
6	Mathur, S. K.	60	Chief Executive Officer - Max Speciality Films	Chief - Operations	15,335,127	B.Tech, PGDBM	06.10.2005	37	Ester Industries Ltd.	Vice President - Marketing
7	Raghu, C. V.	50	Senior Director - Legal & Regulatory Affairs	Legal & Regulatory Affairs	23,704,601	Bachelor of Science & Law, PGD IR & PM	30.07.2008	23	American Express Banking Corp. General Counsels Office	VP & Group Counsel India & Area Countries
8	Ratnam, Sujatha	49	Senior Director - Corporate Finance	Corporate Treasury	14,277,834	B. Com (Hons), ACA	12.07.2004	24	Jubilant Organosys Ltd.	General Manager - Finance
9	Reddy, Vikram B	60	Sr Vice President - Business Relations	Liaison	11,542,189	MBA	01.12.2010	33	Cosmo Films, Inc. A Delaware corporation, Addison, Illinois, USA	V.P operations - North Americas
10	Singh, Anajit	59	Chairman	General Management	39,206,427	BA, BS, MBA (Boston)	30.10.2001	35	Max UK Ltd.	Chairman
11	Singh, Dalbir	53	Sr Vice President - Finance & Commercial	Finance & Commercial	6,636,503	B. Com, ACA, ACS	26.09.1989	30	SML ISUZU Ltd. (Formerly Swaraj Majda Ltd.	Senior Officer - Finance & Accounts
12	Talwar, Mohit	53	Deputy Managing Director	General Management	50,432,299	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	34	Standard Chartered Bank	Director & Head Wholesale Bank, East India
13	Thakur, Nitin	39	Deputy Director - Communication	Communication	6,076,878	B. Com, PGDM	01.10.2008	16	Microsoft Corporation India Pvt. Limited	Lead - Public Relations
B. Employed for part of the year and were in receipt of remuneration of not less than Rs. 5,00,000/- per month										
14	Bhandari, Ranvir	52	Senior Director - Service Excellence	Service Excellence	13,349,070	Post Graduate Diploma in Hotel Management, B.Com Hons.	01.01.2012	28	ITC Hotel - The Maurya	Vice President - North & General Manager
15	Kapoor, Rohit	39	Director - Strategy & Business Performance	Strategy & Business Performance	10,603,127	PGP (SB), CFA	30.06.2012	16	Religare Enterprises Limited	Director & Head - Business Strategy
16	Pandey, Archana	53	Director - Business Development	Business Development	10,063,366	MA in Psychology, PGD Advertising & PR & in Marketing & Sales Mgmt.	08.06.2012	30	Abbott Healthcare Pvt Ltd.	Head - Government Affairs
17	Ramasubramanian, Suresh	44	Director - Human Capital	Human Capital	10,960,399	B. Com, PGDPMIR	18.07.2012	22	ICI Venture Funds Management Company Limited	Head - Human Resources & Sr. Director
18	Rishi, Vibha Paul	53	Executive Director - Brand & Human Capital	Brand & Human Capital	23,387,445	MBA from FMS Delhi	23.04.2012	30	Future Value Retail Limited	Group Strategy & Consumer Director & Executive Board
19	Vohra, Anuj	40	Dy. Director - Corporate Development	Corporate Development	7,442,936	B. Com (Hons), PGDM	29.06.2012	17	Barclays Bank	Head Credit - Large Corporates

Notes:

- Remuneration includes salary, allowances, value of rent free accommodation, bonus, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites.
- None of the above employees is a relative of any director of the Company.
- The services of Mr. Anajit Singh, Mr. Rahul Khosia and Mr. Mohit Talwar are contractual in nature.
- Mr. Anajit Singh holds by himself and along with his spouse and dependent children 2.36% of the Equity Shares of the Company as of the date of this report. Mr. Rahul Khosia holds 49,450 Equity shares of the Company consisting 0.019 % of Equity share in the Company and Mr. Mohit Talwar holds 45,810 Equity share constituting 0.017% of the Equity share capital of the Company as of the date of this report.
- None of the above employees (other than Mr. Anajit Singh) hold by himself or alongwith his spouse and dependent children 2% or more Equity shares of the Company.

On behalf of the Board of Directors

New Delhi
August 13, 2013

Anajit Singh
Chairman



INDEPENDENT AUDITORS' REPORT

To the Members of **Max India Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Max India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Manoj Gupta**
Partner
Membership Number: 83906

Place: Gurgaon
Date: May 29, 2013

INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Max India Limited (the company)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements

referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of polyester film, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows.

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty demand on valuation of goods cleared for captive consumption	1,597.27	2005-06 to 2011-12	Commissioner (Central Excise), Chandigarh
Central Excise Act, 1944	Excise duty demand on valuation of goods cleared for captive consumption	2.77	2004-05	Supreme Court
Central Excise Act, 1944	Reversal of Cenvat credit on various grounds	1.39	2005-06 to 2009-10	CESTAT, New Delhi
Central Excise Act, 1944	Reversal of Cenvat credit on various grounds	5.71	2010-11 to 2011-12	Assistant Commissioner, Ropar



INDEPENDENT AUDITORS' REPORT

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty demand on valuation of goods	145.27	1997-98 to 2000-01	CESTAT, New Delhi
Central Excise Act, 1944	Excise duty demand on job work done under notification 214/86.	376.77	1999-00 to 2011-12	Commissioner (Central Excise), Chandigarh
Finance Act, 1994 (Service Tax)	Service tax demand on consultancy services	201.00	1997-98 to 2000-01	Commissioner (Central Excise), Chandigarh
Finance Act, 1994 (Service Tax)	Service tax demand on various matters	10.08	2008-09 to 2010-11	Commissioner Appeals (Central Excise), Chandigarh
Customs Act, 1962	Custom duty demand on non-fulfilment of export obligation	373.68	1994-95	Directorate General of Foreign Trade
Income-Tax Act, 1961	Income Tax demand in respect of MTVL case	19,816.25	AY 2006-07	Commissioner of Income Tax (Appeal), Jalandhar
Income-Tax Act, 1961	Income Tax demand in respect of penalty u/s 271(1)(c)	628.02	AY 1992-93 to AY 2009-10	Commissioner of Income Tax (Appeal), New Delhi

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has no outstanding dues to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised money by way of public issue of shares/ debentures in the current year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Manoj Gupta**

Partner

Membership Number: 83906

Place: Gurgaon

Date: May 29, 2013

BALANCE SHEET

AS AT MARCH 31, 2013

		(Rs. in Lacs)	
	Notes	As at March 31, 2013	As at March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	4	5,310.41	5,291.38
Reserves and surplus	5	303,283.32	281,874.31
		308,593.73	287,165.69
Non-current liabilities			
Long-term borrowings	6	6,677.82	8,815.98
Deferred tax liabilities (Net)	9	1,906.07	1,222.02
Other long-term liabilities	7	9.92	-
Long-term provisions	8	391.52	217.76
		8,985.33	10,255.76
Current liabilities			
Short-term borrowings	10	6,645.32	809.40
Trade payables	11	5,014.52	4,871.68
Other current liabilities	11	3,297.71	2,937.47
Short-term provisions	8	6,559.39	1,269.36
		21,516.94	9,887.91
TOTAL		339,096.00	307,309.36
Assets			
Non-current assets			
Fixed assets			
Tangible assets	13	30,960.83	32,306.88
Intangible assets	14	294.47	184.71
Capital work-in- progress		1,201.08	13.43
Non-current investments	12	238,316.27	218,914.34
Long-term loans and advances	15	1,976.02	1,355.72
		272,748.67	252,775.08
Current assets			
Current investments	16	34,940.13	11,850.65
Inventories	17	4,493.35	4,851.76
Trade receivables	18	13,822.34	11,951.81
Cash and bank balances	19	769.79	17,815.97
Short-term loans and advances	15	12,232.45	7,893.15
Other current assets	20	89.27	170.94
		66,347.33	54,534.28
TOTAL		339,096.00	307,309.36
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Firm Registration No.: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of **Max India Limited**

per **Manoj Gupta**
Partner
Membership No.: 83906

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

N.C. Singhal
(Director)

V. Krishnan
(Company Secretary)

Ashwani Windlass
(Director)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

		(Rs. in Lacs)	
	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Income			
Revenue from operations (gross)	21	156,902.60	79,396.78
Less: excise duty		5,386.20	4,695.85
Revenue from operations (net)		151,516.40	74,700.93
Other income	22	1,255.75	791.43
Total revenue (I)		152,772.15	75,492.36
Expenses			
Cost of raw material consumed	23	51,567.24	48,249.79
(Increase)/decrease in inventories of finished goods and work-in-progress	24	78.93	(52.54)
Employee benefits expense	25	8,166.39	6,185.34
Other expenses	26	23,880.59	17,050.76
Depreciation and amortisation expense	27	2,386.93	2,274.53
Finance cost	28	1,742.66	3,104.63
Total expenses (II)		87,822.74	76,812.51
Profit/(loss) before tax		64,949.41	(1,320.15)
Tax expense			
Current tax		12,687.86	-
Less: MAT Credit Entitlement		(3,798.80)	-
Tax related to previous years (refer note 36)		(771.50)	-
Deferred tax		684.05	224.04
Total tax expense		8,801.61	224.04
Profit/(Loss) after tax		56,147.80	(1,544.19)
Earnings per equity share	29		
[Nominal value of shares Rs.2 (Previous year Rs.2)]			
Basic (Rs.)		21.16	(0.60)
Diluted (Rs.)		21.03	(0.60)

Summary of significant accounting policies

3

The accompanying notes are integral part of the financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Firm Registration No.: 301003E
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(Company Secretary)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flow from operating activities		
Net Profit / (loss) before tax	64,949.41	(1,320.15)
Non cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation / amortisation	2,386.93	2,274.53
Interest expense	1,597.91	2,862.93
Interest income	(453.54)	(2,173.11)
Dividend income	(7,046.27)	-
Option fees	(1,473.34)	(1,150.26)
Net loss on sale of fixed assets	17.77	14.02
Profit on sale of non current investments - subsidiary	(69,234.54)	-
Net profit on sale of current investments	(2,045.41)	(804.92)
Bad debts written off	0.86	2.58
Stock written off	27.74	-
Provision for doubtful debts	3.40	-
Liability/ provisions no longer required written back	(93.29)	(5.36)
Provision for diminution in non current investments - subsidiary	3,334.69	213.00
Provision for doubtful advances - subsidiary	839.70	35.16
Employee stock option expense	819.01	771.64
Unrealised foreign exchange (gain) / loss	(40.99)	(80.12)
Operating profit before working capital changes	(6,409.96)	639.94
Movement in working capital :		
Increase/ (decrease) in trade payables	230.65	(503.68)
Increase/ (decrease) in long-term provisions	173.76	55.32
Increase/ (decrease) in other long-term liabilities	9.92	-
Increase/ (decrease) in short-term provisions	206.48	80.02
Increase/ (decrease) in other current liabilities	322.84	(914.19)
Decrease / (increase) in trade receivables	(1,828.32)	(4,305.08)
Decrease / (increase) in inventories	330.67	(695.66)
Decrease / (increase) in long-term loans and advances	(133.31)	(0.15)
Decrease / (increase) in short-term loans and advances	(2,211.73)	823.85
Cash generated from/(used in) operations	(9,309.00)	(4,819.63)
Direct taxes paid (net of refunds)	(11,929.89)	480.02
Net cash flow from /(used in) operating activities (A)	(21,238.89)	(4,339.61)
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,430.34)	(1,611.25)
Proceeds from sale of fixed assets	35.08	11.46
Purchase of non- current investments	(51,947.06)	(23,588.66)
Proceeds from sale of non current investments	98,444.98	-
Purchase of current investments	(124,506.67)	(120,199.21)
Proceeds from sale/maturity of current investments	103,462.60	110,681.82
Investment in bank deposits (having original maturity of more than three months)	-	(90,000.00)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	4,000.00	122,007.74
Dividend received	7,046.27	-
Option fees	1,075.68	1,150.26
Interest received	535.21	2,832.56
Net cash flow from /(used in) investing activities (B)	35,715.75	1,284.72

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flow from financing activities		
Proceeds from conversion of shares warrants	-	8,670.00
Proceeds from ESOPs exercised	19.03	0.10
Proceeds from long-term borrowings	162.03	879.84
Repayment of long-term borrowings	(2,225.30)	(44.55)
Proceeds from short-term borrowings	5,835.92	809.40
Interest paid	(1,598.38)	(3,204.83)
Dividend paid on equity shares	(26,552.02)	-
Tax on equity dividend paid	(3,164.32)	-
Net cash flow from/(used in) financing activities (C)	(27,523.04)	7,109.96
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	(13,046.18)	4,055.07
Cash and cash equivalents at the beginning of the year	13,815.97	9,760.90
Cash and cash equivalents at the end of the year	769.79	13,815.97
Components of cash and cash equivalent		
	As at March 31, 2013	As at March 31, 2012
Cash on hand	4.34	9.24
Cheques/drafts on hand	38.79	-
Balances with banks		
on current account	546.62	661.02
on cash credit account	72.50	388.99
on deposit with original maturity of less than three months	-	12,756.57
on unpaid dividend accounts *	107.39	-
Stamps in hand	0.15	0.15
Total cash and cash equivalents	769.79	13,815.97

* The company can utilise these balances only towards settlement of the respective unpaid dividend liabilities

Summary of significant accounting policies

3

The accompanying notes are integral part of the financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Firm Registration No.: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of **Max India Limited**

per **Manoj Gupta**
Partner
Membership No.: 83906

Rahul Khosla
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(Group Financial Controller)

V. Krishnan
(Company Secretary)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. Corporate information

Max India Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India.

The Company is engaged in manufacture of a wide range of sophisticated Packaging unmetallised BOPP films and metallised BOPP films including High Barrier films, Thermal Lamination films and Leather finishing foils. It caters to the needs of diverse packaging industries including food packaging, overwrapping, consumer products, labels and textile industries.

The Company has invested in multi-businesses engaged in the businesses of Life Insurance, Health Insurance, Healthcare, Senior Living & Clinical Research.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis and under the historical cost convention.

The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

3. Summary of significant accounting policies

3.1 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3.2 Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

3.3 Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets:

	Rates (SLM)	
Factory Building	3.34%	
Other Buildings	1.63%	
Leasehold improvements	10.00%	or the rate based on lease period, whichever is higher
Plant and Equipments	4.75%	or the rates prescribed for specific machines in Companies Act, 1956
Furniture and Fixtures	6.33%	
Office Equipment	4.75%	
IT Equipments	16.21%	
Vehicles	9.50%	or the rate based on individual useful life of the vehicle

Assets costing not more than Rs. 5,000 each individually are depreciated at 100%.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets comprising of computer softwares are amortized over a period of two to six years based on management's estimate of economic useful life of the individual assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

3.5 Leases

Where the Company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

3.6 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3.7 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

3.8 Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoter's contribution are credited to the capital reserve and treated as a part of shareholders fund.

3.9 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceed is charged or credited to the statement of profit and loss

3.10 Inventories

Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

3.11 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

3.12 Foreign exchange transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward exchange contracts not intended for trading or speculation purposes

The premium or discounts arising at the inception of forward exchange contracts is amortised and recognised as an expense or income over the life of the contract. Exchange difference on such contracts is recognized in the statement of profit and loss in the period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the period.

3.13 Employee Benefits

Provident Fund

Retirement benefit in the form of Provident Fund is a defined benefit obligation as the Company and its employees are contributing to a provident fund trust "Max India Limited Employees Provident Fund Trust" and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due.

The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

Superannuation fund

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the fund. Liability in respect of superannuation fund to the employees is accounted for as per the Company's Scheme and contributed to "Max India Limited Superannuation Fund" every year. The contributions to the funds are charged to the statement of profit and loss of the year.

Gratuity

Employee benefit in form of gratuity plan is a defined benefit obligation. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

The Company has a recognised gratuity trust "Max India Limited Employees Gratuity Fund" which in turn has taken a policy with LIC to cover the gratuity liability of the employees.

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

3.14 Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

3.15 Employee stock compensation cost

Employees (including directors) of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

3.16 Segment reporting policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on area of operations.

Allocation of common costs

Common allocable costs are allocated to each segment in proportion to the relative revenue of each segment.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

3.17 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of the equity shares outstanding during the period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares

3.18 Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.19 Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.20 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

4. Share capital

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Authorised shares (Nos.)		
460,000,000 (March 31, 2012: 460,000,000) equity shares of Rs. 2/- each	9,200.00	9,200.00
800,000 (March 31, 2012: 800,000) preference shares of Rs.100/- each	800.00	800.00
	10,000.00	10,000.00
Issued, subscribed and fully paid-up shares (Nos.)		
265,520,289 (March 31, 2012: 264,569,110) equity shares of Rs. 2/- each fully paid up	5,310.41	5,291.38
	5,310.41	5,291.38

4.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2013		March 31, 2012	
	No. of shares	Rs. in Lacs	No. of shares	Rs. in Lacs
Equity Shares				
At the beginning of the year	264,569,110	5,291.38	232,484,410	4,649.69
Issued during the period - conversion of share warrants	-	-	8,000,000	160.00
Issued during the period - conversion of debentures	-	-	24,079,700	481.59
Issued during the period - ESOP	951,179	19.03	5,000	0.10
Outstanding at the end of the year	265,520,289	5,310.41	264,569,110	5,291.38

4.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The amount of per share dividend recognized as distribution to equity shareholders:

Name of the Shareholder	March 31, 2013		March 31, 2012	
	Face Value (Rs.)	Dividend per share	Face Value (Rs.)	Dividend per share
- Interim dividend	2.00	10.00	2.00	Nil
- Final dividend	2.00	2.20	2.00	Nil

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4.3 Details of shareholder holding more than 5% shares is set out below (legal ownership)

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of shares	% held	No. of shares	% held
Equity shares				
- Xenok Limited	24,079,700	9.07%	24,079,700	9.10%
- GS Mace Holdings Limited	17,196,381	6.48%	17,196,381	6.50%
- Reliance Capital Trustee Co. Ltd	15,193,663	5.72%	12,770,770	4.83%
- Maxopp Investments Limited	18,844,919	7.10%	18,844,919	7.12%
- Liquid Investment and Trading Company Pvt. Ltd	23,185,244	8.73%	23,185,244	8.76%
- Dynavest India Pvt. Ltd	13,661,167	5.15%	8,288,167	3.13%

4.4 Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 30.

4.5 Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has issued total 1,371,733 shares (March 31, 2012: 594,384 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employees services.

5. Reserves and surplus

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Capital reserve	50.00	50.00
	50.00	50.00
Securities premium account		
Balance as per last financial statements	207,307.53	138,408.33
Add: premium on conversion of share warrants	-	17,180.00
Add: additions on ESOPs exercised	2,001.78	8.05
Add: premium on conversion of debentures	-	51,711.15
Closing balance	209,309.31	207,307.53
Employee stock option outstanding		
Gross employee stock compensation for options granted in earlier years	3,225.88	2,817.81
Add: gross compensation for options issued during the year	1,509.14	416.12
Less: transferred to securities premium on exercise of stock options	2,001.78	8.05
Less: stock options forfeited during the year	78.43	-
	2,654.81	3,225.88
Less :deferred employee compensation	1,177.11	565.41
Closing balance	1,477.70	2,660.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

5. Reserves and surplus (Continued)

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
General reserve		
Balance as per last financial statements	8,951.84	8,951.84
Add: amount transferred from surplus balance in the statement of profit and loss	5,614.78	-
Closing balance	14,566.62	8,951.84
Surplus in the statement of profit and loss		
Balance as per last financial statements	62,904.47	64,448.66
Profit/(Loss) for the year	56,147.80	(1,544.19)
Less: Appropriations		
Interim dividend on equity shares (amount per share Rs. 10.00 (March 31, 2012: Nil)	26,552.02	-
Proposed final dividend on equity shares (amount per share Rs. 2.20 (March 31, 2012: Nil)	5,841.46	-
Tax on interim dividend	3,164.32	-
Transfer to general reserve	5,614.78	-
Total appropriations	41,172.58	-
Net surplus in the statement of profit and loss	77,879.69	62,904.47
Total reserves and surplus	303,283.32	281,874.31

The Board of Directors at its meeting held on May 29, 2013, has recommended a final dividend @110% (i.e Rs. 2.20 per equity share having par value of Rs. 2/- each), aggregating Rs. 5,841.46 lacs, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

6. Long term borrowings

(Rs. in Lacs)

	Non-current portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Term loans				
From banks (secured)	6,538.79	8,718.39	2,179.60	2,179.60
Deferred Payment Liabilities				
Deferred Payment Liabilities (unsecured)	-	-	48.00	-
Vehicle Loans (secured)	139.03	97.59	82.99	56.11
	6,677.82	8,815.98	2,310.59	2,235.71
The above amount includes				
Secured borrowings	6,677.82	8,815.98	2,262.59	2,235.71
Unsecured borrowings	-	-	48.00	-
Amount disclosed under the head "other current liabilities" (note 11)	-	-	(2,310.59)	(2,235.71)
	6,677.82	8,815.98	-	-

- Term loan from Kotak Mahindra Bank Limited amounting to Rs. 2,000.00 Lacs (March 31, 2012: Rs. 2,500.00 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles) and immovable fixed assets of the Company and second pari passu charge on all existing and future current assets of the Company. The loan is repayable in 20 equal quarterly installment of Rs. 125.00 Lacs each commencing from June 30, 2012.
- Term loan from IndusInd Bank Limited amounting to Rs. 4,738.01 Lacs (March 31, 2012: Rs. 5,922.51 Lacs) is secured by a first pari passu charge on the all movable fixed assets (excluding vehicles) of the Company and first pari passu charge on immovable properties of the Company. Further the loan is secured by a second pari passu charge on the current assets of the Company, both present and future. The loan is Repayable in 20 equal quarterly installment of Rs. 296.13 Lacs each commencing from April 1, 2012.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- (iii) Term loan from Yes Bank Limited amounting to Rs. 1,980.38 Lacs (March 31, 2012: Rs. 2,475.48 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles) and immovable fixed assets and second pari passu charge on the current assets of the Company, both present and future. The Loan is repayable in 20 equal quarterly installment of Rs. 123.77 Lacs each commencing from April 1, 2012.
- (iv) Deferred payment liabilities from SREI Equipment Finance Pvt Ltd amounting to Rs. 48.00 Lacs (March 31, 2012: Nil) is unsecured and is repayable in 4 quarterly installment commencing from July 1, 2012.
- (v) Vehicle Loans Rs. 222.02 Lacs (March 31, 2012 Rs. 153.70 Lacs) are secured by way of hypothecation of respective vehicles. The loans are repayable in 3 to 5 Years

7. Other long term liabilities

(Rs. in Lacs)		
	Non-current	
	As at March 31, 2013	As at March 31, 2012
Lease equalisation reserve	9.92	-
	9.92	-

8. Provisions

(Rs. in Lacs)				
	Long - term		Short - term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits				
Provision for leave benefits	-	-	582.82	463.96
Provision for gratuity (note 25.1)	391.52	217.76	99.11	45.32
Other provisions				
Provision for income tax (net of advance tax)	-	-	33.32	757.90
Provision for wealth tax	-	-	2.68	2.18
Proposed final dividend	-	-	5,841.46	-
	391.52	217.76	6,559.39	1,269.36

9. Deferred tax liability (net)

(Rs. in Lacs)		
	As at March 31, 2013	As at March 31, 2012
Deferred tax liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	4,024.23	3,533.51
Gross deferred tax liability	4,024.23	3,533.51
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	408.19	521.47
Provision for diminution in value of investments	1,410.76	-
Provision for doubtful debts and advances	299.21	70.99
Carried forward loss	-	225.14
Unabsorbed depreciation	-	1,493.89
Gross deferred tax assets	2,118.16	2,311.49
Net deferred tax liability	1,906.07	1,222.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10. Short term borrowings

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Cash credit from banks (secured)	6,645.32	809.40
	<u>6,645.32</u>	<u>809.40</u>

Cash credit facilities from banks are repayable on demand and are secured by a first pari passu hypothecation charge on all current assets and a second charge on immovable and movable fixed assets (excluding vehicles) of the Company, both present and future.

11. Other current liabilities

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Trade payables	5,014.52	4,871.68
Other liabilities		
Current maturities of long-term borrowings (note 6)	2,310.59	2,235.71
Interest accrued but not due on borrowings	1.62	2.09
Investor Education and Protection Fund will credited by following amounts (as and when due)		
Unpaid Dividend	107.39	-
Advance from Customers	97.54	226.89
Other Liabilities		
Security deposit received	82.40	60.77
Statutory dues payable	600.05	264.95
Capital creditors	98.12	135.13
Forward payable	-	11.93
	<u>3,297.71</u>	<u>2,937.47</u>
	<u>8,312.23</u>	<u>7,809.15</u>

11.1. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The interest due on unpaid principal amount remaining as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and,	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

12. Non-current investments

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Trade investments long term (valued at cost unless stated otherwise)		
Investment in subsidiaries		
Unquoted equity instruments		
<i>Max Life Insurance Company Limited</i> (formerly Max New York Life Insurance Company Limited) 1,381,621,014 (March 31, 2012: 1,356,814,514) Equity shares of Rs.10 each fully paid up	149,087.21	146,665.37
<i>Max Healthcare Institute Limited</i> 281,392,766 (March 31, 2012: 274,249,908) Equity shares of Rs.10 each fully paid up	43,109.30	39,528.94
<i>Max Bupa Health Insurance Company Limited</i> 372,960,000 (March 31, 2012: 260,480,000) Equity shares of Rs.10 each fully paid up	37,296.01	26,048.01
<i>Pharmax Corporation Limited</i> 47,117,247 (March 31, 2012: 47,117,247) Equity shares of Re.1 each fully paid up	1,420.65	1,420.65
<i>Max Neeman Medical International Limited</i> 4,166,813 (March 31, 2012: 4,166,813) Equity shares of Rs.10 each fully paid up	416.68	416.68
<i>Antara Senior Living Limited</i> 8,000,000 (March 31, 2012: Nil) Equity shares of Rs. 10 each fully paid up	800.00	-
<i>Max UK Limited</i> 299,742 (March 31, 2012: 299,742) Equity shares of GBP 1 each fully paid up	213.00	213.00
Less: provision for diminution	(213.00)	(213.00)
<i>Neeman Medical International BV</i> 38 (March 31, 2012: 38) Equity shares of Euro 500 each fully paid up	3,334.69	3,334.69
Less: provision for diminution	(3,334.69)	-
<i>Max Ateev Limited</i> 31,443,600 (March 31, 2012: 31,443,600) Equity shares of Rs. 10 each fully paid up	3,144.36	3,144.36
Less: provision for diminution	(3,144.36)	-
<i>Max Healthstaff International Limited</i> 3,945,000 (March 31, 2012: 3,945,000) Equity shares of Rs. 10 each fully paid up	447.87	447.87
Less: provision for diminution	(447.87)	-
Unquoted preference instruments		
<i>Pharmax Corporation Limited</i> 1,500,000 (March 31, 2012: 1,500,000) 9% Preference shares of Rs.100 each fully paid up	1,500.00	1,500.00
<i>Antara Senior Living Limited</i> 4,686,417 (March 31, 2012: Nil) Zero Coupon Compulsorily Convertible Preference shares of Rs.100 each fully paid up	4,686.42	-
	<u>238,316.27</u>	<u>218,914.34</u>
Aggregate amount of unquoted investments	245,456.19	222,719.57
Aggregate provision for diminution in value of investments	(7,139.92)	(3,805.23)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Notes:

- During the year, Antara Senior Living Limited has become a wholly owned subsidiary of the company. The company has invested Rs. 800.00 lacs in the equity and Rs. 4,686.02 lacs in the Compulsory Convertible Preference shares of Antara Senior Living Limited.
- Investment in Max Life Insurance Company Limited ("Max Life")
 - The Company acquired 182,265,239 equity shares in Max Life from New York Life International Holdings Ltd.;
 - The Company has acquired 19,150,000 equity shares from Axis Bank Limited in Max Life;
 - The Company has acquired 5,656,500 equity shares of Max Life from its ESOP shareholders;
 - The Company sold 182,265,239 equity shares in Max Life to Mitsui Sumitomo Insurance Company Limited, Japan (MSI)..
- During the year, the Company has further invested Rs. 11,248.00 lacs (March 31, 2012: Rs. 5,994.00 lacs) in its subsidiary Max Bupa Health Insurance Company Limited
- During the year, the Company has acquired 7,142,858 equity shares in Max Healthcare Institute Limited at a consideration of Rs. 3,580.36 lacs.
- On account of restructuring of international clinical research business, the Board of Directors of the Company approved impairment of certain investments to its subsidiary, Neeman Medical International BV .

13. Tangible assets

	(Rs. in Lacs)							
	Land (Freehold)	Building	Leasehold Improvements	Plant & Equipment	Furniture & Fixture	Office Equipments	Vehicles	Total
Cost								
At April 1, 2011	337.15	5,477.88	837.87	34,600.94	251.37	869.39	475.05	42,849.65
Additions	-	425.20	31.88	861.36	60.61	186.42	109.36	1,674.83
Deletions/ Adjustments	-	-	-	-	(0.29)	(17.43)	(24.23)	(41.95)
At March 31, 2012	337.15	5,903.08	869.75	35,462.30	311.69	1,038.38	560.18	44,482.53
Additions	-	108.95	135.76	422.54	5.60	86.07	248.53	1,007.45
Deletions/ Adjustments	-	-	-	(141.98)	(4.52)	(35.50)	(63.76)	(245.76)
At March 31, 2013	337.15	6,012.03	1,005.51	35,742.86	312.77	1,088.95	744.95	45,244.22
Depreciation								
At April 1, 2011	-	788.63	505.34	7,981.76	177.26	393.63	112.42	9,959.04
Charge for the year	-	177.77	114.29	1,797.69	15.69	71.44	56.20	2,233.08
Deletions/ Adjustments	-	-	-	-	(0.13)	(8.40)	(7.94)	(16.47)
At March 31, 2012	-	966.40	619.63	9,779.45	192.82	456.67	160.68	12,175.65
Charge for the year	-	177.68	151.85	1,784.89	13.89	82.71	96.31	2,307.33
Deletions/ Adjustments	-	-	-	(137.20)	(3.11)	(29.29)	(29.99)	(199.59)
At March 31, 2013	-	1,144.08	771.48	11,427.14	203.60	510.09	227.00	14,283.39
Net Block								
At March 31, 2012	337.15	4,936.68	250.12	25,682.85	118.87	581.71	399.50	32,306.88
At March 31, 2013	337.15	4,867.95	234.03	24,315.72	109.17	578.86	517.95	30,960.83

14. Intangible assets

	(Rs. in Lacs)	
	Computer Software	Total
Gross Block		
At April 1, 2011	205.41	205.41
Additions	178.44	178.44
At March 31, 2012	383.85	383.85
Additions	196.04	196.04
Deletions/ Adjustments	(10.00)	(10.00)
At March 31, 2013	569.89	569.89
Amortization		
At April 1, 2011	157.69	157.69
Charge for the year	41.45	41.45
At March 31, 2012	199.14	199.14
Charge for the year	79.60	79.60
Deletions/ Adjustments	(3.32)	(3.32)
At March 31, 2013	275.42	275.42
Net Block		
At March 31, 2012	184.71	184.71
At March 31, 2013	294.47	294.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15. Loans and Advances

(Rs. in Lacs)

		Non - Current		Current	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Capital Advances					
Unsecured, considered good		23.98	21.79	-	-
	A	23.98	21.79	-	-
Security Deposits					
Unsecured, considered good		381.34	290.94	-	-
Doubtful		5.50	5.50	-	-
		386.84	296.44	-	-
Provision for doubtful security deposit		(5.50)	(5.50)	-	-
	B	381.34	290.94	-	-
Loans and advances to related parties (refer note 34)					
Unsecured, considered good (unless stated otherwise)					
Advances recoverable in cash or kind					
Considered good		-	-	2,476.10	3,285.30
Considered doubtful		-	-	3,397.22	2,557.52
Security deposit		120.80	120.80	-	-
Inter corporate deposit		-	-	1,138.00	338.00
Share application money pending allotment		-	-	3,600.00	3,128.25
		120.80	120.80	10,611.32	9,309.07
Provision for doubtful advances		-	-	(3,397.22)	(2,557.52)
	C	120.80	120.80	7,214.10	6,751.55
Advances recoverable in cash or kind					
Unsecured, considered good		-	-	1,178.72	706.65
Doubtful		305.09	305.09	-	-
		305.09	305.09	1,178.72	706.65
Provision for doubtful advances		(305.09)	(305.09)	-	-
	D	-	-	1,178.72	706.65
Other loans and advances (unsecured, considered good unless stated otherwise)					
Balances with statutory/government authorities		-	-	173.22	345.34
Prepaid expenses		18.64	30.33	191.23	76.10
Loans to employees		9.80	2.05	24.65	13.51
Forward recoverable		-	-	136.53	-
MAT Credit entitlement		484.80	-	3,314.00	-
Advance income tax (net of provisions)		936.66	889.81	-	-
	E	1,449.90	922.19	3,839.63	434.95
Total (A+B+C+D+E)		1,976.02	1,355.72	12,232.45	7,893.15

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

16. Current Investments

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Equity instruments (quoted)	0.65	0.65
<i>ICICI Bank Limited</i>		
250 (March 31, 2012: 250) equity shares of Rs.10 each fully paid up		
Unit in Mutual funds (unquoted)		11,850.00
<i>Axis Liquid Fund -Institutional Growth</i>		
Nil (March 31, 2012: 176,822) units of Face value Rs. 1000/- per unit fully paid	-	2,100.00
<i>Birla Sunlife Floating Rate Fund -Short Term IP - Growth</i>		
Nil (March 31, 2012: 1,476,037) units of Face value Rs. 10/- per unit fully paid	-	2,100.00
<i>Birla Cash Plus- Institutional Premium - Growth</i>		
4,207,161 (March 31, 2012: Nil) units of Face value Rs. 1000/- per unit fully paid	7,402.37	-
<i>DSP Blackrock Liquidity Fund - Institutional Plan Growth</i>		
393,770 (March 31, 2012: 133,664) units of Face value Rs. 1000/- per unit fully paid	6,190.86	2,050.00
<i>ICICI Prudential Liquid Super Institutional Plan - Growth</i>		
4,459,848 (March 31, 2012: Nil) units of Face value Rs. 100/- per unit fully paid	7,248.83	-
<i>IDFC CASH FUND - Super Institutional Plan C - Growth</i>		
Nil (March 31, 2012: 138,099) units of Face value Rs. 1000/- (March 31, 2012: Rs. 10/-) per unit fully paid	-	1,800.00
<i>Kotak Liquid (Institutional Premium) - Growth</i>		
337,103 (March 31, 2012: 8,741,379) units of Face value Rs. 1000/- (March 31, 2012: Rs. 10/-) per unit fully paid	7,511.39	1,900.00
<i>TATA Liquid Super High Inv. Fund - Appreciation</i>		
324,744 (March 31, 2012: 96,040) units of Face value Rs. 1000/- per unit fully paid	6,586.03	1,900.00
	34,940.13	11,850.65
Aggregate amount of quoted investments (Market value: Rs. 2.61 Lacs) (March 31, 2012: Rs. 2.23 Lacs)	0.65	0.65
Aggregate amount of unquoted investments	34,939.48	11,850.00

17. Inventories (valued at lower of cost and net realisable value)

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Raw materials (including stock in transit Rs. 24.67 Lacs (March 31, 2012: Rs. 123.73 Lacs))	1,753.83	2,294.42
Packing materials	52.83	39.17
Stores and spares	1,430.12	1,182.67
Work in process	1,012.79	916.87
Finished goods	243.78	418.63
	4,493.35	4,851.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

18. Trade receivables

(Rs. in Lacs)

	Current	
	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	28.06	-
Doubtful	214.61	211.21
	242.67	211.21
Provision for doubtful receivables	(214.61)	(211.21)
	28.06	-
Other receivables		
Unsecured, considered good	13,794.28	11,951.81
	13,794.28	11,951.81
Provision for doubtful receivables	-	-
	13,794.28	11,951.81
	13,822.34	11,951.81

19. Cash and bank balances

(Rs. in Lacs)

	Current	
	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents		
Balances with banks		
on current accounts	546.62	661.02
on cash credit accounts	72.50	388.99
on dividend accounts	107.39	-
Deposits with original maturity of less than three months	-	12,756.57
Cheques/drafts on hand	38.79	-
Cash on hand	4.34	9.24
Stamps on hand	0.15	0.15
	769.79	13,815.97
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	-	4,000.00
	-	4,000.00
	769.79	17,815.97

20. Other assets

(Rs. in Lacs)

	Current	
	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless stated otherwise		
Interest accrued on deposits	89.27	170.94
	89.27	170.94

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

21. Revenue from operations

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of products		
Finished goods		
BOPP Film	76,263.03	73,715.63
Soft leather finishing foil	464.91	470.92
	<u>76,727.94</u>	<u>74,186.55</u>
Other operating revenue		
Revenue from investment activities		
Dividend income on long term investments (refer note 21.3)	7,046.27	-
Interest income on		
Inter corporate deposits	144.82	129.29
Fixed deposits	230.28	1,936.72
Premium on redemption of preference shares	-	1,189.04
Profit on sale of current investments	2,045.41	804.92
Profit on sale of non current investments in subsidiary (refer note 21.4)	69,234.54	-
Option fees (refer note 21.1)	1,473.34	1,150.26
	<u>80,174.66</u>	<u>5,210.23</u>
Revenue from operations (gross)	<u>156,902.60</u>	<u>79,396.78</u>
Less: Excise duty (refer note 21.2)	5,386.20	4,695.85
Revenue from operation (net)	<u>151,516.40</u>	<u>74,700.93</u>

21.1 The Company has a put option to transfer upto 24% of its shareholding in Max Bupa Health Insurance Co. Limited and Bupa Singapore Pte. Limited (Bupa Singapore) has a call option under which the Company would be required to transfer 24% of its shareholding in Max Bupa Health Insurance Co. Limited to Bupa Singapore subject to approval under applicable laws and regulations. As a consideration of the call option granted by the Company, Bupa Singapore is obliged to pay an option fee, which is disclosed as above.

21.2 Excise duty on sales amounting to Rs. 5,386.20 Lacs (March 31, 2012: Rs. 4,695.85 Lacs) has been reduced from sales in statement of profit and loss and excise duty on decrease in stock amounting to Rs. 24.89 Lacs (March 31, 2012: Rs. 55.05 Lacs) has been considered as expense in note 26 of financial statements.

21.3 During the year, the Company has recognised dividend income of Rs. 7,046.27 Lacs of its share of interim dividend declared by Max Life Insurance Company Ltd, a company's subsidiary.

21.4 During the year, the Company has sold its 9.37% stake in Max Life Insurance Company Limited ("Max Life") (erstwhile Max New York Life Insurance Company Limited) to Mitsui Sumitomo Insurance Company Limited, Japan (MSI). On this transaction, a gain of Rs. 69,234.54 Lacs has been recognised and disclosed under "Revenue from investment activities".

22. Other Income

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest income	78.44	107.10
Liabilities/provisions no longer required written back	93.29	5.36
Gain on foreign exchange fluctuation (net)	846.92	397.39
Scrap Sale	177.65	266.35
Miscellaneous income	59.45	15.23
	<u>1,255.75</u>	<u>791.43</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

23. Cost of raw material consumed

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Inventories at beginning of year	2,294.42	2,144.16
Add: Purchases	51,026.65	48,400.05
Less: inventories at the end of year	1,753.83	2,294.42
Cost of raw material consumed	51,567.24	48,249.79
23.1 Details of raw material consumed		
Polypropylene	45,387.99	42,407.90
Polypropylene compounds	4,625.97	3,675.54
Others	1,553.28	2,166.35
	51,567.24	48,249.79
23.2 Details of raw material inventory		
Polypropylene	1,217.14	652.35
Polypropylene compounds	229.76	1,297.67
Others	306.93	344.40
	1,753.83	2,294.42

24. (Increase)/ decrease in work-in-progress and finished goods

	(Rs. in Lacs)		
	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase) / Decrease
Inventories at end of year			
Work-in-process	1,012.79	916.87	(95.92)
Finished goods	243.78	418.63	174.85
	1,256.57	1,335.50	78.93
Inventories at beginning of the year			
Work-in-process	916.87	911.32	(5.55)
Finished goods	418.63	371.64	(46.99)
	1,335.50	1,282.96	(52.54)
Net (Increase)/ decrease in work-in-progress and finished goods	78.93	(52.54)	
Details of inventory			
Work-in-process			
BOPP Film	922.58	856.39	
Soft leather finishing foil	90.21	60.48	
	1,012.79	916.87	
Finished goods			
BOPP Film	239.61	416.59	
Soft leather finishing foil	4.17	2.04	
	243.78	418.63	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

25. Employee benefit expenses

	For the year ended March 31, 2013	(Rs. in Lacs) For the year ended March 31, 2012
Salaries, wages and bonuses	6,586.13	4,908.25
Contribution to provident and other funds	263.76	213.32
Employee stock option scheme (Refer note 30)	819.01	771.64
Gratuity expense	227.56	60.49
Staff welfare expenses	269.93	231.64
	8,166.39	6,185.34

25.1 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India in form of a qualifying insurance policy.

The following table summarises the component of net benefit expense recognised in statement of profit and loss, the funded status and the amount recognised in the balance sheet in respect of defined benefit plans.

Statement of profit and loss

Net employee benefit expense recognized in employee cost (Rs. in Lacs)

	Gratuity	
	As at March 31, 2013	As at March 31, 2012
Current service cost	94.63	62.72
Interest cost on benefit obligation	51.53	43.46
Expected return on plan assets	(31.09)	(31.16)
Net actuarial(gain) / loss recognized in the year	112.49	(14.53)
Past service cost	-	-
Net benefit expense	227.56	60.49
Actual return on plan assets	29.53	30.30

Balance sheet

Benefit asset/ liability (Rs. in Lacs)

	Gratuity	
	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	830.86	599.16
Fair value of plan assets	340.23	336.08
Funded Status	(490.63)	(263.08)
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(490.63)	(263.08)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Lacs)

	Gratuity	
	As at March 31, 2013	As at March 31, 2012
Opening defined benefit obligation	599.16	543.20
Interest cost	51.53	43.46
Current service cost	94.63	62.72
Benefits paid	(25.38)	(34.83)
Actuarial (gains) / losses on obligation	110.92	(15.39)
Closing defined benefit obligation	830.86	599.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Changes in the fair value of plan assets are as follows:

(Rs. in Lacs)

	Gratuity	
	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	336.08	340.58
Expected return	31.09	31.16
Contributions by employer	-	0.03
Benefits paid	(25.38)	(34.83)
Actuarial gains / (losses)	(1.56)	(0.86)
Closing fair value of plan assets	340.23	336.08

The Company expects to contribute Rs. 167.27 lacs (March 2012: Rs. 103.20 lacs) to gratuity fund in next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	As at March 31, 2013	As at March 31, 2012
	%	%
Life Insurance Corporation of India	100.00	100.00

The principal assumptions used in determining benefit obligations for the Company's plans are shown below:

	Gratuity	
	As at March 31, 2013	As at March 31, 2012
Discount rate	7.90%	8.60%
Expected rate of return on assets	9.25%	9.25%
Retirement Age	58 years	58 years
Employee turnover	5%	5%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the overall expected rate on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no significant change in expected rate of return on assets.

Amounts for the current and previous four years are as follows:

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	830.86	599.16	543.20	465.36	393.12
Plan assets	340.23	336.08	340.58	53.14	72.96
Surplus / (deficit)	(490.63)	(263.08)	(202.62)	(412.22)	(320.16)
Experience adjustments on plan liabilities	(71.23)	(10.44)	(11.47)	(26.67)	8.79
Experience adjustments on plan assets	(1.56)	(0.86)	-	(1.33)	(1.74)

25.2 Provident Fund

The Company has set up a provident fund trust "Max India Limited Employees Provident Trust Fund" which is a common fund for Max India Limited and its subsidiaries, which is managed by the Company. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan as per AS-15 (Revised).

The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the year ended March 31, 2012. The actuary has accordingly provided a valuation for "Max India Limited Employees Provident Trust Fund" which is a common fund for Max India Limited and its subsidiaries based on assumptions provided below, there is no shortfall as at March 31, 2013.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The details of fund and plan asset position as at March 31, 2013 as per the actuarial valuation of active members are as follows:
(Rs. in Lacs)

	March 31, 2013	March 31, 2012
Plan assets at year end at fair value	19,119.27	16,327.19
Present value of defined benefit obligation at year end	18,944.06	16,224.61
Asset recognised in balance sheet	-	-
Active members as at year end (Nos)	18,548	23,932

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

	March 31, 2013	March 31, 2012
Discount rate	8.95%	8.60%
Withdrawal rate	9.00%	10.00%
Expected guaranteed interest rate	8.50%	8.25%

26. Other expenses

	For the year ended March 31, 2013	For the year ended March 31, 2012
Consumption of stores and spares	793.16	833.21
Consumption of packing material	2,390.64	2,331.27
Decrease of excise duty on inventories	24.89	55.05
Power and fuel	5,033.21	4,015.10
Processing charges	34.36	21.86
Recruitment expenses	129.13	294.10
Rent	424.94	242.48
Insurance	237.92	204.45
Rates and taxes	61.27	50.87
Repairs and maintenance:		
Building	89.37	128.56
Plant and equipments	287.14	260.63
Others	741.83	635.24
Electricity and water	54.76	48.82
Printing and stationery	85.98	75.48
Travelling and conveyance	1,212.61	974.48
Communication	150.47	105.95
Legal and professional (refer note 26.1)	2,719.29	2,020.54
Directors' fee	22.10	21.04
Sales promotion	135.83	180.83
Commission to other than sole selling agents	218.77	148.28
Cash discounts	807.90	600.19
Freight and forwarding expenses	2,974.75	2,527.33
Advertisement and publicity	909.45	97.38
Net loss on sale/disposal of fixed assets	17.77	14.02
Bad debts written off	0.86	2.58
Provision for diminution in non current investments in subsidiary	3,334.69	213.00
Provision for doubtful advances in subsidiary	839.70	35.16
Provision for doubtful debts	3.40	-
Stock written off	27.74	-
Charity and donation	31.42	840.37
Miscellaneous	85.24	72.49
	23,880.59	17,050.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

26.1 Payment to auditor (included in legal and professional)

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
As auditor:		
Audit fee (excluding service tax)	28.29	24.60
Reimbursement of expenses	1.58	1.76
	29.87	26.36

27. Depreciation and amortisation

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Depreciation of tangible assets	2,307.33	2,233.08
Amortization of intangible assets	79.60	41.45
	2,386.93	2,274.53

28. Finance Cost

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest	1,597.91	2,862.93
Bank charges	144.75	241.70
	1,742.66	3,104.63

29. Calculation of Earnings per share (EPS) - Basic and Diluted

	For the year ended March 31, 2013	For the year ended March 31, 2012
Basic EPS		
Profit/(loss) after tax (Rs. in Lacs)	56,147.80	(1,544.19)
Weighted average number of equity shares outstanding during the year (Nos.)	265,292,153	257,229,181
Basic Earnings Per Share (Rs.)	21.16	(0.60)
Dilutive EPS		
Equivalent weighted average number of employee stock options outstanding (Nos.)	1,698,422	1,434,986
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	266,990,575	258,664,167
Diluted Earnings Per Share (Rs.)	21.03	(0.60)
Equivalent weighted average number of warrants against share capital (Nos.)	-	2,775,956
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	266,990,575	261,440,123
Diluted Earnings Per Share (Rs.)	21.03	(0.59)
Profit/(Loss) after tax as above (Rs. in Lacs)	56,147.80	(1,544.19)
Add: Interest on 12% compulsorily convertible debentures (Net of Tax) (Rs. in Lacs)	-	818.91
Adjusted Profit/(Loss) after tax (Rs. in Lacs)	56,147.80	(725.28)
Equivalent weighted average number of 12% Compulsorily Convertible Debentures (Nos.)	-	4,736,990
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	266,990,575	266,177,113
Diluted Earnings Per Share (Rs.)	21.03	(0.27)

Note: The conversion effect of potential dilutive equity shares for previous year were anti dilutive in nature, hence the effect of potential equity shares are ignored in calculating diluted earnings per share.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

30. Employee Stock Option Plan

30.1 Employee Stock Option Plan – 2003 (“the 2003 Plan”):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receives shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two year from vesting date.

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,561,031	2.00	1,318,781	2.00
Granted during the Year	731,648	2.00	247,250	2.00
Forfeited during the year	(43,000)	-	-	-
Exercised during the year	(951,179)	2.00	(5,000)	2.00
Outstanding at the end of the year	1,298,500	2.00	1,561,031	2.00
Exercisable at the end of the year	400,000	2.00	817,052	2.00

For the period, the weighted average share price at the exercise date was Rs 186.37 (March 31, 2012: Rs 191.45)

The weighted average exercise price for stock options outstanding as at March 31, 2013 was Rs 2 per share (March 31, 2012: Rs 2 per share).

Grant Date	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
November 19, 2008	12,052	0.33	24,104	0.84
November 19, 2008	-	-	12,052	-
September 4, 2009	-	-	72,625	0.43
January 1, 2010	400,000	-	400,000	0.75
January 1, 2010	-	-	800,000	-
June 1, 2010	-	-	5,000	-
October 8, 2011	197,800	3.55	247,250	4.55
May 1, 2012	63,000	2.84	-	-
June 1, 2012	43,000	3.17	-	-
August 18, 2012	247,250	4.39	-	-
August 18, 2012	45,728	3.39	-	-
November 8, 2012	91,670	4.39	-	-
November 8, 2012	20,000	3.39	-	-
December 12, 2012	149,000	0.70	-	-
February 8, 2013	29,000	0.86	-	-

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Particulars	March 31, 2013						March 31, 2012
	1-May-12	1-Jun-12	18-Aug-12	8-Nov-12	12-Dec-12	8-Feb-13	8-Oct-11
Date of option granted							
Stock Price Now (in Rupees)	197.95	185.05	183.95	242.95	240.70	244.45	170.55
Exercise Price (X) (in Rupees)	2	2	2	2	2	2	2.00
Expected Volatility (Standard Dev - Annual)	26.99%	26.99%	26.99%	26.99%	26.99%	26.99%	36.12%
Life of the options granted (Vesting and exercise period) in years	11.42	11.34	11.12	10.9	10.81	10.65	1.98
Expected Dividend	0%	0%	0%	0%	0%	0%	0%
Average Risk- Free Interest Rate	8.77%	8.51%	8.36%	8.31%	8.30%	7.97%	8.29%
Weighted average fair value of options granted	197.22	184.29	183.16	242.14	239.88	243.59	168.85

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value method to Stock Based employee compensation:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit as reported (Rs. in Lacs)	56,147.80	(1,544.19)
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	819.01	771.64
Less: Employee stock compensation under fair value method (Rs. in Lacs)	(820.72)	(777.84)
Proforma profit (Rs. in Lacs)	56,146.09	(1,550.39)
Earnings Per Share (Rupees)		
Basic		
- As reported	21.16	(0.60)
- Proforma	21.16	(0.60)
Diluted		
- As reported	21.03	(0.60)
- Proforma	21.03	(0.60)

31. Leases

Operating lease: Company as lessee

The Company has entered into operating leases for its office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognized in the statement of profit and loss for the year is Rs. 424.94 Lacs (Previous year Rs. 242.48 Lacs). The Company has not entered into sublease agreements in respect of these leases and there are no restrictions placed upon the Company by entering into these leases. The Company has not entered into any non-cancellable leases.

The detail of total of future minimum lease payments under non-cancellable leases are as follows:

Particulars	March 31, 2013	(Rs. in Lacs) March 31, 2012
Not later than one year	105.60	-
Later than one year and not later than five year	116.16	-
Later than five year	-	-
	221.76	-

32. Segment Reporting

(a) Business Segments

The Company has considered business segment as the primary segment for disclosure. The products/ services included in each of the reported business segments are as follows:

- Speciality Plastic Products - The manufacturing facility located at Railmajra, Nawanshahr (Punjab), produces packaging films supported with polymers of propylene, leather finishing transfer foils and related products.
- Business Investments - The Company makes strategic business investments in companies operating in the areas of Life Insurance, Health Insurance, Healthcare, Senior Living and Clinical Research businesses. These investments along with its treasury investments have been combined to form Business Investment Segment.

The above segments have been identified considering:

- The nature of products and services
- The differing risks and returns
- Organisational structure of the group, and
- The internal financial reporting systems.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Segment Information

(Rs. in Lacs)

	Speciality Plastic Products		Business Investments		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue						
External Sales (net of excise duty)	71,341.74	69,490.70	-	-	71,341.74	69,490.70
Income from investment activities	-	-	80,174.66	5,210.23	80,174.66	5,210.23
Total revenue from operations	71,341.74	69,490.70	80,174.66	5,210.23	151,516.40	74,700.93
Result						
Segment result	2,027.44	5,549.75	75,188.25	3,749.85	77,215.69	9,299.60
Add: unallocated income					4.85	0.63
Less: unallocated expense					10,606.91	8,835.10
Operating profit					66,613.63	465.13
Interest income					78.44	107.10
Less: interest and financial expense					1,742.66	1,892.38
Profit before tax					64,949.41	(1,320.15)
Income tax					8,801.61	224.04
Profit from ordinary activities					56,147.80	(1,544.19)
Other information						
Segment assets	50,419.52	50,248.59	281,078.22	254,564.64	331,497.74	304,813.23
Unallocated assets					7,598.26	2,496.13
Total assets					339,096.00	307,309.36
Segment liabilities	4,554.00	4,275.26	50.09	50.25	4,604.09	4,325.51
Unallocated liabilities					25,898.18	15,818.16
Total liabilities					30,502.27	20,143.67
Cost to acquire tangible and intangible asset						
Capital expenditures	903.14	1,650.64	-	-	903.14	1,650.64
Unallocated capital expenditures					1,488.00	149.51
Total Additions					2,391.14	1,800.15
Depreciation and amortisation expenses						
Depreciation	2,159.38	2,101.42	-	-	2,159.38	2,101.42
Unallocated depreciation					227.55	173.11
Total depreciation and amortisation expenses					2,386.93	2,274.53
Other non cash expenses						
Provision for diminution in value of investments and advances in subsidiaries	-	-	4,174.39	248.16	4,174.39	248.16
Employee stock expense scheme					819.01	771.64
Total other non cash expenses					4,993.40	1,019.80

(b) Geographical Segments

The Company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, the revenues are bifurcated based on location of customers in India and outside India.

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

(Rs. in Lacs)

Sales revenue by Geographical Market	For the year ended March 31, 2013	For the year ended March 31, 2012
India	127,743.05	52,655.91
Outside India	23,773.35	22,045.02
	151,516.40	74,700.93

Assets and additions to tangible and intangible fixed assets by geographical area. The following table shows the carrying amount of segment assets and additions to segment assets by geographical area in which assets are located.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. in Lacs)

	Carrying amount of segment assets and intangible assets		Additions to fixed assets and intangible assets	
	As at March 31, 2013	As at March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2012
India	325,622.61	295,386.60	903.14	1,650.64
Outside India	5,875.13	9,426.63	-	-
	331,497.74	304,813.23	903.14	1,650.64

33. Capital and other commitments

(a) Capital Commitments

(Rs. in Lacs)

	March 31, 2013	March 31, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,821.98	21.79
Less: Capital advances	23.98	21.79
Net capital commitment for acquisition of capital assets	1,798.00	-

- (b) The Company has entered into tripartite agreement between Axis Bank Limited, Max Life and the Company, whereby the Company will buy back the stake held by Axis Bank Limited in Max Life in 4 tranches from 2014 to 2016.
- (c) The Company has provided financial support to Max Ateev Limited, Neeman Medical International BV and Neeman Medical International NV, wholly owned subsidiaries of Company in order to meet its future financial obligations.

34. Related parties disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not

Subsidiary companies and step down subsidiary companies	1. Max Life Insurance Company Limited
	2. Max Healthcare Institute Limited
	3. Max Bupa Health Insurance Company Limited
	4. Max UK Limited
	5. Pharmax Corporation Limited
	6. Max Ateev Limited
	7. Max Healthstaff International Limited
	8. Max Neeman Medical International Limited
	9. Neeman Medical International BV
	10. Neeman Medical International NV
	11. Max Neeman Medical International Inc
	12. Max Medical Services Limited
	13. Alps Hospital Limited
	14. Hometrail Estate Private Limited
	15. Hometrail Buildtech Private Limited
	16. Antara Senior Living Limited (w.e.f. June 29, 2012)
	17. Antara Purukul Senior Living Private Limited (w.e.f. March 11, 2013)

Names of other related parties with whom transactions have taken place during the year

Key Management Personnel	1. Mr. Analjit Singh 2. Mr. Rahul Khosla 3. Mr. Mohit Talwar
Relatives of key management personnel	1. Mr. Veer Singh (Son of Mr. Analjit Singh)
Enterprises owned or significantly influenced by key management personnel or their relatives	1. New Delhi House Services Limited 2. Lakeview Enterprises 3. Delhi Guest House Private Limited 4. Dynavest India Private Limited 5. Malsi Estates Limited 6. Max India Foundation 7. Max Ventures Private Limited
Employee benefit funds	1. Max India Ltd. Employees' Provident Fund Trust 2. Max India Ltd. Superannuation Fund 3. Max India Limited Employees' Gratuity Fund



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

34.1. Transactions with related parties during the year:

(Rs. in Lacs)

	Subsidiaries		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Reimbursement of expenses paid												
Max Healthcare Institute Limited.	7.87	539.91	-	-	-	-	-	-	-	-	7.87	539.91
Max Bupa Health Insurance Company Limited.	13.47	158.85	-	-	-	-	-	-	-	-	13.47	158.85
Max Life Insurance Company Limited	53.69	27.40	-	-	-	-	-	-	-	-	53.69	27.40
Max Neeman Medical International Limited	14.71	17.61	-	-	-	-	-	-	-	-	14.71	17.61
New Delhi House Services Limited.	-	-	-	-	-	-	11.54	11.45	-	-	11.54	11.45
Max India Foundation	-	-	-	-	-	-	0.55	2.89	-	-	0.55	2.89
Malsi Estates Limited	-	-	-	-	-	-	0.65	-	-	-	0.65	-
Max Ventures Private Limited	-	-	-	-	-	-	1.16	-	-	-	1.16	-
Others	7.51	8.75	-	-	-	-	-	-	-	-	7.51	8.75
Premium on redemption of preference shares												
Max Healthcare Institute Limited.	-	1,189.04	-	-	-	-	-	-	-	-	-	1,189.04
Reimbursement of expenses received												
Pharmax Corporation Limited	311.59	268.05	-	-	-	-	-	-	-	-	311.59	268.05
Max UK Limited	93.47	86.09	-	-	-	-	-	-	-	-	93.47	86.09
Max Life Insurance Company Limited	20.07	4.58	-	-	-	-	-	-	-	-	20.07	4.58
Max Bupa Health Insurance Company Limited.	-	0.12	-	-	-	-	-	-	-	-	-	0.12
New Delhi House Services Limited	-	-	-	-	-	-	39.32	30.04	-	-	39.32	30.04
Delhi Guest House Private Limited	-	-	-	-	-	-	23.61	19.44	-	-	23.61	19.44
Malsi Estates Limited	-	-	-	-	-	-	-	4.19	-	-	-	4.19
Max India Foundation	-	-	-	-	-	-	-	9.93	-	-	-	9.93
Max Ventures Private Limited	-	-	-	-	-	-	15.54	7.74	-	-	15.54	7.74
Services Received												
Healthcare Services												
Max Healthcare Institute Limited	15.57	9.21	-	-	-	-	-	-	-	-	15.57	9.21
Insurance related												
Max Life Insurance Company Limited	17.03	14.16	-	-	-	-	-	-	-	-	17.03	14.16
Max Bupa Health Insurance Company Limited	39.71	19.26	-	-	-	-	-	-	-	-	39.71	19.26
Rent												
Pharmax Corporation Limited	155.53	158.57	-	-	-	-	-	-	-	-	155.53	158.57
Alps Hospital Limited	2.42	2.14	-	-	-	-	-	-	-	-	2.42	2.14
Hometrial Estates Private Limited	9.05	-	-	-	-	-	-	-	-	-	9.05	-
Veer Singh	-	-	-	-	60.00	9.96	-	-	-	-	60.00	9.96
Delhi Guest House Private Limited	-	-	-	-	-	-	84.12	-	-	-	84.12	-
Lakeview Enterprises	-	-	-	-	-	-	36.00	12.36	-	-	36.00	12.36
Repair & Maintenance												
New Delhi House Services Limited	-	-	-	-	-	-	206.49	196.92	-	-	206.49	196.92
Director's Remuneration												
Analjit Singh	-	-	502.08	500.72	-	-	-	-	-	-	502.08	500.72
Rahul Khosla	-	-	1,042.98	1,241.43	-	-	-	-	-	-	1,042.98	1,241.43
Mohit Talwar	-	-	501.94	38.57	-	-	-	-	-	-	501.94	38.57
Donation Paid												
Max India Foundation	-	-	-	-	-	-	30.00	81.53	-	-	30.00	81.53
Company's contribution to Provident Fund Trust	-	-	-	-	-	-	-	175.32	123.16	-	175.32	123.16
Company's contribution to Gratuity Trust	-	-	-	-	-	-	-	227.56	60.49	-	227.56	60.49
Company's contribution to Superannuation Trust	-	-	-	-	-	-	-	36.62	42.44	-	36.62	42.44
Provision for Diminution												
Max Ateev Limited.	5.91	2.51	-	-	-	-	-	-	-	-	5.91	2.51
Max Healthstaff International Limited.	17.96	32.65	-	-	-	-	-	-	-	-	17.96	32.65
Neeman Medical International BV	4,150.50	-	-	-	-	-	-	-	-	-	4,150.50	-
Max UK Limited.	-	213.00	-	-	-	-	-	-	-	-	-	213.00
Loans given												
Max Healthstaff International Limited.	18.97	32.65	-	-	-	-	-	-	-	-	18.97	32.65
Alps Hospitals Limited	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00	-
Max Healthcare Institute Limited.	-	4,800.00	-	-	-	-	-	-	-	-	-	4,800.00
Security deposit given												
Delhi Guest House Private Limited	-	-	-	-	-	-	36.00	-	-	-	36.00	-
Veer Singh	-	-	-	-	27.90	-	-	-	-	-	27.90	-
Lakeview Enterprises	-	-	-	-	-	-	18.00	-	-	-	18.00	-
Loans received back												
Max Healthcare Institute Limited.	-	4,800.00	-	-	-	-	-	-	-	-	-	4,800.00
Alps Hospitals Limited	700.00	-	-	-	-	-	-	-	-	-	700.00	-
(Sale) / Purchase of fixed assets												
Max Healthcare Institute Limited.	-	(0.63)	-	-	-	-	-	-	-	-	-	(0.63)
New Delhi House Services Limited	-	-	-	-	-	-	-	6.21	-	-	-	6.21
Max Ventures Private Limited.	-	-	-	-	-	-	-	(0.09)	-	-	-	(0.09)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Subsidiaries		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Interest (Expense) / Income												
Max Healthcare Institute Limited.	-	83.66	-	-	-	-	-	-	-	-	-	83.66
Alps Hospitals Limited	99.19	-	-	-	-	-	-	-	-	-	99.19	-
Pharmax Corporation Limited.	45.63	45.63	-	-	-	-	-	-	-	-	45.63	45.63
Investments made												
Max Life Insurance Company Limited	31,632.28	-	-	-	-	-	-	-	-	-	31,632.28	-
Max Healthcare Institute Limited.	3,571.43	-	-	-	-	-	-	-	-	-	3,571.43	-
Antara Senior Living Limited	5,486.42	-	-	-	-	-	-	-	-	-	5,486.42	-
Max Bupa Health Insurance Company Limited.	11,248.00	5,994.00	-	-	-	-	-	-	-	-	11,248.00	5,994.00
Share application money given												
Max Bupa Health Insurance Company Limited.	-	2,405.00	-	-	-	-	-	-	-	-	-	2,405.00
Antara Senior Living Limited	3,600.00	-	-	-	-	-	-	-	-	-	3,600.00	-
Investment in Preference Shares												
Max Healthcare Institute Limited.	-	15,000.00	-	-	-	-	-	-	-	-	-	15,000.00
Antara Senior Living Limited	4,686.42	-	-	-	-	-	-	-	-	-	4,686.42	-
Redemption of in Preference Shares												
Max Healthcare Institute Limited.	-	15,000.00	-	-	-	-	-	-	-	-	-	15,000.00
Shares issued against share warrants												
Dynavest India Private Limited.	-	-	-	-	-	-	-	17,340.00	-	-	-	17,340.00
Balance outstanding as at the year end												
Corporate Guarantee												
Max Healthcare Institute Limited.	42,295.00	43,595.45	-	-	-	-	-	-	-	-	42,295.00	43,595.45
Loans and Advances Given												
Max Ateev Limited	689.81	683.89	-	-	-	-	-	-	-	-	689.81	683.89
Max Life Insurance Company Limited	91.63	59.18	-	-	-	-	-	-	-	-	91.63	59.18
Max Healthcare Institute Limited	1,606.18	2,168.14	-	-	-	-	-	-	-	-	1,606.18	2,168.14
Pharmax Corporation Limited	458.80	452.99	-	-	-	-	-	-	-	-	458.80	452.99
Max Bupa Health Insurance Company Limited	12.59	2,577.66	-	-	-	-	-	-	-	-	12.59	2,577.66
Max Neeman Medical International Limited	763.00	788.08	-	-	-	-	-	-	-	-	763.00	788.08
Neeman Medical International NV	94.88	92.57	-	-	-	-	-	-	-	-	94.88	92.57
Max Healthstaff International Limited	1,891.59	1,873.64	-	-	-	-	-	-	-	-	1,891.59	1,873.64
Neeman Medical International BV	723.25	723.25	-	-	-	-	-	-	-	-	723.25	723.25
Antara Senior Living Limited	3,600.00	-	-	-	-	-	-	-	-	-	3,600.00	-
Alps Hospital Limited	800.00	-	-	-	-	-	-	-	-	-	800.00	-
Hometrail Estates Private Limited	0.39	10.47	-	-	-	-	-	-	-	-	0.39	10.47
Delhi Guest House Private Limited	-	-	-	-	-	-	36.00	-	-	-	36.00	-
Veer Singh	-	-	-	-	30.00	2.10	-	-	-	-	30.00	2.10
Lakeview Enterprises	-	-	-	-	-	-	18.00	-	-	-	18.00	-
Max India Foundation	-	-	-	-	-	-	0.47	2.49	-	-	0.47	2.49
Provision made against above												
Max Ateev Limited	(689.81)	(683.89)	-	-	-	-	-	-	-	-	(689.81)	(683.89)
Max Healthstaff International Limited	(1,891.59)	(1,873.64)	-	-	-	-	-	-	-	-	(1,891.59)	(1,873.64)
Neeman Medical International NV	(92.57)	-	-	-	-	-	-	-	-	-	(92.57)	-
Neeman Medical International BV	(723.25)	-	-	-	-	-	-	-	-	-	(723.25)	-
Amount Payable												
New Delhi House Services Limited	-	-	-	-	-	-	(1.53)	(16.16)	-	-	(1.53)	(16.16)
Alps Hospital Limited	(2.39)	-	-	-	-	-	-	-	-	-	(2.39)	-
Max UK Limited	(47.70)	(50.25)	-	-	-	-	-	-	-	-	(47.70)	(50.25)
Investment in Equity Share Capital												
Max Ateev Limited	3,144.36	3,144.36	-	-	-	-	-	-	-	-	3,144.36	3,144.36
Max Life Insurance Company Limited	149,087.21	146,665.37	-	-	-	-	-	-	-	-	149,087.21	146,665.37
Max Healthcare Institute Limited.	43,109.30	39,528.94	-	-	-	-	-	-	-	-	43,109.30	39,528.94
Max Bupa Health Insurance Company Limited	37,296.01	26,048.01	-	-	-	-	-	-	-	-	37,296.01	26,048.01
Antara Senior Living Limited	800.00	-	-	-	-	-	-	-	-	-	800.00	-
Pharmax Corporation Limited	1,420.65	1,420.65	-	-	-	-	-	-	-	-	1,420.65	1,420.65
Max Neeman Medical International Limited	416.68	416.68	-	-	-	-	-	-	-	-	416.68	416.68
Max Healthstaff International Limited	447.87	447.87	-	-	-	-	-	-	-	-	447.87	447.87
Neeman Medical International BV	3,334.69	3,334.69	-	-	-	-	-	-	-	-	3,334.69	3,334.69
Max UK Limited	213.00	213.00	-	-	-	-	-	-	-	-	213.00	213.00
Provision made against above												
Max Ateev Limited	(3,144.36)	(3,144.36)	-	-	-	-	-	-	-	-	(3,144.36)	(3,144.36)
Max Healthstaff International Limited	(447.87)	(447.87)	-	-	-	-	-	-	-	-	(447.87)	(447.87)
Neeman Medical International BV	(3,334.69)	-	-	-	-	-	-	-	-	-	(3,334.69)	-
Max UK Limited	(213.00)	(213.00)	-	-	-	-	-	-	-	-	(213.00)	(213.00)
Investment in Preference Share Capital												
Antara Senior Living Limited	4,686.42	-	-	-	-	-	-	-	-	-	4,686.42	-
Pharmax Corporation Limited	1,500.00	1,500.00	-	-	-	-	-	-	-	-	1,500.00	1,500.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

35. Details of utilisation of Preferential Issue Proceeds is as follows:

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Balance	17,562.14	34,885.81
Addition:		
On preferential allotment of equity shares	-	8,670.00
Total	17,562.14	43,555.81
Utilizations:		
Investment in subsidiary companies	17,562.14	23,588.67
Share application money in subsidiary company pending allotment	-	2,405.00
Total	17,562.14	25,993.67
Balance funds invested	-	17,562.14
- In Fixed Deposits	-	16,756.57
- In Mutual Funds	-	805.57

36. Contingent Liabilities not provided for

S. No.	Particulars	(Rs. in Lacs)	
		As at March 31, 2013	As at March 31, 2012
i.	Corporate guarantee given to financial institutions / banks in respect of financial assistance availed by a subsidiary of the Company. (Refer note (a))		
	- Export-Import Bank of India	4,650.00	5,625.00
	- Housing Development Finance Corporation Limited	14,689.20	17,336.40
ii.	Claims against the Company not acknowledged as debts (Refer note (b))		
	- Excise Duty Demands	2,129.18	1,867.86
	- Custom Duty Demands	373.68	362.54
	- Service Tax Demands	223.08	323.75
	- Entry Tax	1,198.84	243.37
iii.	Liability on account of discounting of bills	576.15	533.90
iv.	Letters of credit outstanding with various banks in favour of domestic and foreign suppliers for supply of raw materials and capital goods	370.68	271.10
v.	Obligation arising from import of capital equipment at concessional rate of duty during the year under Export Promotion Capital Goods Scheme (Refer note (c))	76.65	1,985.84
vi.	Put option liability of 11.25% Optionally Partially convertible preference shares allotted by a subsidiary (Refer note (d))	22,955.80	20,634.05
vii.	Income tax cases (note e and f)		
vii.(a)	Disallowances made during assessments for the assessment years 1999-00 to 2010-11 *	-	83.87
vii.(b)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961, which are pending disposal for:	628.02	686.47
	1. Assessment years 1992-93 to 1993-94 - 33.42 Lacs		
	2. Assessment years 2002-03 to 2005-06 - 586.44 Lacs**		
	3. Assessment Year 2009-10 - 8.16 Lacs		
vii.(c)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)	Refer note (f)	

* Income tax demand from AY 2001-02 to 2006-07 was levied on the disallowances confirmed by CIT (Appeal). The ITAT vide its order dated March 8, 2013 has deleted the disallowances confirmed by CIT (Appeals), consequently the demand levied by the department will be deleted and accordingly provision of Rs. 771.50 lacs has been written back

** Penalty from AY 2002-03 to 2005-06 was levied on the disallowances confirmed by CIT (Appeal). The ITAT vide its order dated March 8, 2013 has deleted the disallowances confirmed by CIT (Appeals), consequently the penalty levied by the department will be deleted.

Note:

- a. Guarantees given by the Company on behalf of a subsidiary is not considered as prejudicial to the interest of the Company as it provides opportunities for growth and increase in operations.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- b. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums/authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various forums/authorities. The Company has not made any provision for the demands in Excise, Service Tax, Customs and Entry Tax as the Company believes that they have a good case based on existing judicial pronouncements.
- c. The export obligation undertaken by the Company for import of capital equipment under Export Promotion Capital Goods Scheme of the Central Government at concessional or zero rate of custom duty are in the opinion of the management expected to be fulfilled within the respective timelines.
- d. In 2007-08, the Company had granted a put option to International Finance Corporation ("IFC"), in respect of its subscription to the Company's subsidiary Max Healthcare Institute Limited's Optional Cumulative Partially Convertible Redeemable Preference Shares. The put option aggregates Rs. 12,500.00 Lacs (Previous year Rs. 12,500.00 Lacs) together with an assured IRR of 11.25%. The Company's obligation on the above put option is exercisable by IFC any time after July 20, 2011 or in the event of non performance of certain obligations by Max Healthcare Institute Limited and/or by the Company. No such event has happened that necessitates provision of such obligation in books of account.
- f. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S.No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 Lacs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs which included the demand of Rs. 24,368.00 Lacs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL.	High Court
4	2006-07	The capital gains realized from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled.	CIT(A)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals).

Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings have been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs has been raised. The company has filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013.

37. Derivative Instruments and Un hedged Foreign Currency Exposure

(a) Particulars of forward contract

Particulars of Derivatives	As at March 31, 2013	As at March 31, 2012	Purpose
Forward Contracts (Buy)	USD 8.08 (INR 441.60)	NIL	To hedge the liability against outstanding trade payables.
outstanding at Balance Sheet Date (in Lacs)	NIL	NIL	
	NIL	NIL	
Forward Contracts (Sell)	USD 41.31 (INR 2,225.61)	USD 45.30 (INR 2,301.24)	To hedge the outstanding trade receivables.
outstanding at Balance Sheet date (in Lacs)	EURO 29.11 (INR 1,999.01)	EURO 10.46 (INR 705.84)	
	GBP 5.44 (INR 442.16)	NIL	

(b) Particulars of Unhedged Foreign Currency Exposure

Particulars	As at March 31, 2013			As at March 31, 2012		
	Foreign Currency	Exchange Rate	Indian Rupee	Foreign Currency	Exchange Rate	Indian Rupee
	(in Lacs)	(Rupee)	(in Lacs)	(in Lacs)	(Rupee)	(in Lacs)
Import trade payables (EUR)	1.59	70.39	111.81	1.33	69.35	92.24
Import trade payables (GBP)	0.84	83.34	70.05	0.41	82.97	34.02
Import trade payables (USD)	8.09	54.67	442.13	21.01	51.68	1,085.80
Export trade receivables (USD)	11.45	53.88	616.97	33.45	50.80	1,699.22
Export trade receivables (EURO)	6.09	68.68	418.17	3.05	67.48	205.81
Export trade receivables (GBP)	2.13	81.28	173.21	1.87	80.75	151.00
Investments	-	-	3,547.69	-	-	3,547.69

38. Value of Imports calculated on CIF Basis

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Raw material	10,498.84	10,033.21
Components and spares parts	445.51	429.94
Capital goods	299.12	648.28
	11,243.47	11,111.43

39. Expenditure in Foreign Currency

	(Rs. in Lacs)	
Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Legal and professional	471.73	412.17
Salary	112.72	116.77
Commission	84.76	54.64
Others	323.49	312.75
Total	992.70	896.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

40. Details of loans and advances to firms / companies in which directors are interested As required under clause 32 of the listing agreement

Name	As at March 31, 2013		As at March 31, 2012	
	Amount outstanding	Maximum amount outstanding during the year	Amount outstanding	Maximum amount outstanding during the year
Loans and advances in the nature of loans to subsidiary companies				
Pharmax Corporation Limited	338.00	338.00	338.00	338.00
Alps Hospital Limited	800.00	1,500.00	-	-

41. Imported and Indigenous raw materials and spare parts consumed

Materials	For the year ended March 31, 2013		For the year ended March 31, 2012	
	% of Consumption	Value	% of Consumption	Value
Raw Materials				
- Imported	22.49	11,577.26	20.81	10,038.97
- Indigenous	77.51	39,989.98	79.19	38,210.82
	100.00	51,567.24	100.00	48,249.79
Store and Spares				
- Imported	31.65	251.01	30.05	250.39
- Indigenous	68.35	542.15	69.95	582.82
	100.00	793.16	100.00	833.21

42. Earnings in Foreign Currency (Accrual Basis)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Exports on FOB basis	23,773.35	22,045.02
Total	23,773.35	22,045.02

43. During the year, the Board of Directors of the Company at their meeting held on September 10, 2012, accorded in principle approval for sale of Max Speciality Films (MSF) division of the Company to the identified third party and accordingly the Company informed the same to the stock exchanges. The Company has decided not to pursue the plan for disposal to the third party and in its meeting of Board of Directors held on May 29, 2013, the Board of Directors approved the same. This has no financial impact on the financial statements of the Company.

Subsequent to the year end the Board of Directors in its meeting held on May 29, 2013 has approved the restructuring of Max India Limited with respect to its MSF division, by way of transfer of business of this division to a subsidiary of the Company.

44. Previous year figures have been regrouped / reclassified, wherever necessary, to conform to current year's classification.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Firm Registration No.: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of **Max India Limited**

per **Manoj Gupta**
Partner
Membership No.: 83906

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

N.C. Singhal
(Director)

V. Krishnan
(Company Secretary)

Ashwani Windlass
(Director)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(3) AND 212(5) OF THE COMPANIES ACT,1956

Name of the Subsidiary Company	Financial Year to which Accounts relate	Holding Company's interest as at close of Financial Year of Subsidiary Company		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are not dealt within the Company's Account		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are dealt within the Company's Account		Holding Company's interest as at 31.03.2013 incorporating Changes Since Close of Financial Year/Period of Subsidiary Company	
		i) Shareholding	ii) Extent of Holding	For the Current Financial Year (Rs. Lacs)	For the Previous Financial Years (Rs. Lacs)	For the Current Financial Year (Rs. Lacs)	For the Previous Financial Years (Rs. Lacs)		
Domestic:									
Max Life Insurance Company Ltd. (Note 1)	31.03.2013	138,16,21,014 Equity Shares of Rs. 10 each	71.05%	30,086.95	(26,272.87)	NIL	NIL	Not Applicable	Not Applicable
Max Bupa Health Insurance Company Ltd.	31.03.2013	37,29,60,000 Equity Shares of Rs. 10 each	74.00%	(8,581.23)	(20,577.25)	NIL	NIL	Not Applicable	Not Applicable
Max Healthcare Institute Ltd.	31.03.2013	28,13,92,766 Equity Shares of Rs. 10 each	71.17%	(4,116.75)	(10,179.94)	NIL	NIL	Not Applicable	Not Applicable
Hometrail Estate Pvt. Ltd. (Note 2)	31.03.2013	1,24,10,000 Equity Shares of Rs. 10 each	71.17%	(1,149.69)	(1,252.78)	NIL	NIL	Not Applicable	Not Applicable
Hometrail Buildtech Pvt. Ltd. (Note 2)	31.03.2013	11,010,000 Equity Shares of Rs. 10 each	71.17%	(1,582.12)	(1,057.68)	NIL	NIL	Not Applicable	Not Applicable
Max Medical Services Ltd. (Note 2)	31.03.2013	3,41,42,535 Equity Shares of Rs. 10 each	71.17%	(72.18)	(2,760.19)	NIL	NIL	Not Applicable	Not Applicable
Aps Hospital Ltd. (Note 3)	31.03.2013	24,50,000 Equity Shares of Rs. 10 each	71.17%	(290.02)	(2,442.50)	NIL	NIL	Not Applicable	Not Applicable
Max Neeman Medical International Ltd.	31.03.2013	41,66,813 Equity Shares of Rs. 10 each	100.00%	(199.98)	64.25	NIL	NIL	Not Applicable	Not Applicable
Pharmax Corporation Ltd.	31.03.2013	4,71,17,247 Equity Shares of Re. 1 each	85.20%	314.54	(74.44)	NIL	NIL	Not Applicable	Not Applicable
Max Ateev Ltd.	31.03.2013	3,14,43,600 Equity Shares of Rs. 10 each	100.00%	(5.37)	(3,816.85)	NIL	NIL	Not Applicable	Not Applicable
Max Healthstaff International Ltd.	31.03.2013	3,945,000 Equity Shares of Rs. 10 each	100.00%	(19.65)	(2,251.85)	NIL	NIL	Not Applicable	Not Applicable
Antara Senior Living Ltd. (Note 4)	31.03.2013	800,000 Equity Shares of Rs. 10 each	100.00%	(171.38)	-	NIL	NIL	Not Applicable	Not Applicable
Antara Purukul Senior Living Pvt. Ltd. (Note 5)	31.03.2013	99,000 Equity Shares of Rs. 10 each	100.00%	3.44	-	NIL	NIL	Not Applicable	Not Applicable
Overseas:									
Neeman Medical International B.V.	31.03.2013	38 Ordinary Shares of Euro 500 each	100.00%	(5,938.00)	(5,425.77)	NIL	NIL	Not Applicable	Not Applicable
Neeman Medical International N.V. (Note 6)	31.03.2013	125 Ordinary Shares of Euro 500 each	100.00%	(3,467.92)	(8,639.95)	NIL	NIL	Not Applicable	Not Applicable
Max Neeman Medical International Inc., USA (Note 7)	31.03.2013	325 Shares having no par value (Note 8)	100.00%	22.35	(3,594.49)	NIL	NIL	Not Applicable	Not Applicable
Max UK Ltd., UK	31.03.2013	2,99,742 Ordinary Shares of GBP 1 each	100.00%	5.79	(135.58)	NIL	NIL	Not Applicable	Not Applicable

Notes:

- Formerly known as Max New York Life Insurance Company Ltd.
- Held through Max Healthcare Institute Ltd.
- Held through Max Medical Services Ltd.
- Subsidiary w.e.f. June 29, 2012
- Held through Antara Senior Living Ltd., Subsidiary w.e.f. March 11, 2013
- Held through Neeman Medical International B.V., Netherlands
- Held through Neeman Medical International N.V., Netherlands
- Paid value of 325 shares is US\$ 750,000 equivalent to Rs. 366.08 Lacs
- Figures in brackets indicate loss.

For and on behalf of the Board of Directors

New Delhi
Dated: August 13, 2013

Anajit Singh
Chairman



**MAX INDIA LIMITED
CONSOLIDATED**





INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Max India Limited

We have audited the accompanying consolidated financial statements of Max India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of Rs.43,773.96 lacs as at March 31, 2013, total revenues of Rs.14,123.94 Lacs and net cash outflows amounting to Rs.(47.08) Lacs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it related to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of the joint ventures of the group, whose financial statements reflect group's share of total assets of Rs.996.41 lacs as at March 31, 2013, group's share of total revenues of Rs.867.99 Lacs and group's share of net cash outflows of Rs.103.02 Lacs for the year then ended. These financial statements and other financial information have been certified by the management and our opinion is based solely on these management certified accounts. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Manoj Gupta
Partner
Membership Number: 83906

Place: Gurgaon
Date: May 29, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

		(Rs. in Lacs)	
	Notes	As at March 31, 2013	As at March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	4	5,310.41	5,291.38
Reserves and surplus	5	284,974.57	245,983.87
		290,284.98	251,275.25
Preference shares	6	12,500.00	12,500.00
Minority interest		73,496.64	70,982.48
Non-current liabilities			
Long-term borrowings	7	37,820.27	39,752.05
Deferred tax liabilities (net)	9	1,902.48	1,184.94
Trade payables	8	7,170.52	6,230.66
Other long-term liabilities	8	25,328.49	22,546.68
Long-term provisions	10	9,764.62	7,243.82
Policyholders' liabilities	11	1,579,677.29	1,355,589.69
Funds for future appropriations - participating policies		67,872.33	42,441.11
		1,729,536.00	1,474,988.95
Current liabilities			
Short-term borrowings	12	21,195.72	8,092.51
Trade payables	13	80,546.82	78,014.46
Other current liabilities	13	76,473.86	58,867.71
Short-term provisions	10	24,930.83	9,556.32
Policyholders' liabilities	11	168,806.42	113,250.30
		371,953.65	267,781.30
TOTAL		2,477,771.27	2,077,527.98
Assets			
Non-current assets			
Fixed assets			
Tangible assets	14	120,078.14	111,431.59
Intangible assets	15	6,789.91	6,443.93
Capital work-in- progress		8,374.81	7,467.91
Intangible assets under development		854.00	53.12
Goodwill on consolidation		32,867.21	18,957.05
Non-current investments	16	1,888,056.37	1,518,417.11
Long-term loans and advances	17	33,067.16	25,508.41
Trade receivables	18	8,461.38	8,624.45
Other non-current assets	19	23.19	10.00
		2,098,572.17	1,696,913.57
Current assets			
Current investments	20	221,068.91	235,182.14
Fixed assets held for sale	14	117.04	187.51
Inventories	21	6,132.95	6,343.73
Trade receivables	18	64,775.10	50,231.70
Cash and bank balances	22	41,619.65	52,499.36
Short-term loans and advances	17	16,249.73	14,166.62
Other current assets	19	29,235.72	22,003.35
		379,199.10	380,614.41
TOTAL		2,477,771.27	2,077,527.98
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of Max India Limited

per Manoj Gupta
Partner
Membership No.: 83906

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

N.C. Singhal
(Director)

V. Krishnan
(Company Secretary)

Ashwani Windlass
(Director)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

		(Rs. in Lacs)	
	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Income			
Revenue from operations (gross)	23	1,061,584.73	858,387.59
Less: excise duty		5,386.20	4,695.85
Revenue from operations (net)		1,056,198.53	853,691.74
Other income	24	6,162.78	4,127.79
Total revenue (I)		1,062,361.31	857,819.53
Expenses			
Cost of raw material consumed	25	51,567.24	48,249.79
Purchase of pharmacy and pharmaceuticals supplies		28,888.87	21,951.98
(Increase)/ decrease in inventories of work-in-progress, finished goods and traded goods	26	(59.86)	(806.62)
Change in policy reserves	27	305,074.94	265,937.11
Employee benefits expense	28	87,958.91	79,623.64
Other expenses	29	467,668.05	399,882.89
Depreciation and amortisation	30	13,679.47	10,196.10
Finance costs	31	8,445.37	8,596.14
Total expenses (II)		963,222.99	833,631.03
Profit before tax		99,138.32	24,188.50
Tax expense			
Current tax		18,041.22	174.52
Less: MAT Credit Entitlement		(3,802.02)	-
Less: Tax related to previous years (refer note 40)		(771.50)	-
Deferred tax		717.54	225.61
Total tax expense		14,185.24	400.13
Profit after tax		84,953.08	23,788.37
Minority Interest		(6,540.76)	(8,290.71)
Profit after tax (after adjusting minority interest)		78,412.32	15,497.66
Earnings per equity share	32		
[Nominal value of shares Rs.2 (Previous year Rs.2)]			
Basic (Rs.)		29.48	5.95
Diluted (Rs.)		29.29	5.85

Summary of significant accounting policies

3

The accompanying notes are integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of Max India Limited

per Manoj Gupta
Partner
Membership No.: 83906

Rahul Khosla
(Managing Director)

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N.C. Singhal
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(Company Secretary)

Ashwani Windlass
(Director)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flow from operating activities		
Net Profit / (loss) before tax	99,138.32	24,188.50
Non cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation / amortisation	13,679.47	10,196.10
Interest expense	6,897.85	7,097.00
Interest income	(98,764.20)	(72,915.91)
Amortisation of discount/(premium) on investments	(7,750.42)	(758.19)
Dividend income from investments	(9,105.93)	(7,494.02)
Appropriation / expropriation adjustment account	-	1,586.38
Net (profit) / loss on sale of fixed assets	92.74	242.87
Net (profit) / loss on sale of investments	(111,069.79)	(9,170.37)
Unrealised (gain) / loss on investments	(12,775.60)	36,948.23
Fixed assets written off	90.86	-
Stock written off	27.74	-
Doubtful advances written off	114.83	104.80
Provision for doubtful debts and advances	684.94	582.19
Goodwill written off	528.75	-
Liability/ provisions no longer required written back	(265.19)	(343.12)
Employee stock option expense	953.16	1,153.39
Unrealised foreign exchange (gain) / loss	(20.48)	(80.12)
Change in policyholder reserves	305,074.94	265,937.11
Change in reserves for unexpired risk	5,394.76	3,834.67
Operating profit before working capital changes	192,926.75	261,109.51
Movement in working capital :		
Increase/ (decrease) in long-term trade payables	939.86	(1,046.85)
Increase/ (decrease) in short-term trade payables	2,797.55	17,778.45
Increase/ (decrease) in long-term provisions	452.69	181.70
Increase/ (decrease) in short-term provisions	19,459.96	464.11
Increase/ (decrease) in other current liabilities	16,291.77	11,216.97
Increase/ (decrease) in other long-term liabilities	2,781.81	5,281.77
Decrease / (increase) in long-term trade receivables	163.08	(512.83)
Decrease / (increase) in short-term trade receivables	(15,218.87)	(15,873.34)
Decrease / (increase) in inventories	183.04	(1,449.74)
Decrease / (increase) in long-term loans and advances	(7,168.05)	332.45
Decrease / (increase) in short-term loans and advances	(2,186.93)	8,036.71
Decrease / (increase) in other current assets	213.79	(117.54)
Cash generated from/(used in) operations	211,636.45	285,401.37
Direct taxes paid (net of refunds)	(17,496.18)	(35.32)
Net cash flow from /(used in) operating activities (A)	194,140.27	285,366.05
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(25,873.93)	(33,162.24)
Proceeds from sale of fixed assets	772.52	885.62
Purchase of investments in subsidiary	(35,204.20)	(17,580.03)
Proceeds from investments in subsidiary	98,444.98	-
Proceeds from investments in joint venture	820.36	-
Purchase of investments	(6,581,424.18)	(5,334,525.91)
Proceeds from sale of investments	6,259,048.98	4,952,218.26
Investment in deposits (having original maturity of more than three months) and margin money	(10,722.05)	(93,501.89)
Redemption in deposits (having original maturity of more than three months)and margin money	14,093.30	125,586.35
Interest received	91,318.04	66,815.19
Dividend received	9,105.93	7,494.02
Net cash flow from /(used in) investing activities (B)	(179,620.25)	(325,770.63)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash flow from financing activities		
Proceeds from conversion of shares warrants	-	8,670.00
Issue of shares by subsidiary to minority	3,952.00	69,008.51
ESOPs exercised	19.03	0.10
Share issue expenses	-	(652.70)
Redemption of cumulative preference shares	-	(20,293.32)
Proceeds from long-term borrowings	6678.84	7,879.95
Repayment of long-term borrowings	(7,091.25)	(3,602.20)
Net proceeds from short-term borrowings	13,103.21	(408.00)
Interest paid	(6,885.04)	(7,321.99)
Dividend paid on equity shares	(26,552.02)	-
Tax on equity dividend paid	(5,240.06)	-
Net cash flow from/(used in) financing activities (C)	(22,015.29)	53,280.34
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	(7,495.27)	12,875.77
Impact of Foreign exchange fluctuations	-	(4.54)
Cash and cash equivalents at the beginning of the year	46,943.13	34,071.90
Cash and cash equivalents at the end of the year	39,447.86	46,943.13
	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Components of cash and cash equivalent		
Cash on hand	1,708.77	1,508.12
Cheques/drafts on hand	5,264.31	231.60
With banks -		
on current account	31,098.10	26,822.00
on deposit account	1,000.00	18,375.52
on cash credit accounts	72.50	-
on dividend accounts*	107.39	-
on escrow accounts**	188.74	-
Stamps in hand	8.05	5.89
Total cash and cash equivalents	39,447.86	46,943.13

* The company can utilise these balances only towards settlement of the respective unpaid dividend liabilities

** The company can utilise these balances only toward restricted purposes

Summary of significant accounting policies

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

For and on behalf of the Board of Directors of Max India Limited

per Manoj Gupta
Partner
Membership No.: 83906

Rahul Khosla
(Managing Director)

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(Director)

Rahul Ahuja
(Group Financial Controller)

V. Krishnan
(Company Secretary)

Gurgaon
May 29, 2013

New Delhi
May 29, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. Basis of preparation

The Consolidated Financial Statements (CFS) comprises the financial statements of Max India Limited ("the Company") and its Subsidiaries and Joint Ventures (hereinafter referred to as "Group Companies" and together as "Group". The CFS of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under historical cost convention on an accrual basis in compliance with all material aspects of Accounting Standards (AS) notified by the Companies Accounting Standard Rules, 2006 (as amended), and the relevant provisions of the Companies Act, 1956, in case of insurance companies, the guidelines issued by the Insurance Regulatory and Development Authority (IRDA).

The financial statements of Max Life Insurance Company Limited and Max Bupa Health Insurance Company Limited, subsidiaries of the company, which are included in these CFS, are prepared in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority (Preparation of Financial Statement and Auditor's Report of Insurance Companies) Regulations, 2002, Accounting Standards (AS) notified by the Companies Accounting Standard Rules, 2006 (as amended), and the requirements of the Insurance Act 1938, Insurance Regulatory and Development Authority Act, 1999, and the regulations framed there under and the Companies Act, 1956, to the extent applicable and the practices prevailing within the insurance industry in India.

The accounting policies have been consistently applied by the Group, and are consistent with those used in previous year except for change in accounting policy as specified in note 3.1.

2. Principles of Consolidation

"The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating all intra-group balances and transactions and resulting unrealized gains/losses as per AS-21 "Consolidated Financial Statements" using the uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements."

Investment in Joint Ventures have been accounted by using the proportionate consolidation method as per AS - 27 ;"Financial Reporting of Interest in Joint Ventures".

"Minority interest in the net assets of Subsidiaries consist of :

- The amount of equity attributable to the minorities at the date on which investment in Subsidiary is made;
- The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence."

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the CFS as Goodwill/ Capital Reserve. The goodwill arising on consolidation is not amortised but tested for impairment on periodic basis.

All the subsidiaries and joint ventures follows financial year as accounting year

2.1 The list of subsidiary companies considered in consolidated financial statements:

Sl. No.	Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at March 31, 2013	Proportion of ownership as at March 31, 2012
1	Max Life Insurance Company Limited (i)	India	71.05%	69.77%
2	Max Healthcare Institute Limited	India	71.17%	69.36%
3	Max Medical Services Limited (ii)	India	100.00%	100.00%
4	Hometrail Estate Private Limited (ii)	India	100.00%	100.00%
5	Hometrail Buildtech Private Limited (ii)	India	100.00%	100.00%
6	Alps Hospital Limited (iii)	India	100.00%	100.00%
7	Max Bupa Health Insurance Company Limited	India	74.00%	74.00%
8	Pharmax Corporation Limited	India	85.20%	85.20%
9	Max Ateev Limited	India	100.00%	100.00%
10	Max HealthStaff International Limited	India	100.00%	100.00%
11	Max Neeman Medical International Limited	India	100.00%	100.00%
12	Antara Senior Living Limited (iv)	India	100.00%	Nil
13	Antara Purukul Senior Living Private Limited (v)	India	100.00%	Nil
14	Neeman Medical International BV	Netherlands	100.00%	100.00%
15	Neeman Medical International NV (vi)	Netherlands	100.00%	100.00%
16	Max Neeman Medical International Inc.(vii)	United States of America	100.00%	100.00%
17	Max UK Limited	United Kingdom	100.00%	100.00%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The list of joint venture of subsidiary companies considered in consolidated financial statements:

Sl. No.	Name of Joint Venture	Country of incorporation	Proportion of ownership as at March 31, 2013	Proportion of ownership as at March 31, 2012
1	Forum I Aviation Limited ^(viii)	India	14.29%	14.29%
2	Nova Medical Centres NCR Region Private Limited ^(ix)	India	Nil	22.44%

NOTES:

- (i) Formerly Max New York Life Insurance Company Limited
- (ii) Held through Max Healthcare Institute Limited
- (iii) Held through Max Medical Services Limited
- (iv) Subsidiary w.e.f. June 29, 2012
- (v) Held through Antara Senior Living Limited, Subsidiary w.e.f. March 11, 2013
- (vi) Held through Neeman Medical International BV, Netherlands
- (vii) Held through Neeman Medical International NV, Netherlands
- (viii) Joint Venture of Pharmax Corporation Limited
- (ix) Joint Venture of Max Healthcare Institute Limited till August 16, 2012

- 2.2. On June 29, 2012, the Group acquired 100% stake in Antara Senior Living Limited, for a purchase consideration of Rs 1 lac. Further on March 11, 2013 the Group acquired 100% stake in Antara Purukul Senior Living Private Limited, for a purchase consideration of Rs 35 lacs. The resultant goodwill amounted to Rs 10.10 lacs. The effect of the acquisition of these subsidiaries on the consolidated financial statement is as follows:

(Rs. In Lacs)

Particulars	Antara Senior Living Limited	Antara Purukul Senior Living Private Limited	Total
I. Equity and Liabilities			
Shareholders' funds	8,910.52	4,018.75	12,929.27
Non- current liabilities	14.83	-	14.83
Current liabilities	220.62	475.98	696.60
Total Liabilities	9,145.97	4,494.73	13,640.70
II. Assets			
Non- current assets	4,811.64	3,851.91	8,663.55
Current assets	4,334.33	642.82	4,977.15
Total Assets	9,145.97	4,494.73	13,640.70
Profit/ (loss) considered in consolidated financial statements	(171.39)	7.00	(164.39)

3. Summary of significant accounting policies

3.1 Change in accounting policy

Valuation of Investments

Till the year ended March 31, 2012, Max Life Insurance Company Limited (MLIC), used to value listed shares at fair value, being the last quoted closing price on the National Stock Exchange (NSE) and in case the same is not available, then on the BSE Limited (BSE). MLIC has changed its accounting policy for valuation of listed shares as at balance sheet date. In accordance with the revised policy, MLIC values listed shares at fair value, being lowest of the last quoted closing price on National Stock Exchange (NSE) or BSE Limited (BSE).

Had the group continued to use the earlier policy for valuation of listed shares, the linked policy liabilities would have been higher by Rs.529.18 Lacs, fair value change account for policyholder would have been higher by Rs.36.37 Lacs, fair value change account of shareholder would have been higher by Rs.16.66 Lacs and the value of listed shares would have been higher by Rs.582.21 Lacs. This has no impact on statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3.2 Use of estimates

The preparation of Consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3.3 Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

3.4 Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is calculated using straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Group has used the following rates to provide depreciation on its fixed assets:

Assets	Depreciation
Building	1.63-3.34%
Leasehold improvements	10.00% or the rate based on lease period, whichever is higher
Plant and Equipments	4.75%
Medical Equipments	7.07%
Surgical Equipments	20.00%
Furniture and fixtures	6.33-20.00%
Office equipments	4.75-20.00%
IT equipments	16.21-25.00%
Vehicles	9.5-20.00%

Fixed assets individually costing less than Rs. 5,000 are depreciated at 100%.

In Max Life Insurance Company Limited, fixed assets at third party locations and not under direct physical control of the Company are fully depreciated over twelve months from the month of purchase. Also, Depreciation on the fixed assets added/disposed of/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding and all assets individually costing upto Rs.5000 are fully depreciated in the year of purchase.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Cost of internally generated intangible assets

Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the asset
- its ability to use the asset
- how the asset will generate future economic benefits



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- (v) the availability of adequate resources to complete the development and to use the asset
- (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The cost of internally generated intangible asset includes sum of expenditure incurred from the time the intangible asset first meet the development criteria and comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Intangible assets comprising of computer softwares and technical know-how are amortized over a period of two to six years based on management's estimate of economic useful life of the individual assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

3.6 Leases

Where the group is lessee

Finance leases, which effectively transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the group is the lessor

Leases in which the group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

3.7 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3.8 Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining



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net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

3.9 Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the grant/subsidy will be received, and (ii) the company will comply with the conditions attached to them.

When the grant or subsidy relates an revenue item, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoter's contribution are credited to the capital reserve and treated as a part of shareholders fund.

3.10 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceed is charged or credited to the statement of profit and loss

Insurance businesses:

Investments are made in accordance with the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) Regulations, 2000, and subsequent circulars/notifications issued by the IRDA from time to time. Investments are recorded at cost on date of purchase, which includes brokerage and statutory levies, if any and excludes interest paid, if any, on purchase. Diminution in the value of investment (non-linked), other than temporary decline, is charged to revenue and profit and loss account as applicable.

(a) Classification

Investments intended to be held for a period less than twelve months or maturing within twelve months from the balance sheet date are classified as short term investments. All other investments are classified as long-term investments.

(b) Valuation - shareholders' investments and non-linked policyholders' investments

Debt securities, which include government securities, are considered as 'held to maturity' and measured at historical cost. The premium/discount, if any, on purchase of debt securities including money market instruments is recognized



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and amortized in the statement of profit and loss, as applicable, over the remaining period to maturity on the basis of their intrinsic yield.

Listed shares, as at balance sheet date, are valued at fair value, being lowest of last quoted closing price on National Stock Exchange (NSE) or BSE Limited (BSE). Unlisted equity shares (including awaiting listing) are stated at historical cost subject to diminution, if any, determined separately for each individual investment. Investments in Mutual fund units are valued at previous day's net asset value of the respective funds.

Unrealised gains/losses due to change in fair value of listed securities is credited/debited to 'Fair Value Change Account'.

Reverse repos are valued at cost plus interest accrued on reverse repo rate. Fixed deposits are valued at cost till the date of maturity.

(c) Valuation – Linked Investments

Government securities are valued at the prices obtained from CRISIL Limited (CRISIL). Debt securities other than Government Securities are valued on the basis of Bond Valuer (CRISIL).

Listed shares are valued at fair value, being lowest of last quoted closing price on National Stock Exchange (NSE) or BSE Limited (BSE). Unlisted equity shares (including awaiting listing) are stated at historical cost subject to diminution, if any, determined separately for each individual investment. Mutual Fund units are taken at the previous day's net asset values.

Reverse repos are valued at cost plus interest accrued on reverse repo rate. Fixed deposits are valued at cost till the date of maturity.

Money market and debt securities with a residual maturity upto 182 days are valued at amortised cost (from cost/last valuation price till the beginning of the day to the redemption value), spread uniformly over the remaining maturity period of the instrument.

(d) Transfer of Investments

Investments in debt securities are transferred from shareholders to policyholders at net amortized cost. Investments other than debt securities are transferred from shareholders to policyholders at lower of book value or market value. Transfer of investments between unit linked funds is affected at market price as at previous day closing.

(e) Impairment of Investments

The Group assesses at each Balance Sheet date whether there is any indication that any investment may be impaired. In case of impairment, the carrying value of such investment is reduced to its fair value and the impairment loss is recognised in the statement of profit and loss. However, at the Balance Sheet date if there is any indication that a previously recognised impairment loss no longer exists, then such loss is reversed and the investment is restated to that extent.

3.11 Inventories

Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other cost incurred in bringing the inventories to the inventories to their present location and condition. Cost is determined on first-in-first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

3.12 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. the group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the group. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend

Dividend income is recognized when the group's right to receive dividend is established by the reporting date.

For Life Insurance Business, revenue is recognised as follows:

Premium Income

Premium is recognized as income when due from policyholders. For linked business, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. Top-up premiums are recognised as single premium.

Income from linked fund

Fees on linked policies including fund management charges, policy administration charges, surrender penalty charges, mortality charges, etc., are recovered from the linked fund and recognised in accordance with the terms and conditions mentioned in the policies.

Income earned on investments

Income from investments is recognised on an accrual basis. Dividend income is recognised, when the right to receive the dividend is established. Realised gains/losses on debt securities for other than linked business is the difference between the sale consideration and the amortised cost computed on weighted average basis on the date of sale. Sale consideration for the purpose of realised gain/loss excludes interest accrued till transaction settlement date and is net of brokerage and statutory levies, if any.

In case of listed shares / mutual fund units for non linked business, the profit/loss on actual sale of investment includes the accumulated changes in the fair value, previously recognised under "Fair Value Change Account". Unrealised gains/losses due to change in fair value of listed equity shares and mutual fund are credited / debited to 'Fair Value Change Account'.

For linked business realised gains/losses on securities is the difference between the sale consideration and the book value, which is computed on weighted average basis, as on the date of sale. Sale consideration for the purpose of realised gain/loss excludes interest accrued till transaction settlement date and is net of brokerage and statutory levies, if any. Unrealised gains and losses are recognised in respective fund revenue account.

Reinsurance premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the reinsurer.

Income earned on loans

Interest income on loans is recognised on an accrual basis.

Health Insurance Business

Premium Income

Premium income and cessation thereof are recognized over the contract period or period of risk whichever is appropriate, on a gross basis (net of service tax). Any subsequent revision of premium or cancellation of the policies is accounted for in the year in which they arise.

Premium Income

Commission income on reinsurance ceded is recognized in the year of cessation of reinsurance premium.



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Profit share under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of the profits and as intimated by the reinsurer.

Interest/Dividend income

Interest income is recognised on accrual basis. Accretion of discount and amortization of premium relating to debt securities is recognized as per constant yield method. Dividend is recognised when right to receive the dividend is established.

Profit/loss on Sale/Redemption of investments

Profit or loss on sale/redemption of investments, being the difference between sale consideration/redemption value and carrying value of investments is credited or charged to Profit and Loss account. The profit/loss on sale of investment include accumulated changes in the fair value previously recognized in 'Fair Value Change Account' in respect of a particular security.

Healthcare Business

Revenue from healthcare services are recognised on the performance of related services and includes service for patients undergoing treatment and pending for billing, which is shown as unbilled under other current assets. Revenues from other healthcare service providers and sponsorship and educational income are recognized on the performance of related services as per the terms of contracts.

Revenue from sale of pharmacy and pharmaceutical supplies is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales tax and value added taxes on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Benefits under "Served from India Scheme" available for foreign exchange earned under prevalent scheme of Government of India are accrued when the right to receive these benefits as per the terms of the scheme is established and accrued to the extent there is no significant uncertainty about the measurability and ultimate utilization.

Clinical Research Business

Revenue from services is recognized by reference to the stage of completion of clinical study projects subscribed with pharmaceutical companies.

Revenue from services is recognized with reference to the stage of completion of clinical data management service projects subscribed with pharmaceutical companies.

Lease Rentals

In respect of lease rentals on operating leases, revenue is recognized proportionately on a straight line basis over the period of the related agreements. Contingent lease rent is recognized based on the occurrence of the contingency i.e contingent on turnover of the lessee.

3.13 Foreign exchange transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward exchange contracts not intended for trading or speculation purposes

The premium or discounts arising at the inception of forward exchange contracts is amortised and recognised as an expense or income over the life of the contract. Exchange difference on such contracts is recognized in the statement of



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profit and loss in the period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the period.

Translation of non-integral foreign operations

The Group classifies all its foreign operations as “non-integral foreign operations.” The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at average exchange rates which approximates the exchange rates at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

3.14 Employee Benefits

Provident Fund

Retirement benefit in the form of Provident Fund is a defined benefit obligation as the Company and its employees are contributing to a provident fund trust “Max India Limited Employees Provident Fund Trust” and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

Superannuation fund

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the fund. Liability in respect of superannuation fund to the employees is accounted for as per the Company’s Scheme and contributed to “Max India Limited Superannuation Fund” every year. The contributions to the funds are charged to the statement of profit and loss of the year.

Gratuity

Employee benefit in form of gratuity plan is a defined benefit obligation. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

The Company has a recognised gratuity trust “Max India Limited Employees Gratuity Fund” which in turn has taken a policy with LIC to cover the gratuity liability of the employees.

Long term incentive plan

Employee benefit in form of long term incentive plan is a other long term employee benefit. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

3.15 Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss



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Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same governing taxation laws.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

3.16 Employee Stock Option Scheme

Max India Limited

Employees (including directors) of Max India Limited receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Max Life Insurance Company Limited (MLIC)

The value of options is equal to the aggregate of the intrinsic value of the options granted. Intrinsic value is the option discount represented by excess of market price, which is determined by the independent valuer, over the grant price. The intrinsic value of the options is amortised on a straight line basis over the vesting period. The intrinsic value is being measured at each reporting date and at the date of settlement, with any changes in such value being recognized in profit and loss account. Options that lapse are reversed by a credit to profit and loss account equal to the amortised portion of the value of the lapsed options.

In a cash settled employee share based payment plan, MLIC recognizes an expense for the services received, as the employees render services over the vesting period, with a corresponding increase in liability by creating a provision therefore.

Max Healthcare Institute Limited (MHIL)

Employees of MHIL receive remuneration in the form of share based payment transaction, whereby employees render services as a consideration for equity instruments or cash (equity settled transactions with a cash alternative).

Stock options are measured in accordance with the Guidance Note on Accounting for Employee Share-based Payments using the intrinsic value method and recognised, together with a corresponding increase in the "Provision for employee



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stock options outstanding” in Provisions. The expense or credit recognised in the statement of profit and loss account for a year represents the movement in the cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefit expense.

3.17 Segment reporting policies

Identification of segments

The Group’s operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on area of operations.

Inter-segment transfers

The Group generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment in proportion to the relative revenue of each segment.

Unallocated items

All the common income, expenses, assets and liabilities, which are not possible to be allocated to different segments, are treated as unallocated items.

Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Group as a whole.

3.18 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.19 Provisions

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The group does not recognize a contingent liability but discloses its existence in the financial statements.

3.21 Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

3.22 Other Life insurance business specific accounting policies

(a) Acquisition Cost

Acquisition costs are expenses incurred to solicit and underwrite insurance contracts such as commission, medical fee etc. and are expensed in the year in which they are incurred. Clawback of the commission paid, if any, in future is accounted in the year in which it becomes recoverable.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(b) Benefits paid

Benefits paid include policy benefit amount and the direct cost of settlement, if any. Reinsurance recoverable thereon, if any, is accounted for in the same period as the related claim. Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.

Death and other claims are accounted for when notified. Surrenders / withdrawals under non-linked policies are accounted on the receipt of the consent from the policyholder. Surrenders / withdrawals under linked policies are accounted in the respective schemes when the associated units are cancelled. Surrender also include amount payable on lapsed policies which is accrued on the date of lapse of policy. Surrender and lapsation are disclosed net of charges recoverable.

Survival and maturity benefits are accounted for when due for payment.

(c) Allocation of Operating Expenses

Operating expenses are apportioned to respective revenue accounts on the basis of weighted direct written premium in each class of business at the end of financial year. Expenses incurred and/or allocable for earning investments income are charged to statement of profit and loss account.

(d) Liability for Life Insurance Policies in Force

The estimated liability for life policies in force is determined by the appointed actuary of Max Life Insurance Company Limited ("MLIC"), pursuant to his annual review of life insurance business, using appropriate methods and assumptions that conform with regulations issued by the IRDA and guidance notes issued by the Institute of Actuaries of India. The liability is so calculated that together with future premium payments and investment income, MLIC is able to meet all future claims (including bonus entitlements to policyholders, if applicable,) and expenses.

Liabilities under linked policies comprise of unit liability representing the fund value of policies and non unit liability for meeting future claims and expenses in excess of future charges, which is based on actuarial valuation carried out by the appointed actuary. Liabilities, if any, as determined by the appointed actuary, in respect of linked policies which have lapsed are maintained by a charge from the Revenue account till the expiry of the revival period. An additional claims provision is made, on the basis of actuarial estimate, for the benefits which are incurred but not reported. Provision has also been made for the cost of guarantee under unit linked policies offered with guarantee.

(e) Contributions to Policyholders' Account (Technical Account)

Contribution to Policyholders' Account (Technical Account) is made as decided by the board of directors of MLIC and approved by the Shareholders.

3.23 Other Health insurance business specific accounting policies

(a) Premium Deficiency

Premium deficiency is recognized whenever the sum of expected amount of claims cost, related expenses and maintenance costs exceeds related premium carried forward to the subsequent accounting period as reserve for unexpired risk.

(b) Claims Incurred but Not Reported (IBNR) and Claims Incurred but Not Enough Reported (IBNER)

IBNR represents that amount of claims that may have been incurred prior to the end of the current accounting year but have not been reported or claimed. The IBNER provision also includes provision, if any, required for claims incurred but not enough reported and claim equalisation reserve for benefits which may accrue after a deferment period. IBNR and IBNER liabilities are provided based on actuarial principles and certified by the Appointed Actuary of the Max Bupa. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Appointed Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India and in concurrence with the IRDA

(c) Reinsurance ceded

Reinsurance cost, in respect of proportional reinsurance ceded, is accrued at policy inception. Non-proportional reinsurance cost is recognized when incurred and due. Any subsequent revision to, refunds or cancellations of premium are recognized in the year in which they occur.

(d) Allocation of Investment Income

Investment income on Investments backing the policyholders liability has been allocated to statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(e) Fair Value Change Account

'Fair Value Change Account' represents unrealized gains or losses due to change in fair value of traded securities and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholder's funds and not available for distribution as dividend. Unrealized loss on listed and actively traded investments held for long term are not considered to be of a permanent nature and hence not considered as impaired. However, at each balance sheet date, assesses investments for any impairment and necessary provisions are made for the same where required.

(g) Acquisition Cost of Insurance Contracts

Costs relating to acquisition of new and renewal of insurance contracts viz commission, policy issue expenses are expensed in the year in which they are incurred.

(h) Advance Premium

Advance premium represents premium received in respect of those policies issued during the year where the risk commences subsequent to the balance sheet date.

(i) Claims Incurred

Claims are recognized as and when reported. Claims are recorded in the revenue account, net of claims recoverable from reinsurers / co-insurers to the extent there is a reasonable certainty of realization. These estimates are progressively re-valued on availability of further information.

Estimated liability in respect of claims is provided for the intimations received upto the year end, information/ estimates provided by the insured/ surveyors and judgment based on the past experience and other applicable laws and practices.

(j) Funds for future appropriations

The balance in the funds for future appropriations account represents funds, the allocation of which, either to participating policyholders or to shareholders, has not been determined at the balance sheet date. Transfers to and from the fund reflect the excess or deficit of income over expenses and appropriations in each accounting period arising in the policyholder fund.

(h) Reserve for unexpired risk

Reserve for unexpired risk represents net premium (i.e Premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the company under contractual obligations on contract period basis or risk period basis, whichever is appropriate subject to minimum reserve to be created on Miscellaneous – "Health" business under Section 64V (1) (ii) (b) of the Insurance Act, 1938.

4. Share Capital

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Authorised shares (Nos.)		
460,000,000 (March 31, 2012: 460,000,000) equity shares of Rs. 2/- each	9,200.00	9,200.00
800,000 (March 31, 2012: 800,000) preference shares of Rs.100/- each	800.00	800.00
	10,000.00	10,000.00
Issued, subscribed and fully paid-up shares (Nos.)		
265,520,289 (March 31, 2012: 264,569,110) equity shares of Rs. 2/- each fully paid up	5,310.41	5,291.38
	5,310.41	5,291.38

4.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2013		March 31, 2012	
	No. of shares	Rs. In Lacs	No. of shares	Rs. In Lacs
Equity Shares				
At the beginning of the year	264,569,110	5,291.38	232,484,410	4,649.69
Issued during the period - conversion of share warrants	-	-	8,000,000	160.00
Issued during the period - conversion of debentures	-	-	24,079,700	481.59
Issued during the period - ESOP	951,179	19.03	5,000	0.10
Outstanding at the end of the year	265,520,289	5,310.41	264,569,110	5,291.38

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of per share dividend recognized as distribution to equity shareholders:

Name of the Shareholder	March 31, 2013		March 31, 2012	
	Face Value (Rs.)	Dividend per share	Face Value (Rs.)	Dividend per share
- Interim dividend	2.00	10.00	2.00	Nil
- Final dividend	2.00	2.20	2.00	Nil

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4.3 Details of shareholder holding more than 5% shares is set out below (legal ownership)

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of shares	% held	No. of shares	% held
Equity shares				
- Xenok Limited	24,079,700	9.07%	24,079,700	9.10%
- GS Mace Holdings Limited	17,196,381	6.48%	17,196,381	6.50%
- Reliance Capital Trustee Co. Ltd	15,193,663	5.72%	12,770,770	4.83%
- Maxopp Investments Limited	18,844,919	7.10%	18,844,919	7.12%
- Liquid Investment and Trading Company Pvt. Ltd	23,185,244	8.73%	23,185,244	8.76%
- Dynavest India Pvt. Ltd	13,661,167	5.15%	8,288,167	3.13%

4.4 Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 33.

For details of shares reserved for issue on conversion of preference shares, please refer note 6.2 regarding terms of conversion

4.5 Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has issued total 1,371,733 shares (March 31, 2012: 594,384 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employees services.

5. Reserves and Surplus

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Capital Reserve	50.00	50.00
	50.00	50.00
Securities Premium Account		
Balance as per last financial statements	207,307.53	138,408.33
Add: premium on conversion of share warrants	-	17,180.00
Add: additions on ESOPs exercised	2,001.78	8.05
Add: premium on conversion of debentures	-	51,711.15
Closing Balance	209,309.31	207,307.53
Employee Stock Option Outstanding		
Gross employee stock compensation for options granted in earlier years	10,807.10	10,812.74
Add: gross compensation for options issued during the year	1,509.14	416.12
Less : transferred to securities premium on exercise of stock options	(2,001.78)	(8.05)
Less : stock options forfeited during the year	(78.43)	(413.71)
Less : stock options reversed during the year	(7,581.22)	-
	2,654.81	10,807.10
Less: Deferred employee compensation	1,177.11	7,597.97
Closing Balance	1,477.70	3,209.13

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Foreign Currency Translation Reserve		
Balance as per last financial statements	(189.74)	(191.93)
Increase/(decrease) during the year	(4.30)	2.19
Closing Balance	(194.04)	(189.74)
General Reserve		
Balance as per last financial statements	7,891.69	7,891.69
Add: amount transferred from surplus balance in the statement of profit and loss	6,154.00	-
Closing Balance	14,045.69	7,891.69
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	27,715.26	(19,608.85)
Add: Profit for the year	78,412.32	15,497.66
Add: Adjustment for change in minority and cost of control	(854.58)	31,152.99
Add: Reversal of provision of dividend on preference shares on redemption	-	919.86
Add: Reversal of provision of tax on preference dividend	-	152.78
Less: Reversal of share of minority in provision of preference dividend	-	(197.64)
Less: Appropriations		
Interim dividend on equity shares (amount per share Rs. 10/- (March 31, 2012: Nil)	(26,552.02)	-
Proposed final dividend on equity shares (amount per share Rs. 2.20 (March 31, 2012: Nil)	(5,841.46)	-
Preference dividend	(250.00)	(250.00)
Corporate dividend tax	(6,273.37)	(40.56)
Transfer to general reserve	(6,154.00)	-
Share of minority interest in preference dividend	83.76	89.02
	(44,987.09)	(201.54)
Net Surplus in the statement of profit and loss	60,285.91	27,715.26
Total reserves and surplus	284,974.57	245,983.87

The Board of Directors at its meeting held on May 29, 2013, has recommended a final dividend @110% (i.e Rs. 2.20 per equity share having par value of Rs. 2/- each), aggregating Rs. 5,841.46 lacs, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

6. Preference shares

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
125,000,000 (March 31, 2012: 125,000,000), 2% cumulative partially convertible preference shares of Rs. 10/- each (issued by Max Healthcare Institute Limited, a subsidiary company)	12,500.00	12,500.00
	12,500.00	12,500.00

6.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2013		March 31, 2012	
	No. of shares	Rs. In Lacs	No. of shares	Rs. In Lacs
Cumulative preference shares				
At the beginning of the year	125,000,000	12,500.00	250,000,000	25,000.00
Less: Redeemed during the year	-	-	(125,000,000)	(12,500.00)
Outstanding at the end of the year	125,000,000	12,500.00	125,000,000	12,500.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6.2 Terms of conversion/redemption of 2% cumulative convertible preference shares

Max Healthcare Institute Limited (MHIL) had allotted 250,000,000 nos., 8 years 2% Cumulative Partially Convertible Preference Shares of Rs. 10/- each aggregating to Rs.25,000 lacs on July 28, 2007 to International Finance Corporation, USA (IFC) under a tripartite subscription agreement with Max India Limited, of which preference shares amounting to Rs.12,500 Lacs has been redeemed during 2011-12 at a premium of Rs.7,793 Lacs. These preference shares has been issued on following terms and condition:-

- Dividend rate of 2% which is cumulative in nature, payable until date of redemption or date of purchase or conversion into equity shares, whichever is earlier. The earliest date of redemption or conversion or purchase is 3 years from the date of issue of the said shares.
- The preference shares has been issued to generate a 'Guaranteed internal rate of return' (GIRR) of 11.25% which is inclusive of 2% dividend rate, premium on redemption and discount to any initial public offering (IPO) price.
- The preference shareholders also have an option to convert a portion of preference shares into equity shares at a discount to a future IPO price of the Company, subject to a maximum of 7.5% equity stake in the Company upon such conversion.
- The Preference Shares which has not been converted into equity shares shall be redeemable at the expiry of eight years from the date of issue. The said redemption of Preference Shares will be at a GIRR of 11.25% p.a. inclusive of payment of 2% annual dividend and premium on redemption of Preference Shares.
- The MHIL also has a right to redemption of the aforesaid preference shares at any time provided IFC is paid the redemption amount at the GIRR.
- The preference shareholders also have a put option which entitles them a right to exercise the option in respect of the said preference shares on Max India Limited at any time after 3 years from date of subscription or at any time after giving due notice, in the event of non-performance of certain obligation by the MHIL and/or Max India Limited.
- In the event of liquidation of the MHIL before conversion /redemption of preference shares, the holders of preference shares will have priority over equity shares in payment of dividend and repayment of capital.

On remaining preference shares of Rs.12,500 Lacs, the MHIL has provided GIRR at 9.25% aggregating to Rs. 9,029.30 Lacs as at March 31, 2013 (March 31,2012 :Rs. 6,961.19 lacs) while dividend of 2% has been provided as preference dividend in the consolidated financial statements.

6.3 Details of shareholder holding more than 5% shares in the company (legal ownership)

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of shares	% held	No. of shares	% held
Cumulative Convertible Preference Shares of Rs. 10 each International Finance Corporation	125,000,000	100%	125,000,000	100%

7. Long term borrowings

	(Rs. in Lacs)			
	Non-current portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Debentures (Nos.) (Unsecured)				
Nil (March 2012: 10) 0% fully convertible debentures of Rs. 50,000/- each	-	-		17.29
Term Loans (Secured)				
From banks	9,784.68	9,108.55	2,289.49	2,444.76
From financial institutions	14,809.50	19,339.20	4,529.70	3,622.20
From non-banking financial companies	12,069.02	9,439.02	307.74	285.81
Deferred Payment Liabilities (Unsecured)				
Deferred Payment Liabilities	166.51	1,112.77	1,037.77	438.53
Financial Lease Obligation (Secured)	655.76	529.18	221.90	151.17
Vehicle Loans (Secured)	334.80	223.33	224.02	131.49
	37,820.27	39,752.05	8,610.62	7,091.25
The above amount includes				
Secured borrowings	37,653.76	38,639.28	7,572.85	6,635.43
Unsecured borrowings	166.51	1,112.77	1,037.77	455.82
Amount disclosed under the head "other current liabilities" (note 13)	-	-	(8,610.62)	(7,091.25)
	37,820.27	39,752.05	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

7.1 Term loans from banks

Max India Limited

- (i) Term loan from Kotak Mahindra Bank Limited amounting to Rs. 2,000.00 Lacs (March 31, 2012: Rs. 2,500.00 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles) and immovable fixed assets of the Company and second pari passu charge on all existing and future current assets of the Company. The loan is repayable in 20 equal quarterly instalment of Rs. 125.00 Lacs each commencing from June 30, 2012.
- (ii) Term loan from IndusInd Bank Limited amounting to Rs. 4,738.01 Lacs (March 31, 2012: Rs. 5,922.51 Lacs) is secured by a first pari passu charge on the all movable fixed assets (excluding vehicles) of the Company and first pari passu charge on immovable properties of the Company. Further the loan is secured by a second pari passu charge on the current assets of the Company, both present and future. The loan is repayable in 20 equal quarterly instalment of Rs. 296.13 Lacs each commencing from April 1, 2012.
- (iii) Term loan from Yes Bank Limited amounting to Rs. 1,980.38 Lacs (March 31, 2012: Rs. 2,475.48 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles) and immovable fixed assets and second pari passu charge on the current assets of the Company, both present and future. The loan is repayable in 20 equal quarterly instalment of Rs. 123.77 Lacs each commencing from April 1, 2012.

Max Healthcare Institute Limited ("MHIL")

Loan of Rs. 3,108.53 lacs (March 31, 2012: Rs. Nil) from ICICI Bank Limited repayable in 36 quarterly instalments from June 2014 is secured by way of :

- (i) Exclusive charge over the immovable property located at Shalimar Bagh (charge under creation)
- (ii) First pari passu charge on the whole of movable fixed assets (excluding vehicles) including medical equipments (except assets having exclusive charge in favour of SREI Equipment Finance Private Limited), movable plant and machinery, spares etc of the company
- (iii) Second pari passu charge on all the entire current assets including book debts, operating cash flows, receivables, revenue subject to prior charge in favour of working capital bankers restricted to working capital limits of Rs.7500 lacs.
- (iv) First pari passu charge on the whole of movable fixed assets of Max Medical Services Limited
- (v) First pari passu charge over 26% shares of Max Medical Services Limited by way of pledge
- (vi) First pari passu charge over 26% shareholding of Alps Hospital Limited by way of pledge

Pharmax Corporation Limited ("Pharmax")

Term loan from Canara Bank amounting to Rs. Nil (March 31, 2012: Rs. 155.27 Lacs) is secured against a charge on monthly lease rentals receivable from various lessees and equitable mortgage of freehold property at Okhla, New Delhi. The loan is repayable in 72 equal monthly instalment of Rs. 24.24 Lacs commencing from October 2006.

Forum I Aviation

Term loan from HDFC Bank Ltd amounting to Rs. 247.25 Lacs (March 31, 2012: Rs. 357.14 Lacs) is secured by way of first and specific charge on the aircraft purchased out of the proceed of loan. The loan is repayable in 26 equal quarterly instalments of Rs. 27.47 Lacs commencing from November 2008.

Nova Medical Centre NCR Region Pvt Ltd

Term loan from Axis Bank Ltd amounting to Rs. Nil (March 31, 2012: Rs. 142.91) is secured by first charge by way of hypothecation of entire present & future moveable assets and current assets. The tenor of the loan is 8 years with repayment starting from the 4th year.

7.2 Term loans from financial institutions

Max Healthcare Institute Limited ("MHIL")

- (i) Rs. 4,650.00 lacs (March 31, 2012: Rs.5,625.40 lacs) from Export Import Bank of India repayable in 15 half yearly instalments from December 20, 2008.
- (ii) Rs. 2,629.20 Lacs (March 31, 2012: Rs. 4,376.00 Lacs) from Housing Developing Finance Corporation Limited repayable in 14 half yearly instalments from December 16, 2007.
- (iii) Rs. 4,560.00 Lacs (March 31, 2012: Rs. 5,460.00 Lacs) from Housing Developing Finance Corporation Limited repayable in 72 half yearly instalments from April 15, 2010.
- (iv) Rs. 7,500.00 Lacs (March 31, 2012: Rs. 7,500.00 Lacs) from Housing Developing Finance Corporation Limited repayable in 20 quarterly instalments from June 15, 2013.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The above loans are secured by following: {(i), (ii) and (iii) are secured by (a) to (f) and (iv) is secured by (a) to (e)}

- (a) Equitable mortgage of the immovable properties of the MHIL.
- (b) First charge on the whole of movable fixed assets (excluding vehicles) including medical equipments (except assets having exclusive charge in favour of SREI Equipment Finance Private Limited), movable plant and machinery, spares etc of the MHIL and its subsidiaries namely Max Medical Services Limited and Alps Hospital Limited.
- (c) "First charge on all book debts, operating cash flows, receivables, revenue of what-so-ever nature and wherever arising of the MHIL and its subsidiaries namely Max Medical Services Limited and Alps Hospital Limited, present and future (subject to a prior charge in favour of working capital bankers restricted to working capital limits of Rs.5,000.00 Lacs in aggregate)."
- (d) Pledge of the MHIL's shareholding in its subsidiary, namely Max Medical Services Limited and pledge of the Max Medical Services Limited's shareholding in Alps Hospital Limited.
- (e) Corporate guarantees by the holding company.
- (f) Equitable mortgage of specific immovable property of a society

7.3 Term loan from non-banking financial companies

Max Healthcare Institute Limited ("MHIL")

Term loan of Rs. 1,351.97 lacs (March 31,2012: Rs.1,547.20 lacs) repayable in 28 quarterly instalments from December 2011 is secured by way of exclusive charge over the medical equipment acquired from SREI Equipment Finance Private Limited through this facility.

Hometrail Estate Private Limited

- a. Term Loan from L&T Infrastructure Finance Company Limited of Rs. 5,523.72 Lacs (March 31, 2012: Rs 3,750.00 Lacs) is repayable in 32 quarterly instalment commencing from January 2015. The loan is secured by :
 - (i) Assignment by way of security of all rights, titles, interests, benefits, claims and demands under the concession agreement, project documents and other contracts.
 - (ii) First charge on movable fixed assets excluding vehicles, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets.
 - (iii) First pari passu charge on all the book debts, operating cash flows, receivables and revenue from the project, all current assets, commissions and revenue, present and future (subject to a prior charge in favour of working capital bankers restricted to the working capital limits of Rs. 1,200.00 Lacs in aggregate).
 - (iv) First charge on all intangibles.
 - (v) Corporate guarantee by the MHIL
- b. Term loan from SREI Equipment Finance Private Limited of Rs.338.03 lacs (March 31,2012:Rs. 385.92 lacs) is repayable in 28 quarterly instalments commencing from November 2011. The loan is secured by way of exclusive charge over the medical equipment acquired through this facility from November 2011.

Hometrail Buildtech Private Limited

- a. Term Loan from L&T Infrastructure Finance Company Limited of Rs. 4,863.72 Lacs (March 31, 2012: Rs. 3,700.00 Lacs) is repayable in 32 quarterly installments commencing from January 2015. The loan is secured by :
 - (i) Assignment by way of security of all rights, titles, interests, benefits, claims and demands under the concession agreement, project documents and other contracts.
 - (ii) First charge on movable fixed assets excluding vehicles, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets.
 - (iii) First pari passu charge on all the book debts, operating cash flows, receivables and revenue from the project, all current assets, commissions and revenue, present and future (subject to a prior charge in favour of working capital bankers restricted to the working capital limits of Rs. 1,000.00 Lacs in aggregate).
 - (iv) First charge on all intangibles.
 - (v) Corporate guarantee by the MHIL.
- b. Term loan from SREI Equipment Finance Private Limited of Rs.299.32 lacs (March 31,2012:Rs. 341.71 lacs) is repayable in 28 quarterly installments commencing from November 2011. The loan is secured by way of exclusive charge over the medical equipment acquired through this facility from November 2011.

7.4 Deferred payment liabilities are the payments to be made to vendors for acquisition of capital assets over 1 to 36 months commencing from July 2012.

7.5 Finance lease obligation is secured by hypothecation of medical equipments underlying the leases repayable in 20 quarterly installments commencing from December 2011.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

7.6 Vehicle Loan

Vehicle Loans Rs. 558.82 Lacs (March 31, 2012 Rs. 354.82 Lacs) are secured by way of hypothecation of respective vehicles. The loans are repayable in 1 to 5 Years

8. Other long term liabilities

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Trade payables	7,170.52	6,230.66
Other liabilities		
Advances from policyholders	3,211.35	2,497.58
Funds for discontinued policies - non payment of premium	3,818.06	205.01
Payable to Policyholder	16,376.38	17,916.00
Lease equalisation reserve	1,922.70	1,928.09
	25,328.49	22,546.68
	32,499.01	28,777.34

9. Deferred tax liabilities

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Deferred tax liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	4,112.68	3,589.60
Gross deferred tax liability	4,112.68	3,589.60
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	485.54	600.61
Provision for doubtful debts and advances	313.90	85.02
Others	1,410.76	-
Carried forward business loss	-	225.14
Unabsorbed depreciation	-	1,493.89
Gross deferred tax assets	2,210.20	2,404.66
Net deferred tax liability	1,902.48	1,184.94

Note: Few subsidiaries have net deferred tax asset with brought forward losses and unabsorbed depreciation as a major component. Consequently, deferred tax asset has been recognized only to the extent of deferred tax liability since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future.

10. Provisions

	(Rs. in Lacs)			
	Long - term		Short - term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits				
Provision for leave benefits	-	-	3,537.69	1,817.31
Provision for gratuity (note 28.1)	721.74	281.17	295.52	115.16
Provision for employee stock options	13.58	1.46	150.10	87.07
Other provisions				
Provision for reserve for unexpired risk	-	-	10,725.04	5,330.28
Provision for guaranteed IRR on CCPS (note 6.1)	9,029.30	6,961.19	-	-
Provision for dividend on preference shares (note 6.1)	-	-	1,419.86	1,169.86
Proposed final dividend	-	-	5,841.46	-
Corporate dividend tax	-	-	2,943.99	193.33
Provision for income tax (net of advance tax)	-	-	7.91	834.99
Provision for wealth tax	-	-	9.26	8.32
	9,764.62	7,243.82	24,930.83	9,556.32

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

11. Policyholders' liabilities

(Rs. in Lacs)

	Non Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Opening balance	1,355,589.69	1,117,967.18	113,250.30	111,811.00
Add : Change in valuation of liability against life policies in force, Net	224,087.60	237,622.51	25,927.81	(19,603.70)
Add : Policyholder bonus provided	-	-	29,628.31	21,043.00
Closing balance	1,579,677.29	1,355,589.69	168,806.42	113,250.30

12. Short term borrowings

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Loans repayable on demand		
Cash credit from banks (secured)	10,584.36	2,937.51
Short term loan from banks (unsecured)	10,000.00	5,000.00
Inter-corporate deposits repayable on demand (unsecured)	611.36	155.00
	21,195.72	8,092.51
The above amount includes		
Secured borrowings	10,584.36	2,937.51
Unsecured borrowings	10,611.36	5,155.00
	21,195.72	8,092.51

Cash credit facilities from banks are repayable on demand and are secured by a first pari passu hypothecation charge on all current assets and a second charge on immovable and movable fixed assets of the group, both present and future.

13. Current Liabilities

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Trade payables	80,546.82	78,014.46
Other liabilities		
Current maturities of long-term borrowings (note 7)	8,388.72	6,940.08
Current maturity of finance lease obligation (note 7)	221.90	151.17
Interest accrued but not due on borrowings	160.26	117.14
Interest accrued and due on borrowings	-	30.31
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	107.39	-
Advance from customers and policyholders	13,317.35	15,189.94
Claims outstanding (includes claims pending investigation)	3,823.89	3,398.57
Unclaimed amount - policyholders	21,386.56	21,393.30
Payable to policyholder	17,845.62	2,398.00
Other liabilities		
Security deposit received	246.27	134.69
Statutory dues payable	6,446.02	5,034.66
Capital creditors	3,502.30	3,720.10
Forward payable	-	11.93
Concessional fee payable	142.92	34.19
Contractual obligations of others	149.66	313.63
Lease equalisation reserve	33.00	-
Others	702.00	-
	76,473.86	58,867.71
	157,020.68	136,882.17

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

14. Tangible Assets

	(Rs. in Lacs)								
	Land (Freehold)	Land (Leasehold)	Building	Leasehold Improvements	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total
Cost									
At April 1 2011	337.99	6,257.62	15,790.90	18,874.43	59,895.91	6,970.10	22,164.02	1,363.68	131,654.65
Additions	-	-	17,847.75	454.73	15,656.48	1,867.41	2,285.22	541.35	38,652.94
Deletions/Adjustments	-	-	-	(3,848.35)	(426.01)	(1,068.14)	(3,361.58)	(227.39)	(8,931.47)
Transfer to assets held for sale	-	-	-	(241.43)	-	(48.13)	(108.59)	-	(398.15)
Borrowing Cost	-	-	1,140.56	-	-	-	-	-	1,140.56
At 31 March 2012	337.99	6,257.62	34,779.21	15,239.38	75,126.38	7,721.24	20,979.07	1,677.64	162,118.53
Additions	3,354.54	-	568.02	5,117.32	6,924.37	1,303.34	2,426.04	711.71	20,405.34
Deletions/ Adjustments	-	-	-	(688.88)	(843.19)	(1,091.65)	(1,277.48)	(272.64)	(4,173.84)
Transfer to assets held for sale	-	-	-	0.42	-	16.08	-	-	16.50
Borrowing Cost	-	-	-	117.00	-	-	-	-	117.00
At 31 March 2013	3,692.53	6,257.62	35,347.23	19,785.24	81,207.56	7,949.01	22,127.63	2,116.71	178,483.53
Depreciation									
At April 1 2011	-	-	1,651.22	12,361.89	15,284.61	3,851.79	16,877.80	436.06	50,463.37
Charge for the year	-	-	497.47	1,096.85	4,119.22	449.10	1,871.58	202.97	8,237.19
Deletions/ Adjustments	-	-	-	(3,445.00)	(153.80)	(940.05)	(3,156.18)	(107.95)	(7,802.98)
Transfer to assets held for sale	-	-	-	(115.36)	-	(15.16)	(80.12)	-	(210.64)
At 31 March 2012	-	-	2,148.69	9,898.38	19,250.03	3,345.68	15,513.08	531.08	50,686.94
Charge for the year	-	-	698.48	1,591.40	5,139.56	1,166.28	2,143.11	257.72	10,996.55
Deletions/ Adjustments	-	-	-	(395.43)	(560.98)	(964.20)	(1,143.98)	(159.54)	(3,224.13)
Transfer to assets held for sale	-	-	-	(35.76)	-	1.09	(19.30)	-	(53.97)
At 31 March 2013	-	-	2,847.17	11,058.59	23,828.61	3,548.85	16,492.91	629.26	58,405.39
Net Block									
At 31 March 2012	337.99	6,257.62	32,630.52	5,341.00	55,876.35	4,375.56	5,465.99	1,146.56	111,431.59
At 31 March 2013	3,692.53	6,257.62	32,500.06	8,726.65	57,378.95	4,400.16	5,634.72	1,487.45	120,078.14

14.1 Hometrail Estate Private Limited

Land measuring 3.15 acres has been provided by Punjab Government on long term lease of 50 years without consideration.

Hometrail Buildtech Private Limited

Land measuring 4.8 acres has been provided by Punjab Government on long term lease of 50 years to the company without consideration.

Max Healthcare Institute Limited

Land under perpetual lease Rs. 6,255.80 Lacs (March 31, 2012: Rs. 6,255.80 Lacs)

Alps Hospital Limited

The company has in its favour a sub lease for a plot of land in Gurgaon, for an initial period of 97 years, which can be further renewed for two term of 97 years each. The plot of land measures 1.23 acres, and the designated usage in for healthcare facility

Pharmax Corporation Limited

Land under perpetual lease Rs. 1.82 Lacs (March 31, 2012: Rs 1.82 Lacs)

14.2 The borrowing cost capitalised during the year ended March 31, 2013 was Rs. 117.00 Lacs (March 31, 2012: Rs. 1,140.56 Lacs). The Company has capitalised this borrowing cost under capital work-in-progress(CWIP). The amount of borrowing cost shown as adjustments in above reflects the amount of borrowing cost transferred from CWIP.

14.3 The following assets given on an operating lease:

	(Rs. in Lacs)							
	Building		Plant & Equipment		Furniture & Fixtures		Office Equipment	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Gross Block	355	349	9,908	9,847	396	396	418	418
Depreciation charge for the year	6	6	663	652	21	21	24	28
Accumulated depreciation	58	53	3,246	2,584	202	181	240	216
Net book value	297	296	6,662	7,263	194	215	178	202

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

14.4 Plant and Equipment includes medical equipment taken on finance lease:

	(Rs. in Lacs)	
	March 31, 2013	March 31, 2012
Gross Block	1,440	956
Depreciation charge for the year	94	18
Accumulated depreciation	124	30
Net book value	1,316	926

14.5 Fixed assets held for sale includes assets held for disposal [Gross Block Rs 381.64 Lacs (March 31, 2012: Rs 398.15 Lacs), Accumulated Depreciation Rs 264.60 Lacs (March 31, 2012: Rs. 210.64 Lacs)]

15. Intangible Assets

	(Rs. in Lacs)		
	Technical Know how	Computer Software	Total
Gross Block			
At April 1 2011	57.29	13,104.14	13,161.43
Additions	-	3,704.90	3,704.90
At 31 March 2012	57.29	16,809.04	16,866.33
Additions	-	3,035.30	3,035.30
Deletions/ Adjustments	-	(10.06)	(10.06)
At 31 March 2013	57.29	19,834.28	19,891.57
Amortization			
At April 1 2011	50.57	8,412.92	8,463.49
Charge for the year	6.72	1,952.19	1,958.91
At 31 March 2012	57.29	10,365.11	10,422.40
Charge for the year	-	2,682.92	2,682.92
Deletions/ Adjustments	-	(3.66)	(3.66)
At 31 March 2013	57.29	13,044.37	13,101.66
Net Block			
At 31 March 2012	-	6,443.93	6,443.93
At 31 March 2013	-	6,789.91	6,789.91

16. Non- current investments

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Non-trade investments (valued at cost unless stated otherwise)		
Life Insurance Business:		
Equity instruments (quoted)	652,050.75	596,566.89
Bonds (quoted)	147,376.03	102,291.99
Government and trust securities (quoted)	549,192.90	364,495.63
Term deposits (unquoted)	8,350.00	34,350.00
Investment in infrastructure & social sector (quoted)	389,145.87	-
Other approved securities (quoted)	133,126.66	412,706.54
	1,879,242.21	1,510,411.05
Health Insurance Business:		
Bonds (quoted)	1,998.56	499.43
Government and trust securities (quoted)	3,423.35	2,448.00
Term deposits (unquoted)	1,892.89	3,584.89
Investment in infrastructure & social sector (quoted)	1,499.36	499.50
Other approved securities (quoted)	-	974.24
	8,814.16	8,006.06
	1,888,056.37	1,518,417.11
Aggregate amount of quoted investments (Market value: Rs 1,881,672.13 Lacs; March 31, 2012: Rs. 1,462,101.58 Lacs)	1,877,813.48	1,480,482.22
Aggregate amount of unquoted investments	10,242.89	37,934.89



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

17. Loans and Advances

(Rs. in Lacs)

		Non - Current		Current	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Capital Advances					
Unsecured, considered good		1,802.46	1,411.76	-	-
	A	1,802.46	1,411.76	-	-
Security Deposits					
Unsecured, considered good		11,173.46	6,729.80	370.78	-
Doubtful		5.50	5.50	-	-
		11,178.96	6,735.30	370.78	-
Provision for doubtful security deposit		(5.50)	(5.50)	-	-
	B	11,173.46	6,729.80	370.78	-
Advances recoverable in cash or in kind					
Unsecured, considered good		313.00	11.54	7,740.54	4,500.00
Doubtful		305.09	305.09	564.94	575.95
		618.09	316.63	8,305.48	5,075.95
Provision for Doubtful Advances		(305.09)	(305.09)	(564.94)	(575.95)
	C	313.00	11.54	7,740.54	4,500.00
Intercompany deposits					
Unsecured, considered good		12,192.57	12,407.50	-	-
	D	12,192.57	12,407.50	-	-
Loan to policyholders					
Secured, considered good		2,927.02	1,505.45	33.96	81.12
	E	2,927.02	1,505.45	33.96	81.12
Other loans and advances (unsecured, considered good unless stated otherwise)					
Balances with statutory/government authorities		-	-	1,988.54	7,360.91
Prepaid Expenses		117.01	49.97	2,631.46	2,197.17
Loans to Employees		9.80	2.05	33.92	27.42
Forward Recoverable		-	-	136.53	-
MAT Credit Entitlement		544.74	36.00	3,314.00	-
Advance income tax (net of provisions)		3,987.10	3,354.34	-	-
	F	4,658.65	3,442.36	8,104.45	9,585.50
Total (A+B+C+D+E+F)		33,067.16	25,508.41	16,249.73	14,166.62

18. Trade Receivables

(Rs. in Lacs)

		Non - Current		Current	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless stated otherwise					
Outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good		4,047.38	3,595.82	2,873.75	6,505.64
Doubtful		-	-	1,808.01	1,300.25
		4,047.38	3,595.82	4,681.76	7,805.89
Provision for doubtful receivables		-	-	(1,808.01)	(1,300.25)
	A	4,047.38	3,595.82	2,873.75	6,505.64
Other receivables					
Unsecured, considered good		4,414.00	5,028.63	61,901.35	43,726.06
Doubtful		-	-	636.86	448.67
		4,414.00	5,028.63	62,538.21	44,174.73
Provision for doubtful receivables		-	-	(636.86)	(448.67)
	B	4,414.00	5,028.63	61,901.35	43,726.06
Total (A+B)		8,461.38	8,624.45	64,775.10	50,231.70

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19. Other Assets

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless stated otherwise				
Non-current bank balances (under note 22)				
Deposit with original maturity for more than 12 months	10.00	10.00	-	-
Marginal money deposit	13.19	-	-	-
Others				
Interest accrued on fixed deposits	-	-	178.60	229.30
Interest accrued on investments	-	-	28,492.51	20,995.65
Unbilled revenue	-	-	564.61	778.40
	23.19	10.00	29,235.72	22,003.35

20. Current Investments

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
Current investments		
Life Insurance Business:		
Investment in infrastructure & social sector (quoted)	18,775.27	47,356.39
Government and trust securities (quoted)	8,019.64	16,931.30
Bonds (quoted)	20,974.96	5,866.92
Term deposits (unquoted)	46,090.76	18,180.39
Unit in mutual funds (quoted)	23,439.16	9,484.66
Certificate of deposit (quoted)	11,743.94	72,818.11
Commercial paper (quoted)	4,935.93	2,498.07
Reverse Repo	9,983.37	14,980.59
Others	23,953.03	22,639.06
	167,916.06	210,755.49
Health Insurance Business:		
Investment in infrastructure & social sector (quoted)	2,495.44	2,482.66
Government and trust securities (quoted)	3,459.50	2,946.16
Bonds (quoted)	2,139.96	4,443.81
Term deposits (unquoted)	2,850.36	-
Other approved securities (quoted)	1,493.25	662.95
Unit in mutual funds (quoted)	2,350.37	366.90
Certificate of deposit (quoted)	2,372.56	-
	17,161.44	10,902.48
Other Business (valued at lower of cost and fair value, unless stated otherwise)		
Equity instruments (quoted)		
ICICI Bank Limited	0.65	0.65
250 (March 31, 2012: 250) equity shares of Rs.10 each fully paid up		
Unit in Mutual funds (Quoted)		
DSP Blackrock Mutual Fund Collections Account	325.00	-
Unit in Mutual funds (unquoted)		
<i>Axis Liquid Fund - Institutional Growth</i>		
Nil (March 31, 2012: 176,822) units of Face value Rs. 1000/- per unit fully paid	-	2,100.00
<i>Birla Sunlife Floating Rate Fund - Short Term IP - Growth</i>		
Nil (March 31, 2012: 1,476,037) units of Face value Rs. 10/- per unit fully paid	-	2,100.00
<i>Birla Cash Plus- Institutional Premium - Growth</i>		
4,207,161 (March 31, 2012: Nil) units of Face value Rs. 1000/- per unit fully paid	7,402.37	-
<i>DSP Blackrock Liquidity Fund - Institutional Plan Growth</i>		
393,770 (March 31, 2012: 180,711) units of Face value Rs. 1000/- per unit fully paid	6,190.86	2,762.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
<i>ICICI Prudential Liquid Super Institutional Plan - Growth</i>		
4,459,848 (March 31, 2012: Nil) units of Face value Rs. 100/- per unit fully paid	7,248.83	-
<i>IDFC CASH FUND - Super Institutional Plan C - Growth</i>		
Nil (March 31, 2012: 138,099) units of Face value Rs. 1000/- (March 31, 2012: Rs. 10/-) per unit fully paid	-	1,800.00
<i>Kotak Liquid (Institutional Premium) - Growth</i>		
337,103 (March 31, 2012: 8,741,379) units of Face value Rs. 1000/- (March 31, 2012: Rs. 10/-) per unit fully paid	7,511.39	1,900.00
<i>TATA Liquid Super High Inv. Fund - Appreciation</i>		
324,744 (March 31, 2012: 96,040) units of Face value Rs. 1000/- per unit fully paid	6,586.03	1,900.00
<i>Tata Liquid Fund Direct Plan Growth</i>		
32257 (March 31, 2012 Nil) unit of Face value Rs. 1000/- per unit fully paid	688.84	-
<i>Tata Floater Fund - Growth</i>		
Nil (Previous Year 1779586) unit of Face value Rs. 10/- per unit fully paid	-	261.46
<i>Tata Liquid High Investment Fund</i>		
Nil (Previous Year 7750.142) unit of Face value Rs. 1000/- per unit fully paid	-	130.00
<i>Kotak Mahindra Mutual Fund</i>		
258,387.502 (March 31, 2012 : 5,584,177) units of Rs. 10.0798 each	26.04	562.87
<i>DSP Blackrock Mutual Fund</i>		
702046 units	11.40	6.89
	35,991.41	13,524.17
	221,068.91	235,182.14
Aggregate amount of quoted investments (Market value: Rs. 100,204.07 Lacs) March 31, 2012: Rs. 158,362.83 Lacs)	100,182.55	165,491.68
Aggregate amount of unquoted investments	120,886.36	69,690.46

21. Inventories (at lower of cost and net realisable value)

	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Raw materials (including stock in transit Rs. 24.67 Lacs (March 31, 2012: Rs. 123.73 Lacs))	1,753.83	2,294.42
Packing material	52.83	39.17
Stores and spares	1,438.96	1,182.67
Work in process	1,012.79	916.87
Finished goods	243.78	418.63
Traded goods		
- Pharmacy and pharmaceuticals supplies	1,630.76	1,491.97
	6,132.95	6,343.73

22. Cash and Bank Balances

	(Rs. in Lacs)			
	Non - Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents				
Balances with banks				
on current accounts	-	-	31,098.10	21,017.48
on cash credit accounts	-	-	72.50	-
on dividend accounts	-	-	107.39	-
on escrow accounts	-	-	188.74	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. in Lacs)				
	Non - Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Deposits with original maturity of less than three months	-	-	1,000.00	18,375.52
Cheques/drafts on hand	-	-	5,264.31	6,036.12
Cash on hand	-	-	1,708.77	1,508.12
Stamps on hand	-	-	8.05	5.89
	-	-	39,447.86	46,943.13
Other Bank Balances				
Deposits with original maturity for more than 3 months but less than 12 months			437.13	4,225.61
Deposits with original maturity for more than 12 months	10.00	10.00	-	20.40
Margin money deposits	13.19	-	1,734.66	1,310.22
	23.19	10.00	2,171.79	5,556.23
Amount of non current assets disclosed under other current assets (note 19)	23.19	10.00		
	-	-	41,619.65	52,499.36

Margin money deposits given as security

Rs. 2.75 Lacs (March 31, 2012: Rs. 2.46 Lacs) to secure bank guarantee given to sales tax authorities.

Rs. 366.86 Lacs (March 31, 2012: Rs. 262.00 Lacs) to secure debt service reserve a/c requirement of L & T Infrastructure Finance Company Limited.

Rs. 420.00 Lacs (March 31, 2012: Rs. 500.00 Lacs) to secure short term borrowing from Yes Bank Limited.

Rs. 112.45 Lacs (March 31, 2012: Rs. 102.00 Lacs) to secure performance bank guarantee in favour of Government of Punjab.

Rs. 620.50 Lacs (March 31, 2012: Nil) to secure performance bank guarantee in favour of Government of Uttarakhand.

Rs. 46.00 Lacs (March 31, 2012: Rs. 42.63 Lacs) to secure performance bank guarantee issued to customer.

Rs. 174.29 Lacs (March 31, 2012: Rs. 401.13 Lacs) to secure letter of credit.

Rs. 5.00 Lacs (March 31, 2012: Nil) to secure performance bank guarantee in favour of ESIC & ECHS (Ex-serviceman contributory health scheme)

23. Revenue from operations

(Rs. in Lacs)		
	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of products		
Finished goods		
BOPP Film	76,263.03	73,715.63
Soft leather finishing foil	464.91	470.92
Traded goods		
Pharmacy and pharmaceuticals supplies	17,485.27	13,719.23
	94,213.21	87,905.78
Sale of services		
Life insurance premium(net)	656,970.84	632,060.23
Health insurance premium (net)	11,826.32	4,909.31
Healthcare services	56,359.38	40,227.01
Clinical research	2,334.73	2,503.67
Lease rentals	1,721.39	1,387.77
	729,212.66	681,087.99
Revenue from investment activities		
Dividend income	9,092.63	7,456.21
Interest income on		
Government securities	68,562.89	50,277.18
Bonds	24,635.09	17,556.00
Fixed deposits	2,085.87	2,782.89
Others	1,291.47	387.73
Amortisation of discount/(premium)	7,750.42	758.19
Profit on sale of investments	110,250.25	9,025.36
Unrealised gain on investments	12,775.60	-
Option fees	1,473.34	1,150.26
	237,917.56	89,393.82

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	For the year ended March 31, 2013	For the year ended March 31, 2012
Other Operating revenue		
Income from export incentives	241.30	-
Revenue from operations (gross)	1,061,584.73	858,387.59
Less: Excise duty	5,386.20	4,695.85
Revenue from operations (net)	1,056,198.53	853,691.74

23.1 The Company has a put option to transfer upto 24% of its shareholding in Max Bupa Health Insurance Co. Limited and Bupa Singapore Pte. Limited (Bupa Singapore) has a call option under which the Company would be required to transfer 24% of its shareholding in Max Bupa Health Insurance Co. Limited to Bupa Singapore subject to approval under applicable laws and regulations. As a consideration of the call option granted by the Company, Bupa Singapore is obliged to pay an option fee, which is disclosed as above.

23.2 Excise duty on sales amounting to Rs. 5,386.20 Lacs (March 31, 2012: Rs. 4,695.85 Lacs) has been reduced from sales in statement of profit and loss and excise duty on decrease in stock amounting to Rs. 24.89 Lacs (March 31, 2012: Rs. 55.05 Lacs) has been considered as expense in note 29 of financial statements.

24. Other Income

	For the year ended March 31, 2013	For the year ended March 31, 2012
		(Rs. in Lacs)
Dividend income on current investment	13.30	37.81
Interest income on		
Loans to other healthcare service providers	1,508.06	1,477.06
Fixed deposits	225.95	287.25
Others	454.87	147.81
Profit on sale of current investments	114.09	145.01
Profit on sale of long term investments	705.45	-
Liabilities/provisions no longer required written back	265.19	343.12
Policy reinstatement charges	754.89	-
Gain on foreign exchange fluctuation (net)	719.60	192.36
Scrap sales	201.13	275.61
Income from deferred credit	701.77	544.00
Other non operating income	498.48	677.76
	6,162.78	4,127.79

25. Cost of raw material consumed

	For the year ended March 31, 2013	For the year ended March 31, 2012
		(Rs. in Lacs)
Inventories at beginning of year	2,294.42	2,144.16
Add: Purchases	51,026.65	48,400.05
Less: inventories at the end of year	1,753.83	2,294.42
Cost of raw material consumed	51,567.24	48,249.79
25.1 Details of raw material consumed		
Polypropylene	45,387.99	42,407.90
Polypropylene compounds	4,625.97	3,675.54
Others	1,553.28	2,166.35
	51,567.24	48,249.79
25.2 Details of raw material inventory		
Polypropylene	1,217.14	652.35
Polypropylene compounds	229.76	1,297.67
Others	306.93	344.40
	1,753.83	2,294.42

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

26. (Increase)/ decrease in work-in-progress, finished goods and traded goods

	(Rs. in Lacs)		
	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase) /decrease
Inventories at end of year			
Work-in-process	1,012.79	916.87	(95.92)
Finished goods	243.78	418.63	174.85
Traded goods			
Pharmacy and pharmaceuticals supplies	1,630.76	1,491.97	(138.79)
	2,887.33	2,827.47	(59.86)
Inventories at beginning of the year			
Work-in-process	916.87	911.32	(5.55)
Finished goods	418.63	371.64	(46.99)
Traded goods			
Pharmacy and pharmaceuticals supplies	1,491.97	737.89	(754.08)
	2,827.47	2,020.85	(806.62)
Net (Increase)/ decrease in work-in-progress, finished goods and traded goods	(59.86)	(806.62)	
Details of inventory			
Work-in-process			
BOPP Film	922.58	856.39	
Soft leather finishing foil	90.21	60.48	
	1,012.79	916.87	
Finished goods			
BOPP Film	239.61	416.59	
Soft leather finishing foil	4.17	2.04	
	243.78	418.63	
Traded goods			
Pharmacy and pharmaceuticals supplies	1,630.76	1,491.97	
	1,630.76	1,491.97	

27. Change in policy reserves

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Change in policy reserves	279,643.72	238,631.60
Transfer to/from Fund for future appropriations-participating policies	25,431.22	27,305.51
	305,074.94	265,937.11

28. Employee benefit expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries, wages and bonus	80,382.50	73,936.35
Contribution to provident and other funds	2,818.97	2,363.73
Employee stock option scheme (refer note 33)	953.16	1,153.39
Gratuity expense	928.62	424.38
Staff welfare expenses	2,875.66	1,745.79
	87,958.91	79,623.64

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

28.1 Gratuity

The group has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India and Max Life Insurance Company Ltd. in form of a qualifying insurance policy.

The following table summarises the component of net benefit expense recognised in statement of profit and loss, the funded status and the amount recognised in the balance sheet in respect of defined benefit plans.

Statement of profit and loss

Net employee benefit expense recognized in employee cost

(Rs. in Lacs)

	Gratuity	
	March 31, 2013	March 31, 2012
Current service cost	570.27	651.32
Interest cost on benefit obligation	222.57	206.93
Expected return on plan assets	(193.62)	(181.05)
Net actuarial (gain) / loss recognized in the year	322.58	(252.82)
Past service cost	6.82	-
Net benefit expense	928.62	424.38
Actual return on plan assets	16.44	19.23

Balance sheet

Benefit asset/ liability

(Rs. in Lacs)

	Gratuity	
	March 31, 2013	March 31, 2012
Defined benefit obligation	3,340.29	2,565.34
Fair value of plan assets	2,323.03	2,169.01
Funded Status	(1,017.26)	(396.33)
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(1,017.26)	(396.33)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Lacs)

	Gratuity	
	March 31, 2013	March 31, 2012
Opening defined benefit obligation	2,565.34	2,304.50
Interest cost	222.57	206.93
Current service cost	570.27	651.32
Past service cost	6.82	-
Benefits paid by fund	(355.30)	(176.10)
Benefits paid by employer	-	(76.32)
Actuarial (gains) / losses on obligation	330.59	(344.99)
Closing defined benefit obligation	3,340.29	2,565.34

Changes in the fair value of plan assets are as follows:

(Rs. in Lacs)

	Gratuity	
	March 31, 2013	March 31, 2012
Opening fair value of plan assets	2,169.01	2,134.83
Expected return	193.62	181.05
Contributions by employer	243.18	121.40
Benefits paid	(290.79)	(176.10)
Actuarial gains / (losses)	8.01	(92.17)
Closing fair value of plan assets	2,323.03	2,169.01

The Company expects to contribute Rs. 437.27 Lacs (March 2012: Rs. Nil) to gratuity fund in next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	March 31, 2013	March 31, 2012
	%	%
Life Insurance Corporation of India	20	20
Max Life Insurance Company Ltd.	80	80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The principal assumptions used in determining benefit obligations for the Company's plans are shown below:

	Gratuity	
	March 31, 2013	March 31, 2012
Discount rate	7.75%-8.25%	8.00%-8.75%
Expected rate of return on assets	8.70%-9.64%	4.38%-9.25%
Retirement Age	58-60 years	58-60 years
Employee turnover	5%-60%	5%-60%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the overall expected rate on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no significant change in expected rate of return on assets.

Amounts for the current and previous four years are as follows:

	(Rs. in Lacs)				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	3,340.29	2,565.34	2304.50	1905.59	1372.86
Plan assets	2,323.03	2,169.01	2134.83	1544.94	729.48
Surplus / (deficit)	(1,017.26)	(396.33)	(169.67)	(360.65)	(643.38)
Experience adjustments on plan liabilities	(58.42)	(76.09)	(30.13)	(37.22)	50.22
Experience adjustments on plan assets	8.01	(92.17)	36.53	111.46	(56.73)

28.2 Provident Fund

The Group has set up a provident fund trust "Max India Limited Employees Provident Trust Fund" which is a common fund for Max India Limited and its subsidiaries, which is managed by the Company. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan as per AS-15 (Revised).

The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the year ended March 31, 2012. The actuary has accordingly provided a valuation for "Max India Limited Employees Provident Trust Fund" which is a common fund for Max India Limited and its subsidiaries based on assumptions provided below, there is no shortfall as at March 31, 2013.

The details of fund and plan asset position as at March 31, 2013 are as follows

	(Rs. in Lacs)	
	March 31, 2013	March 31, 2012
Plan assets at year end at fair value	19,119.27	16,327.19
Present value of defined benefit obligation at year end	18,944.06	16,224.61
Asset recognised in balance sheet	-	-
Active members as at year end (Nos)	18,548	23,932

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

	March 31, 2013	March 31, 2012
Discount rate	8.95%	8.60%
Withdrawal rate	9.00%	10.00%
Expected guaranteed interest rate	8.50%	8.25%

28.3 Other long term benefit

During the year, MLIC has recognised the following expenses in the statement of profit and loss representing deferred compensation (long term incentive plan): Rs 2,755.72 lacs (March 31, 2012 Rs 3,957.78 lacs)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

29. Other expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Consumption of stores and spares	793.16	842.73
Consumption of packing material	2,390.64	2,331.27
(Increase)/decrease of excise duty on inventories	24.89	55.05
Power and fuel	9,643.23	7,651.44
Processing charges	34.36	21.86
Policy issuance cost	11,439.78	12,853.69
Unrealised loss on long term investment	-	36,948.23
Appropriation/Expropriation adjustment account	-	1,586.38
Agents' commission for insurance business	62,689.37	58,535.55
Claims and other benefits payout	275,298.64	175,577.70
Recruitment and training expenses	7,935.14	7,284.07
Outside lab investigation	197.76	184.28
Patient catering expenses	913.67	529.34
Professional and Consultancy Fees	15,667.83	10,165.68
Rent	10,236.69	10,153.61
Insurance	625.86	933.25
Rates and taxes	9,050.93	9,885.86
Repairs and maintenance:		
Building	455.01	461.41
Plant and equipments	1,337.12	1,012.15
Others	10,992.04	11,393.18
Printing and stationery	1,504.61	2,126.50
Travelling and conveyance	7,271.66	5,450.94
Communication	4,391.30	3,835.50
Legal and professional	10,731.61	8,389.10
Directors' fee	35.75	34.39
Commission to other than sole selling agents	233.53	148.28
Cash discounts	807.91	600.19
Freight and forwarding expenses	2,974.75	2,527.33
Branding, advertisement and publicity	17,085.48	23,870.90
Provision for doubtful debts and advances	684.94	582.19
Net loss on sale/disposal of fixed assets	92.74	242.87
Doubtful advances written off	114.83	104.80
Goodwill written off	528.75	-
Fixed assets written off	90.86	-
Stock written off	27.74	-
Charity and donation	594.64	2,559.28
Miscellaneous expenses	770.83	1,003.89
	467,668.05	399,882.89

30. Depreciation and amortization expense

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Depreciation of tangible assets	10,996.55	8,237.19
Amortization of intangible assets	2,682.92	1,958.91
	13,679.47	10,196.10

31. Finance Cost

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest	6,897.85	7,097.00
Bank Charges	1,547.52	1,499.14
	8,445.37	8,596.14

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

32. Earnings per share (EPS)

	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Basic EPS		
Profit after tax (Rs. in Lacs)	78,412.32	15,497.66
Less: dividends on convertible preference shares & tax thereon	206.79	201.54
Net profit for calculation of basic EPS (Rs. in Lacs)	78,205.53	15,296.12
Weighted average number of equity shares outstanding during the year (Nos.)	265,292,153	257,229,181
Basic Earnings Per Share (Rs.)	29.48	5.95
Dilutive EPS		
Equivalent weighted average number of employee stock options outstanding (Nos.)	1,698,422	1,434,986
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	266,990,575	258,664,167
Diluted Earnings Per Share (Rs.)	29.29	5.91
Equivalent weighted average number of warrants against share capital (Nos.)	-	2,775,956
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	266,990,575	261,440,123
Diluted Earnings Per Share (Rs.)	29.29	5.85
Profit after tax as above (Rs. in Lacs)	78,412.32	15,497.66
Add: Interest on 12% Compulsorily Convertible Debentures (Net of Tax) (Rs. in Lacs)	-	818.91
Adjusted Profit after tax (Rs. in Lacs)	78,412.32	16,316.57
Equivalent weighted average number of 12% Compulsorily Convertible Debentures*	-	4,736,990
Weighted average number of equity shares outstanding during the year for dilutive earnings per share	266,990,575	266,177,113
Diluted Earnings Per Share (Rs.)	29.29	6.13

*Note: The conversion effect of potential dilutive equity shares for previous year were anti dilutive in nature, hence the effect of potential equity shares are ignored in calculating diluted earnings per share.

33. Employee Stock Option Plan

33.1 Max India Limited

Employee Stock Option Plan – 2003 (“the 2003 Plan”):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receives shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two year from vesting date.

	(Rs. in Lacs)			
	March 31, 2013		March 31, 2012	
Particulars	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,561,031	2.00	1,318,781	2.00
Granted during the Year	731,648	2.00	247,250	2.00
Forfeited during the year	(43,000)	-	-	-
Exercised during the year	(951,179)	2.00	(5,000)	2.00
Outstanding at the end of the year	1,298,500	2.00	1,561,031	2.00
Exercisable at the end of the year	400,000	2.00	817,052	2.00

For the period, the weighted average share price at the exercise date was Rs 186.37 (March 31, 2012: Rs 191.45)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The weighted average exercise price for stock options outstanding as at March 31, 2013 was Rs 2 per share (March 31, 2012 Rs 2 per share).

Grant Date	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
November 19, 2008	12,052	0.33	24,104	0.84
November 19, 2008	-	-	12,052	-
September 4, 2009	-	-	72,625	0.43
January 1, 2010	400,000	-	400,000	0.75
January 1, 2010	-	-	800,000	-
June 1, 2010	-	-	5,000	-
October 8, 2011	197,800	3.55	247,250	4.55
May 1, 2012	63,000	2.84	-	-
June 1, 2012	43,000	3.17	-	-
August 18, 2012	247,250	4.39	-	-
August 18, 2012	45,728	3.39	-	-
November 8, 2012	91,670	4.39	-	-
November 8, 2012	20,000	3.39	-	-
December 12, 2012	149,000	0.70	-	-
February 8, 2013	29,000	0.86	-	-

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Particulars	March 31, 2013						March 31, 2012
Date of option granted	1-May-12	1-Jun-12	18-Aug-12	8-Nov-12	12-Dec-12	8-Feb-13	8-Oct-11
Stock Price Now (in Rupees)	197.95	185.05	183.95	242.95	240.70	244.45	170.55
Exercise Price (X) (in Rupees)	2	2	2	2	2	2	2.00
Expected Volatility (Standard Dev - Annual)	26.99%	26.99%	26.99%	26.99%	26.99%	26.99%	36.12%
Life of the options granted (Vesting and exercise period) in years	11.42	11.34	11.12	10.9	10.81	10.65	1.98
Expected Dividend	0%	0%	0%	0%	0%	0%	0%
Average Risk- Free Interest Rate	8.77%	8.51%	8.36%	8.31%	8.30%	7.97%	8.29%
Weighted average fair value of options granted	197.22	184.29	183.16	242.14	239.88	243.59	168.85

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

33.2 Max Life Insurance Company Limited

Employee Stock Option Plan – 2006 (“the 2006 Plan”):

The Company had instituted the 2006 Plan, which was approved by the Board of Directors and by the shareholders in March, 2007. Vesting period ranges from one to two years and options can be exercised after 60 months from vesting date. Date of Grant is Oct 30, 2006

(Rs. in Lacs)

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,150,000	10	1,200,000	10
Granted during the Year	-	-	-	10
Forfeited during the year	(1,150,000)	10	-	10
Exercised during the year	-	-	(50,000)	10
Outstanding at the end of the year	-	-	1,150,000	10
Exercisable at the end of the year	-	-	1,150,000	10

Weighted average fair value of options granted on the date of grant is Rs 10 (March 31, 2012: Rs. 10).

Employee Stock Option Plan – 2009 (“the 2009 Plan”):

The Company had instituted the 2009 Plan, which was approved by the Board of Directors and by the shareholders in August, 2009. Vesting period ranges from one to four years and options can be exercised after 60 months from vesting date. Dates of Grant are Sep 01, 2009 & Sept 01, 2010

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	21,915,000	31.09	22,810,000	31.00
Granted during the Year	-	-	-	-
Forfeited during the year	(21,915,000)	31.09	(738,500)	30.26
Exercised during the year	-	-	(156,500)	31.08
Outstanding at the end of the year	-	-	21,915,000	31.09
Exercisable at the end of the year	-	-	5,743,650	32.04

Weighted average fair value of options granted on the date of grant is Rs. Nil (March 31, 2012: Rs. 34.07).

Consequent to the share transfer arrangement dated June 27, 2012, all the ESOP Plans (the 2006 Plan & the 2009 Plan) valid till the time of transfer have been discontinued and the corresponding asset and liability have been reversed during the current year.

Employee Phantom Option Plan – 2012 (“the 2012 Plan”):

The Company had instituted the 2012 Plan, which was approved by the Board of Directors in July 2012. Vesting period ranges from one to four years and options can be exercised within 72 months from vesting date. Date of Grant is August 1, 2012

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	-	-	-	-
Granted during the Year	23,773,000	29.97	-	-
Forfeited during the year	(490,000)	29.97	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	23,283,000	29.97	-	-
Exercisable at the end of the year	23,283,000	-	-	-

Weighted average fair value of options granted on the date of grant is Rs. 13.35

Grant Date	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
October 30, 2006	-	-	1,150,000	-
September 1, 2009	-	-	12,925,500	1.25
September 1, 2009	-	-	5,389,500	-
September 1, 2010	-	-	3,245,850	2.25
September 1, 2010	-	-	354,150	-
August 1, 2012	23,283,000	1.77	-	-

The Key assumptions used to estimate fair value of options are:

Particulars	March 31, 2013	March 31, 2012
Risk-free interest rate	7.64%-7.8%	5.47% - 7.79%
Expected life	0.33-3.25 Years	4-8 Years
Expected Volatility	12.26%	13.87% - 47%
Expected dividend yield	0.00%	0.00%

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome

33.3 Max Healthcare Institute Limited

Employee Stock Option Plan - 2006 (“the 2006 Plan”)

The company has instituted the 2006 Plan, which was approved by the Board of Directors on July 31, 2006 and subsequently by the shareholders on August 10, 2006. The 2006 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2006 Plan is administered by the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Remuneration Committee appointed by the Board of Directors. Vesting period ranges from one to four years and options can be exercised after one year from vesting date.

The 2006 Plan gives an option to the employee to purchase the share at a price determine by remuneration committee subject to minimum par value of shares (Rs. 10/-). The Company have granted 775,000 options at exercise price of Rs. 25 per option and 500,000 options at exercise price of Rs. 10 per option. However employees have a right to choose to settle in cash at a value calculated as a difference between Fair Market value of Shares and Exercise Price of Share. The Company have valued Employee Stock Option outstanding as at year end presuming all the employees will exercise their option in favour of Cash Settlement.

The details of activity under the Scheme are summarized below:

Particulars	March 31, 2013		March 31, 2012	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,425,000	19.74	3,044,500	10.00
Granted during the Year	-	-	925,000	25.00
Forfeited during the year	150,000	25.00	259,500	10.00
Exercised during the year	-	-	2,285,000	10.00
Outstanding at the end of the year	1,275,000	19.12	1,425,000	19.74
Exercisable at the end of the year	655,000	13.55	-	-

During the year, no options have been exercised (For options exercised during previous year, the weighted average share price for the period over which stock options were exercised was Rs.32.30 and weighted average fair value of options granted on the date of grant was Rs. 17.51).

Grant Date	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
07-Dec-09	500,000	0.68	500,000	1.68
01-Mar-12	775,000	2.87	925,000	3.87

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. During the year, no options have been granted. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Black Scholes Option Pricing model

Particulars	March 31, 2013	March 31, 2012
A. Stock Price Now (in Rupees)	-	32.30
B. Exercise Price (X) (in Rupees)	-	25.00
C. Expected Volatility (Standard Dev - Annual)	-	45.60%
D. Historical Volatility	-	45.60%
E. Life of the options granted (Vesting and exercise period) in years	-	3.96 Years
F. Expected Dividend	-	Nil
G. Average Risk- Free Interest Rate	-	8.24%
H. Expected Dividend Rate	-	Nil

* Not applicable since no ESOP's were granted during the year

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The following table illustrates the effect on net income and earnings per share if the company had applied the fair value method to Stock Based employee compensation:

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit after tax and minority interest as reported	78,412.32	15,497.66
Add: Employee stock compensation under intrinsic value method	953.16	1,153.39
Less: Employee stock compensation under fair value method	(1,233.72)	(1,434.59)
Proforma profit	78,131.76	15,216.46
Earnings Per Share		
Basic (Rs.)		
- As reported	29.48	5.95
- Proforma	29.45	5.92
Diluted (Rs.)		
- As reported	29.29	5.85
- Proforma	29.26	5.82

34. Leases

34.1 Finance lease: group as lessee

The group has finance leases and hire purchase contracts for various items of medical equipments. Upon the expiry of lease term the absolute the unencumbered ownership of the equipment shall vest with the Group at the guaranteed residual value. Each renewal is at the option of lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	March 31, 2013		March 31, 2012	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	296.07	222.20	202.69	151.41
After one year but not more than five years	986.64	655.31	604.87	528.94
More than five years	-	-	-	-
Present value of minimum lease payments	1,282.71	877.51	807.56	680.35

34.2 Operating lease: group as lessee

Lease rentals recognized in the statement of profit and loss for the year is Rs. 10,236.69 Lacs (March 31, 2012: Rs. 10,153.61 Lacs).

The group has entered into operating leases for its office, hospitals, nurse hostel and for employees' residence, that are renewable on a periodic basis. The average life of lease is from 3 to 30 years. The total of future minimum lease payments under non-cancellable leases are as follows:

Particulars	(Rs. in Lacs)	
	March 31, 2013	March 31, 2012
Not later than one year	2,940.98	2,561.18
Later than one year and not later than five year	11,294.00	9,261.01
Later than five year	26,096.77	34,642.64
Total	40,331.75	46,464.83

34.3 Operating lease: company as lessor

i) Max Medical Services Ltd ("MMS") had entered into a lease with a healthcare service provider on December 10, 2001 and further amendment thereto for supply of medical, other equipments for an initial term of 36 years. Under the terms of the lease, MMS is responsible for:

- Acquisition of equipment including its repair and servicing;
- Ensuring adequate insurance coverage for the assets; and
- Replacement of any existing equipment or suitable equipment in lieu thereof"

As per terms, lease rentals based on a fixed percentage of the turnover of the healthcare service provider are due to MMS on a monthly basis.

Accounting for leases has been made in accordance with Accounting Standard-19 notified by Companies (Accounting Standards) Rules, 2006 . Following are the details of lease transactions for the year:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Operating Lease

Income from lease rentals recognized for the year is Rs. 1,581.39 Lacs (March 31, 2012: Rs. 1,249.04 Lacs) As mentioned above, the company has entered into an agreement for supply of equipment on lease. The lease rent is entirely contingent on turnover, hence cannot be quantified for any future periods."

- ii) Income of lease rental from Pharmax Corporation Limited of Rs. 140.00 Lacs (March 31, 2012: Rs. 138.73 Lacs) represents cancellable lease agreement for lease of building.

35. Capitalisation of Expenditure

	(Rs. in Lacs)	
Particulars	March 31, 2013	March 31, 2012
Opening Balances	934.00	1,820.65
Add:		
Rent	165.00	-
Salaries, wages and bonus	572.75	414.52
Travel and Communication	156.61	89.26
Insurance Expenses	3.00	27.27
Interest Expenses	20.00	1,140.56
Legal & Professional	3,816.16	116.27
Miscellaneous Expenses	43.89	332.74
Project Overheads	256.78	-
Power and Fuel	23.00	189.63
Total	5,991.19	4,130.90
Less: Capitalised during the year	(1,378.00)	(3,196.90)
Preoperative expenses pending capitalisation	4,613.19	934.00

36. Interest in a joint venture

During the year, the group has entered in to a mutual termination on August 16, 2012, of joint venture agreement entered for setting up an operating day care centre with Nova Medical Centres NCR region Private Limited. As per the arrangement, the group has sold entire investments in joint ventures.

The Group also holds 14.29% interest in Forum I Aviation Limited (incorporated in India), a joint controlled entity which is involved in the business of aircraft chartering services to its members .

Detail of company's share in Joint ventures included in the consolidated financials statement are as follows:

	Forum I Aviation Limited		Nova Medical Centres NCR Region Private Limited		Total	
	March 31, 2013	March 31, 2012	March 31, 2013*	March 31, 2012	March 31, 2013	March 31, 2012
Current assets	129.13	152.52	-	111.13	129.13	263.65
Non current assets	867.28	894.49	-	436.04	867.28	1,330.53
Current liabilities	(60.00)	(89.99)	-	(137.92)	(60.00)	(227.91)
Non Current liabilities	(326.17)	(401.41)	-	(240.17)	(326.17)	(641.58)
Equity	610.24	555.61	-	169.08	610.24	724.69
Revenue	525.48	416.96	867.89	308.79	1,393.37	725.75
Cost of material consumed	-	-	(60.92)	(72.78)	(60.92)	(72.78)
Depreciation	(48.93)	(49.04)	(37.94)	(78.51)	(86.87)	(127.55)
Employee benefit expenses	(55.04)	(50.25)	(59.21)	(93.51)	(114.25)	(143.76)
Other Expenses	(322.11)	(263.52)	(178.89)	(392.53)	(501.00)	(656.05)
Profit/(Loss) before tax	99.40	54.15	530.93	(328.54)	630.33	(274.39)
Tax expense	(44.77)	(11.15)	-	-	(44.77)	(11.15)
Profit/(Loss) after tax	54.63	43.00	530.93	(328.54)	585.56	(285.54)

The Group share in post acquisition reserves of Forum I Aviation Limited is Rs 155.23 lacs.

* Joint venture consolidated for the period 1-Apr-12 to 16-Aug-12



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

37.1 Business Segments

The Company has considered business segment as the primary segment for disclosure. The products/ services included in each of the reported business segments are as follows:

- a) Speciality Plastic Products - The holding company's manufacturing facility located at Railmajra, Nawanshar (Punjab), produces packaging films supported with polymers of propylene, leather finishing transfer foils and related products.
- b) Life Insurance – This segment relates to the nation wide life insurance business carried out by one of the Company's subsidiary.
- c) Healthcare Business – Some of the Company's subsidiaries are engaged in the delivery of healthcare services in the national capital territory of Delhi through its primary and tertiary health care delivery centers. This also includes revenue from leasing of medical and other equipments.
- d) Clinical Research – Consists of business activities relating to conduct of ethical medical research involved in drug development process as a Clinical Research Service provider. The group of subsidiaries involved in this business segment & offer study management services, project management services, data base management services, monitoring services and clinical trial pharmacy supply chain management services to the pharmaceutical, medical device, biotechnology and Contact Research Organizations worldwide.
- e) Business Investments – This segment is represented by treasury investments.
- f) Health Insurance – One of the Company's subsidiaries is engaged in the business of health Insurance.
- g) Senior Living – One of the Company's subsidiaries is engaged in the business of senior living.
- h) Others – The leasing activities undertaken by one of the Company's subsidiary are classified under this segment.

The above business segments have been identified considering:

- (i) The nature of products and services
- (ii) The differing risks and returns
- (iii) Organizational structure of the group, and
- (iv) The internal financial reporting systems

Segment Revenue consists of segment revenue from external customers and revenue from other segments.

Segment Result is the difference of segment revenue and segment operating expenses.

Unallocated Assets include assets pertaining to the holding company's corporate office such as, loans, advance and deposits.

Unallocated Liabilities include tax provisions and interest bearing loans not directly related to any business segment.

Unallocated Expenses - Expenses incurred at corporate office of the holding company relate to various business segments. As there is no reasonable basis of allocating this expenditure to various segments, the same are shown as unallocated reconciling expenses. Interest expense is not treated as part of a segment expense and is reflected as a separate line item.

37.2 Geographical Segments

The Company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, the revenues are bifurcated based on location of customers in India and outside India.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

37.3 Segment Information

Primary Segments	Speciality Plastic Products		Healthcare business		Business Investments		Life Insurance business		Health Insurance business		Clinical Research Business		Senior Living		Others		(Rs. in Lacs)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Total																	
a. Segment Revenue from																		
Sales to external customers	71,341.74	69,490.70	17,485.27	13,719.23	-	-	656,970.85	632,060.23	11,826.32	4,365.31	2,334.73	2,503.67	-	-	138.73	729,453.96	88,827.01	83,209.93
Service Income	-	-	58,182.06	42,020.05	-	-	59.16	23.78	1,010.87	182.53	283.80	267.49	-	-	527.30	14,716.74	729,453.96	681,087.99
Service/Interest Income from inter segments	-	-	5,220.36	5,370.38	7,145.46	1,318.33	59.16	23.78	1,010.87	182.53	283.80	267.49	-	-	997.09	14,716.74	729,453.96	7,689.81
Income from investment activities	-	-	-	-	84,013.12	3,999.00	151,870.72	84,013.42	2,033.72	1,381.40	-	-	-	-	-	237,917.56	89,393.82	89,393.82
Total Segment Revenue	71,341.74	69,490.70	80,887.69	61,109.66	91,158.58	5,317.33	808,900.73	716,097.43	14,870.91	5,929.24	2,618.53	2,771.16	-	-	1,137.09	1,070,915.27	861,381.55	861,381.55
Less: Inter segment revenue	0.00	0.00	5,220.36	5,370.38	7,145.46	1,318.33	59.16	23.78	1,010.87	182.53	283.80	267.49	0.00	0.00	997.09	14,716.74	729,453.96	7,689.81
Revenue from operations	71,341.74	69,490.70	75,667.33	55,739.28	84,013.12	3,999.00	808,841.57	716,073.65	13,860.04	5,746.71	2,334.73	2,503.67	-	-	140.00	1,056,198.53	853,691.74	853,691.74
b. Segments Results																		
Interest Income	2,027.44	5,549.75	(5,669.01)	(5,646.59)	82,771.53	2,808.97	48,039.11	46,791.63	(11,470.13)	(11,822.28)	(165.98)	278.27	(164.46)	-	628.37	115,996.87	38,452.60	38,452.60
Sub-total																2,188.88	1,949.92	1,949.92
Less:																118,185.75	40,402.52	40,402.52
Unallocated Expenses (Net of unallocated income)																		
Interest Expenses																		
Profit before tax																10,602.06	8,830.10	8,830.10
Provision for taxation (includes provision for Deferred Tax)																8,445.37	7,383.92	7,383.92
Profit after tax																99,138.32	24,188.50	24,188.50
Minority Interest																14,185.24	400.13	400.13
Profit after tax (after adjusted minority interest)																84,953.08	23,788.37	23,788.37
c. Carrying amount of segment assets	50,419.52	50,248.59	129,530.12	130,803.43	35,337.79	28,777.96	2,175,023.40	1,817,391.02	31,474.31	22,852.57	2,243.59	2,370.36	9,622.79	-	3,687.61	2,437,339.13	2,055,993.53	2,055,993.53
Add: Unallocated assets																7,564.93	2,577.40	2,577.40
Goodwill																32,867.21	18,957.05	18,957.05
Total Assets																2,477,771.27	2,077,527.98	2,077,527.98
d. Segment Liabilities	4,554.00	4,275.26	26,210.43	23,164.15	-	-	1,971,087.48	1,641,070.56	20,432.30	12,827.93	878.07	820.18	198.13	-	263.73	2,023,624.14	1,682,579.48	1,682,579.48
Add: Unallocated liabilities																90,365.51	72,690.77	72,690.77
Total Liabilities																2,113,989.65	1,755,270.25	1,755,270.25
e. Cost to acquire tangible and intangible fixed assets	903.14	1,650.64	7,509.21	30,062.76	-	-	6,006.55	2,523.91	911.81	645.97	66.41	125.02	8,318.92	-	61.38	23,777.42	35,019.68	35,019.68
Unallocated																1,488.00	149.51	149.51
Total Addition																25,265.42	35,169.19	35,169.19
f. Depreciation and amortisation expenses	2,159.38	2,101.42	5,199.49	3,383.99	-	-	5,025.21	3,783.58	895.91	575.55	52.17	62.53	5.25	-	114.50	13,451.91	10,022.92	10,022.92
Unallocated Depreciation & amortization																227.56	173.18	173.18
Total depreciation and amortization																13,679.47	10,196.10	10,196.10
g. Non-cash expenses other than depreciation and amortisation	-	-	75.15	263.41	-	-	59.00	118.34	-	-	-	-	-	-	-	134.15	381.75	381.75
Unallocated Non cash expenses																819.01	771.64	771.64
Total																953.16	1,153.39	1,153.39

SECONDARY SEGMENT

	India			Outside India			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
	(Rs. in Lacs)								
a. Revenue from external customers	1,029,898.64	829,763.21	23,928.53	26,299.89	23,928.53	1,056,198.53	853,691.74	853,691.74	853,691.74
b. Carrying amount of segment assets by location of assets (Trade Receivables)	2,430,382.18	2,049,938.97	6,054.56	6,956.95	6,054.56	2,437,339.13	2,055,993.53	2,055,993.53	2,055,993.53
c. Cost to acquire tangible and intangible fixed assets by location of assets	23,777.41	35,019.68	-	-	-	23,777.41	35,019.68	35,019.68	35,019.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

38. Related Parties Disclosure

Names of other related parties with whom transactions have taken place during the year

Key Management Personnel	Mr. Analjit Singh Mr. Rahul Khosla Mr. Mohit Talwar
Relatives of key management personnel	Ms. Piya Singh (Daughter of Mr. Analjit Singh) Mr. Veer Singh (Son of Mr. Analjit Singh)
Enterprises owned or significantly influenced by key management personnel or their relatives	New Delhi House Services Limited Lakeview Enterprises Delhi Guest House Private Limited Malsi Estates Limited Max India Foundation Medicare Investments Limited Maxopp Investments Limited Max Ventures Pvt Limited Solace Hotels and Hospitality Services Pvt. Ltd. Urban Space Consultants Pvt Limited
Employee benefit funds	Max India Limited. Employees' Provident Fund Trust Max India Limited. Superannuation Fund Max India Limited Employees' Gratuity Fund

Related Party Disclosures

Transactions during the year:

	(Rs. in Lacs)							
	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Transactions during the year:								
Reimbursement of expenses received								
Analjit Singh	7.31	8.33	-	-	-	-	7.31	8.33
Malsi Estates Ltd	-	-	-	-	14.21	9.53	14.21	9.53
Max Ventures Pvt Ltd	-	-	-	-	133.18	136.23	133.18	136.23
Max India Foundation	-	-	-	-	0.68	2.89	0.68	2.89
New Delhi House Services Ltd	-	-	-	-	12.43	12.27	12.43	12.27
Director's Remuneration								
Analjit Singh	502.08	500.72	-	-	-	-	502.08	500.72
Rahul Khosla	1,042.98	1,241.43	-	-	-	-	1,042.98	1,241.43
Mohit Talwar	501.94	38.57	-	-	-	-	501.94	38.57
Salary paid								
Piya Singh	-	-	7.92	5.00	-	-	7.92	5.00
Rent paid								
Veer Singh	-	-	60.00	9.96	-	-	60.00	9.96
Delhi Guest Houses Pvt Ltd	-	-	-	-	84.12	0.12	84.12	0.12
Lakeview Enterprises	-	-	-	-	36.00	12.36	36.00	12.36



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	(Rs. in Lacs)							
	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Malsi Estates Ltd	-	-	-	-	787.05	-	787.05	-
Reimbursement of other expenses paid								
Delhi Guest Houses Pvt Ltd	-	-	-	-	23.61	19.32	23.61	19.32
New Delhi House Services Ltd	-	-	-	-	594.50	548.61	594.50	548.61
Malsi Estates Ltd	-	-	-	-	-	4.19	-	4.19
Max India Foundation	-	-	-	-	5.01	-	5.01	-
Max Ventures Pvt Ltd	-	-	-	-	352.62	7.74	352.62	7.74
Urban Space Consultants Pvt Ltd	-	-	-	-	67.42	-	67.42	-
Donation paid								
Max India Foundation	-	-	-	-	255.00	296.99	255.00	296.99
Interest Paid								
Medicare Investments Ltd	-	-	-	-	13.50	13.50	13.50	13.50
Maxopp Investments Ltd	-	-	-	-	7.43	7.43	7.43	7.43
Deposits & Advance Given								
Max Ventures Pvt Ltd	-	-	-	-	179.01	-	179.01	-
Veer Singh	-	-	27.90	-	-	-	27.90	-
Delhi Guest Houses Pvt Ltd	-	-	-	-	36.00	-	36.00	-
Solace Hotels and Hospitality Services Pvt. Ltd.	-	-	-	-	353.76	-	353.76	-
Lakeview Enterprises								
Company's Contribution towards Retirements & Superannuation Funds	-	-	-	-	18.00	-	18.00	-
Max India Ltd Employee's PF Trust	-	-	-	-	2,357.25	1,996.59	2,357.25	1,996.59
Max India Ltd Superannuation Fund	-	-	-	-	36.62	42.44	36.62	42.44
Max India Ltd Gratuity Fund	-	-	-	-	227.56	60.49	227.56	60.49
Shares issued against share warrants								
Dynavest India Private Limited	-	-	-	-	-	17,340.00	-	17,340.00
Balance Outstanding at the end of year:								
Amount Payable								
New Delhi House Services Ltd	-	-	-	-	(27.04)	(49.86)	(27.04)	(49.86)
Malsi Estates Ltd	-	-	-	-	(150.00)	(9.19)	(150.00)	(9.19)
Max Ventures Pvt Ltd	-	-	-	-	(66.00)	(66.00)	(66.00)	(66.00)
Max India Foundation	-	-	-	-	-	(58.07)	-	(58.07)
Amount Receivable								
Veer Singh	-	-	30.00	2.10	-	-	30.00	2.10
Lakeview Enterprises	-	-	-	-	18.00	-	18.00	-
Max India Foundation	-	-	-	-	18.71	-	18.71	-
Max Ventures Pvt Ltd	-	-	-	-	0.09	-	0.09	-
Solace Hotels and Hospitality Services Pvt. Ltd.	-	-	-	-	353.76	-	353.76	-
Delhi Guest Houses Pvt Ltd	-	-	-	-	36.00	-	36.00	-
Loans & Advances taken								
Medicare Investment Limited	-	-	-	-	(100.00)	(100.00)	(100.00)	(100.00)
Maxopp Investment Limited	-	-	-	-	(55.00)	(55.00)	(55.00)	(55.00)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

39. Capital and Other Commitments

a) Capital Commitments

	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	5,139.08	7,321.96
Less: Capital advances	1,802.46	1,411.76
Net capital commitment for acquisition of capital assets	3,336.62	5,910.20

- b) The Company has entered into tripartite agreement between Axis Bank Limited, Max Life and the Company, whereby the Company will buy back the stake held by Axis Bank Limited in Max Life in 4 tranches from 2014 to 2016.

39.1 Commitment with respect to leases refer note 34

40. Contingent Liabilities not provided for

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
i.	Corporate guarantee given to financial institutions / banks on behalf of others. (Refer note (a))		
	- Export-Import Bank of India	2,241.00	2,680.00
	- Housing Development Finance Corporation Limited	4,625.00	4,275.00
	- Punjab National Bank	1,620.00	2,188.79
	- IndusInd Bank Limited	5,000.00	5,000.00
ii.	Claims against the Company not acknowledged as debts (Refer note (b))		
	- Excise Duty Demands	2,129.18	1,867.86
	- Custom Duty Demands	373.68	362.54
	- Service Tax Demands (refer note d below)	11,931.90	323.75
	- Sales Tax	292.00	-
	- Legal claims	1,973.27	2,130.70
	- Entry Tax	1,198.84	243.37
	- Potential liability in respect of repudiated policyholders claims	456.88	510.33
iii.	Liability on account of discounting of bills	576.15	533.90
iv.	Letters of credit outstanding with various banks in favour of domestic and foreign suppliers for supply of raw materials and capital goods	370.68	283.54
v.	Obligation arising from import of capital equipment at concessional rate of duty during the year under Export Promotion Capital Goods Scheme (Refer note (c))	76.65	1,985.84
vi.	Income Tax cases (note d and e)		
vi.(a)	Disallowances made during assessments for the assessment years 1999-00 to 2010-11	25.73	89.60
vi.(b)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961, which are pending disposal for:	628.02	686.47
	1. Assessment years 1992-93 to 1993-94 - 33.42 Lacs		
	2. Assessment years 2002-03 to 2005-06 - 586.44 Lacs**		
	3. Assessment Year 2009-10 - 8.16 Lacs		
vi.(c)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)	Refer note vii (c) below	

* Income tax demand from AY 2001-02 to 2006-07 was levied on the disallowances confirmed by CIT (Appeal). The ITAT vide its order dated March 8, 2013 has deleted the disallowances confirmed by CIT (Appeals), consequently the demand levied by the department will be deleted and accordingly provision of Rs. 771.50 lacs has been written back.

** Penalty from AY 2002-03 to 2005-06 was levied on the disallowances confirmed by CIT (Appeal). The ITAT vide its order dated March 8, 2013 has deleted the disallowances confirmed by CIT (Appeals), consequently the penalty levied by the department will be deleted.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note:

- a. Guarantees given by the Company on behalf of others is not considered as prejudicial to the interest of the Company.
- b. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums/authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various forums/authorities. The Company has not made any provision for the demands in Excise, Service Tax, Sales Tax, Customs, Entry Tax and legal claims as the Company believes that they have a favourable case based on existing judicial pronouncements .
- c. The export obligation undertaken by the Company for import of capital equipment under Export Promotion Capital Goods Scheme of the Central Government at concessional or zero rate of custom duty are in the opinion of the management expected to be fulfilled within the respective timelines.
- d. Service tax demands against show cause cum demand notices received by MLIC from the Central Excise & Service Tax, Office of Commissioner and Directorate General Central Excise Intelligence vide show cause notice dated March 30, 2013 and April 22, 2013. MLIC is in the process of filing reply to tax authorities and has been advised by tax experts that our grounds to challenge the raised issues are well supported in law. Accordingly, the Company does not expect a future liability.
- e. Income tax cases represent the cases pending with income tax/authorities/ High Court/ Supreme Court. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various courts/authorities. The Company has not made any provision for the demands in income tax cases as the Company believes that they have a good case based on existing judicial pronouncements.

vii(c) Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S.No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 Lacs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs which included the demand of Rs. 24,368.00 Lacs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL.	High Court

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4	2006-07	<p>The capital gains realized from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled.</p> <p>The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals).</p> <p>Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings have been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs has been raised. The company has filed an appeal against the same on April 25, 2013 and obtained a stay of demand on May 27, 2013.</p>	CIT(A)
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e) Max Life Insurance Company Limited ("MLIC")

For the assessment year 2002-2003, the Assessing Officer has reduced the returned loss of Rs. 6,684.09 Lacs (March 31, 2012: Rs. 6,684.09 Lacs) to Rs. 6,482.08 Lacs (March 31, 2012: Rs. 6,482.08 Lacs) by making disallowance of Rs. 202.01 Lacs (March 31, 2012: Rs. 202.01 Lacs) u/s 92CA(3) of the Income-tax Act, 1961 relating to Transfer Pricing. Similarly, for the assessment years 2003-04 & 2004-05, the returned losses have been reduced from Rs. 7,408.37 Lacs (March 31, 2012: Rs. 7,408.37 Lacs) to Rs. 7,331.92 Lacs (March 31, 2012: Rs. 7,331.92 Lacs) and from Rs. 7,563.42 Lacs (March 31, 2012: Rs. 7,563.42 Lacs) to Rs. 7,285.17 Lacs (March 31, 2012: Rs. 7,285.17 Lacs) respectively by the Assessing Officer. Further, for the assessment year 2005-06, the returned loss has been reduced from Rs. 9,427.20 Lacs (March 31, 2012: Rs. 9,427.20 Lacs) to Rs. 9,199.80 Lacs (March 31, 2012: Rs. 9,199.80 Lacs) by making disallowance of Rs. 121.70 Lacs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing and Rs. 105.70 Lacs due to disallowance of loss on sale of investment. CIT (Appeals) has passed favourable orders for all the above mentioned assessment years i.e 2002-03 to 2005-06. Appeal against the orders have been filed with Income Tax Appellate Tribunal by the Department. For the assessment year 2006-07, the returned loss has been reduced from Rs. 5,805.44 Lacs (March 31, 2012: Rs. 5,805.44 Lacs) to Rs. 5,414.09 Lacs (March 31, 2012: Rs. 5,414.09 Lacs) by making disallowance of Rs. 11.83 Lacs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing, Rs. 90.48 Lacs due to disallowance of loss on sale of investment, Rs. 255.75 Lacs on provision for FBT and Rs. 33.28 Lacs on provision for bad & doubtful debts. Appeal against the order has been filed with Income Tax Appellate Tribunal.

For the assessment year 2007-08, the returned loss has been reduced from Rs. 5,671.22 Lacs to Rs. 5,023.02 Lacs by making disallowance of Rs. 270.19 Lacs on account of loss on sale of investment, Rs. 311.43 Lacs on provision for FBT and Rs. 58.08 Lacs on provision for bad & doubtful debts & Rs. 8.50 Lacs on donation paid. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2008-09, the Assessing Officer has recomputed the value of fringe benefits from Rs. 1,421.15 Lacs to Rs. 1,460.05 Lacs & has raised demand of Rs. 17.76 Lacs. Appeal against the order has been filed with CIT (Appeals). The returned loss for AY 2008-09 has been reduced from Rs. 14,684.45 Lacs to Rs. 13,471.61 Lacs by making disallowance of Rs. 635.02 Lacs on account of loss on sale of investment, Rs. 468.91 Lacs on provision for FBT and Rs. 100.03 Lacs on provision for bad & doubtful debts & Rs. 8.88 Lacs on donation paid. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2009-10, the returned loss has been reduced from Rs. 32,270.85 Lacs to Rs. 30,449.38 Lacs by making disallowance of Rs. 653.53 Lacs on account of loss on sale of investment, Rs. 794.30 Lacs on provision for FBT and Rs. 132.13 Lacs on provision for bad & doubtful debts & Rs. 241.51 Lacs on donation paid. Appeal against the order has been filed with CIT (Appeals).

The Company is hopeful that above appeals will be disposed off in its favour.

41. Actuarial Assumptions – Life Insurance Business

MLIC's Appointed Actuary has determined valuation assumptions that conform with Regulations issued by the IRDA and professional guidance notes issued by the Institute of Actuaries of India. Details of assumptions are given below:

(a) Interest:

It is based upon the current and projected yields on the fund and the current and projected yields on 10 year G-sec. A valuation rate of interest of 7.75% (March 31, 2012: 7.75%) for participating, nonparticipating, health business and riders has been used.

The valuation rate of interest rate was reduced by Margins for Adverse Deviations (MAD) of 0.80% (March 31, 2012: 0.80%) for the participating products and 0.80% (March 31, 2012: 0.80%) for the major non-participating products.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Gross unit growth rate of 7.75% pa (March 31, 2012: 7.75% pa) has been used which was further reduced by a MAD of 1.30% (March 31, 2012: 1.30% pa). For unit-linked products where there is a premium related addition payable, the MAD for unit linked fund growth rate has been used as 2.50% (March 31, 2012 : 2.50%).

(b) Mortality:

The assumptions are revised basis experience (where credible) and consideration has been given to avoid arbitrary discontinuities relating to those used in the previous annual valuation. The assumptions are based on the base table IALM (94-96).

The mortality assumptions for the participating business were revised. To reflect the worsening of experience in the initial duration, the assumptions were revised from 100% and 90% of the base tables for 1st year and 2nd year to 130% and 100% respectively. For 3rd year, the assumptions got revised from 70% of the base table to 85%.

The base assumptions have been further increased by a MAD of 10% (March 31, 2012: 10%) for participating business and 25% (March 31, 2012: 25%) for non-participating, unit linked and health business.

(c) Morbidity:

The Institute of Actuaries of India has recommended the Critical Illness Base Table 93 study of UK for morbidity incident rates, due to lack of any published Indian experience.

Proportions of 95% to 300% (March 31, 2012: 95% to 300%) of these tables have been used which were further increased by a MAD of 25% (March 31, 2012: 25%).

(d) Expenses:

The maintenance expense assumptions at 31st March 2013 for the participating business were revised upward to reflect the current expense levels. The unit-linked and non par non linked expense assumptions remain unchanged. These were further increased by MAD of (March 31, 2012: 10% for participating policies and 10% (March 31, 2012: 10% for non-participating, unit linked and health policies).

(e) Inflation:

An assumption of 6.5% pa (March 31, 2012: 6.5% pa) for expense inflation has been used.

(f) Commission:

Commission is allowed for at the rates an agent would be entitled to with no recognition of the fact that in practice commission might not be paid as a result of the termination of an agency. This prudent approach is consistent with the Regulations.

(g) Lapses:

The lapses assumptions have been changed for both the participating and non-participating lines of business to ensure the assumptions are better aligned with experience and at the same time making adjustments to ensure adequate levels of prudence.

The rates were further reduced by MAD of 20% (March 31, 2012: 20%) for participating policies, 50% (March 31, 2012: 50%) for non-participating and unit-linked policies and 20% (March 31, 2012: 20%) for health plans.

(h) Future bonuses:

Provision is made for future bonuses based on estimated expected bonus payouts consistent with the valuation assumptions and policyholders' reasonable expectations.

(i) Linked Liabilities:

Liabilities under linked policies comprise of a unit liability representing the fund value of policies and non unit liability for meeting future claims and expenses in excess of future charges. In respect of the fund value component the question of assumptions does not arise and in respect of the non unit liability the assumptions used are consistent with the comments above.

The Appointed Actuary is satisfied that the nature and extent of reinsurance arrangements require no additional reserve to be set aside. The mathematical reserves are adequate to meet the Company's future commitments under the contracts, and the policyholders' reasonable expectations.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

42. Derivative Instruments and Un hedged Foreign Currency Exposure

(a) Particulars of forward contract

Particulars of Derivatives	As at March 31, 2013	As at March 31, 2012	Purpose
Forward Contracts (Buy) outstanding at Balance Sheet Date (in Lacs)	USD 8.08 (INR 441.60) NIL NIL	NIL NIL NIL	To hedge the liability against outstanding trade payables.
Forward Contracts (Sell) outstanding at Balance Sheet date (in Lacs)	USD 41.31 (INR 2,225.61) EURO 29.11 (INR 1,999.01) GBP 5.44 (INR 442.16)	USD 45.30 (INR 2,301.24) EURO 10.46 (INR 705.84) NIL	To hedge the outstanding trade receivables.

(b) Particulars of Unhedged Foreign Currency Exposure

Particulars	As at March 31, 2013			As at March 31, 2012		
	Foreign Currency (in Lacs)	Exchange Rate (Rupee)	Indian Rupee (in Lacs)	Foreign Currency (in Lacs)	Exchange Rate (Rupee)	Indian Rupee (in Lacs)
Import trade payables (EUR)	2.06	70.39	144.88	1.97	69.35	136.62
Import trade payables (GBP)	0.84	83.34	70.05	0.41	82.97	34.02
Import trade payables (USD)	26.95	54.67	1,473.48	48.37	51.68	2,499.76
Import trade payables (YEN)	35.75	59.00	21.09	27.66	63.81	17.65
Export trade receivables (USD)	11.45	53.88	616.97	33.37	50.80	1,695.20
Export trade receivables (EURO)	6.09	68.68	418.17	3.05	67.48	205.81
Export trade receivables (GBP)	2.13	81.28	173.21	1.87	80.75	151.00

43. Hometrail Estate Private Ltd (HEPL) and Hometrail Buildtech Private Ltd (HBPL) had entered into a tripartite long term concessional agreement along with MHIL, with the government of Punjab. As per the terms of the concessional agreement the HEPL and HBPL is to build, own and operate a Hospital for a initial term of 50 years.

44. During the year, the Board of Directors of the Company at their meeting held on September 10, 2012, accorded in principle approval for sale of Max Speciality Films (MSF) division of the Company to the identified third party and accordingly the Company informed the same to the stock exchanges. The Company has decided not to pursue the plan for disposal to the third party and in its meeting of Board of Directors held on May 29, 2013, the Board of Directors approved the same. This has no financial impact on the financial statements of the Company.

Subsequent to the year end the Board of Directors in its meeting held on May 29, 2013 has approved the restructuring of Max India Limited with respect to its MSF division, by way of transfer of business of this division to a subsidiary of the Company.

45. The group has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S.R.Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership Number: 83906

Gurgaon
May 29, 2013

For and on behalf of the Board of Directors of Max India Limited

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

New Delhi
May 29, 2013

N. C. Singhal
(Director)

V. Krishnan
(Company Secretary)

Ashwani Windlass
(Director)

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212 (B) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED MARCH 31, 2013

(RS. IN LACS)

		Indian Subsidiaries (Rs. Lacs)										Foreign Subsidiaries (Rs. Lacs)						
		Max Life Insurance Company Ltd.	Max Bupa Health Insurance Company Ltd.	Max Healthcare Institute Ltd.	Max Medical Services Ltd.	Alps Hospital Ltd.	Hometrail Estate Pvt. Ltd.	Hometrail Buildtech Pvt. Ltd.	Antara Senior Living Ltd.	Antara Purukul Senior Living Pvt. Ltd.	Max Neeman Medical International Ltd.	Pharmax Corporation Ltd.	Max Aleev Ltd.	Max Healthstaff International Ltd.	Neeman Medical International B.V.	Neeman Medical International N.V.	Max Neeman Medical International Inc., USA	Max UK Ltd., UK
a	Share Capital	194,469.12	50,400.00	52,038.00	3,414.00	245.00	1,241.00	1,101.00	5,486.42	9.90	416.68	2,053.06	3,144.36	394.50	8.26	26.81	366.08	213.00
b	Reserves and Surplus	(6,317.21)	(38,701.34)	16,704.00	4,040.00	(2,882.00)	1,578.16	685.36	(175.90)	25.94	(135.73)	281.81	(3,822.23)	(2,271.50)	(731.47)	(844.54)	(4,253.15)	(103.33)
c	Total Assets	2,173,702.72	31,488.64	129,020.00	22,015.00	5,072.00	11,653.79	9,793.78	9,145.97	4,491.17	2,301.61	3,138.27	13.14	41.14	2.30	1.51	142.96	130.09
d	Total Liabilities	1,985,550.81	19,789.98	60,278.00	14,561.00	7,709.00	8,834.63	8,007.42	3,835.46	4,455.33	2,020.66	803.41	691.01	1,918.13	725.51	819.25	4,030.04	20.42
e	Details of Investments (Other than investment in subsidiaries)	2,045,787.78	25,989.43	-	-	-	-	-	325.00	-	26.04	1,144.59	-	-	-	-	-	-
f	Turnover and Other Income	840,270.62	14,903.04	63,071.00	6,473.00	6,770.00	5,540.45	1,912.05	13.74	11.75	2,439.05	605.55	0.27	3.02	1.82	11.80	283.80	79.06
g	Profit before Taxation	47,538.97	(11,596.24)	(5,782.00)	(101.00)	(408.00)	(1,615.40)	(2,223.01)	(169.26)	10.63	(201.13)	504.18	(5.37)	(19.65)	(5,938.00)	(3,467.92)	22.35	7.21
h	Provision for Taxation	5,194.29	-	-	-	-	-	-	2.12	7.19	(1.15)	135.00	-	-	-	-	0.00	1.41
i	Profit after Taxation	42,344.68	(11,596.24)	(5,782.00)	(101.00)	(408.00)	(1,615.40)	(2,223.01)	(171.38)	3.44	(199.98)	369.18	(5.37)	(19.65)	(5,938.00)	(3,467.92)	22.35	5.79
j	Proposed Dividend	15,946.47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note - In respect of foreign subsidiaries:

- i) Item No. (a) are translated at historical rates
- ii) Item Nos. (b) to (e) and (j) are translated at exchange rates as on 31st March, 2013 as follows: Pound Sterling = Rs. 82.3209 and US Dollars = Rs. 54.3893
- iii) Item Nos. (f) to (i) are translated at annual average exchange rates as follows: Pound Sterling = Rs. 85.7877 and US Dollars = Rs. 54.2697



FORM A

1.	Name of the Company	Max India Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by	
	Managing Director	
	Group Financial Controller	
	Auditor of the Company	
	Audit Committee Chairman	