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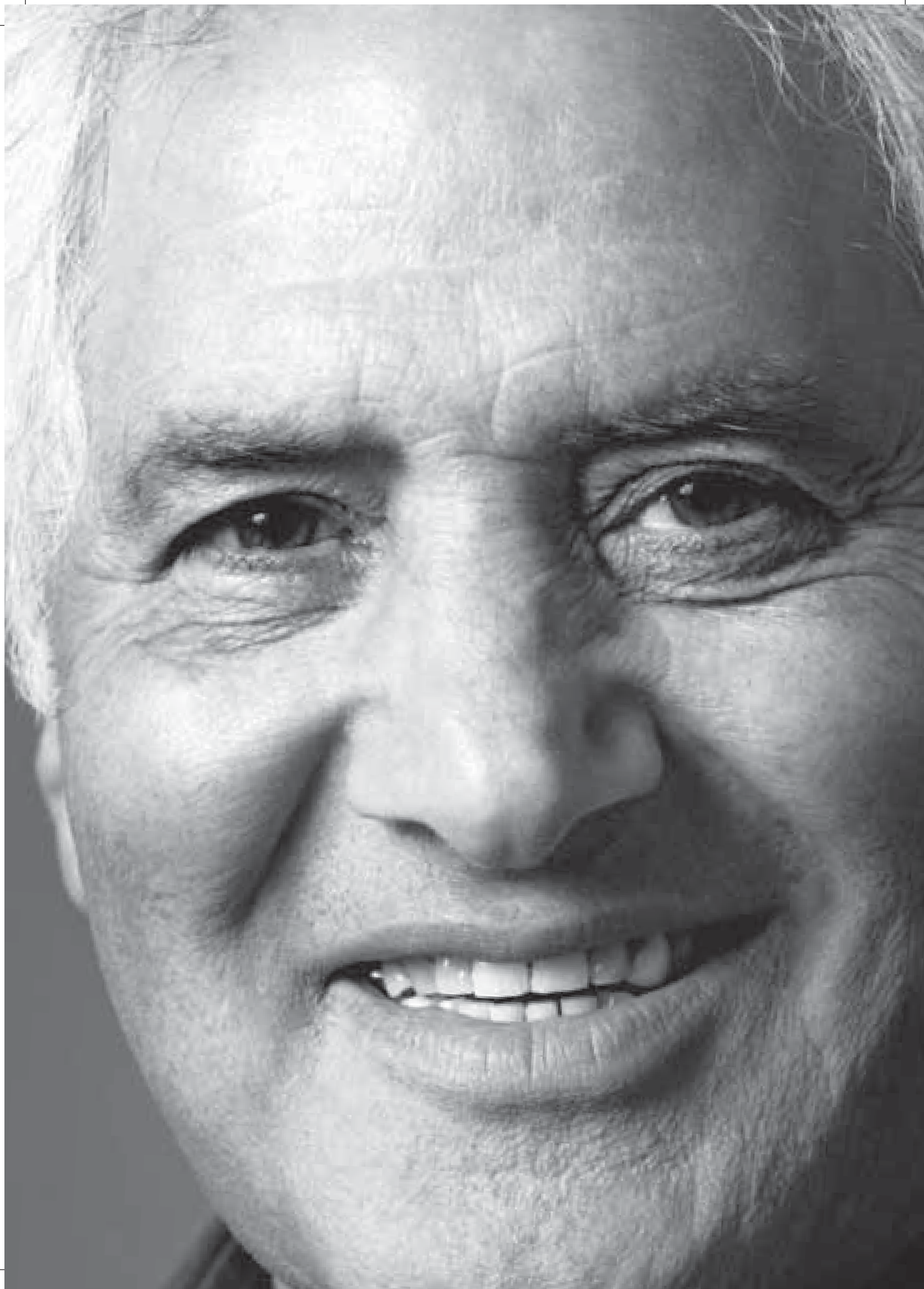
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CORPORATE REVIEW

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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 Rs. 9,633 Cr. and a customer base of 3.6 Mn. across 287 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, focused on tertiary and quaternary care. Max Healthcare has revenues of Rs. 1,407 Cr. from 2,000 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 Rs. 309 Cr., 11,400 agents and tie-ups with over 3,400 quality hospitals across 360 cities in India.



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 1988, Max Speciality Films is a subsidiary of Max India, based in Railmajra, Punjab. It is a leading manufacturer of speciality packaging films, with revenue of Rs. 746 Cr.



Launched in 2001, Max Neeman is a 100% subsidiary of Max India. It is a full service Clinical Research Organisation with revenue of Rs. 22 Cr. and provides services across the drug development value chain.



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



WHAT YOU CAN MEAS

CONSOLIDATED REVENUE INCREASED BY
19%* TO ₹11,683 CR.



CONSOLIDATED PROFIT AFTER TAX INCREASED BY
44%* TO ₹209 CR.

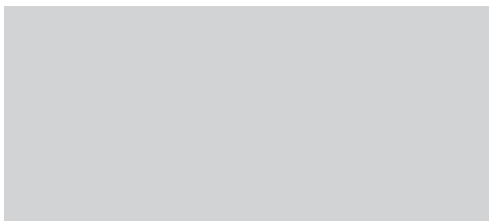


180%
DIVIDEND AMOUNTING TO
₹96 CR.

TREASURY CORPUS OF
₹235 CR.



CUSTOMER BASE INCREASED BY
14% TO 7.4 MN.



URE OUR SUCCESS BY

300 OFFICES
216 CITIES

TOTAL PEOPLE STRENGTH OF

70,000

Focus on high growth
yet under-penetrated
sectors

Investor base includes marquee
global financial institutions such
as Goldman Sachs, IFC
Washington, Temasek, Fidelity,
New York Life

Successful Joint Venture
partnerships with Mitsui Sumitomo
Insurance, Life Healthcare and Bupa

Benefitted over 4,50,000 people
across 360 locations, across India
through Max India Foundation

*FY2012-13 numbers exclude one-off profits of Rs. 794 Cr. from sale of stake in Life Insurance business to Mitsui Sumitomo Insurance

OUR PATH

OUR VISION

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 GOAL

TO BE THE PREFERRED SOLUTION PROVIDER IN LIFE'S MANY MOMENTS OF TRUTH.

OUR STRATEGY

CREATE AND GROW BUSINESSES THAT WIN PEOPLE'S TRUST BY DELIVERING SEVA THROUGH EXCELLENCE.

OUR VALUES

SEVABHAV

WE ENCOURAGE A CULTURE OF SERVICE AND HELPFULNESS SO THAT OUR ACTIONS POSITIVELY IMPACT SOCIETY. OUR COMMITMENT TO SEVA DEFINES AND DIFFERENTIATES US.

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.

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.









STRATEGIC REVIEW

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CHAIRMAN'S LETTER

ANALJIT SINGH, CHAIRMAN, MAX INDIA LIMITED

Dear Shareholders,

Greetings!

It gives me pleasure to introduce you to this year's Annual Report, which comes close on the heels of a strong performance of your company for fiscal year ending March 31, 2014

To give you a quick snapshot, Max India's consolidated net revenue for this period increased by 19%* to Rs. 11,683 crore. The consolidated operating revenue increased by 12% to Rs. 9,139 crore, while consolidated earnings before depreciation, interest, tax and amortisation (EBIDTA) increased by 21%* to Rs. 506 crore. Consolidated profit after tax (PAT) grew by 44%* to Rs. 209 crore while net worth clocked to approximately Rs. 3,000 crore

The proverbial icing on this wholesome cake of strong fiscal performance came in the form of 180% dividend which your company's Board of Directors has recommended for FY2014.

This performance is more creditable because it was achieved against all sorts of macroeconomic odds and headwinds. Like its predecessor, FY2014 too was afflicted by global slowdown and policy stasis in the government. A bunch of restrictive regulations and political uncertainty had exacerbated the matters. A comparative analysis of financial performance of other Indian enterprises of similar or larger size in the last fiscal shall highlight the strong performance registered by your company and is a testimony to our governance and managerial talent.

A full-fledged economic recovery is now on the horizon, even if distant, and there are genuine reasons to be sanguine. The Lok Sabha election results in May this year have given a convincing verdict that shall hopefully invigorate constructive policy actions. Exports are gaining momentum, stock markets are buoyant, forex reserves are slowly but surely swelling upwards and even the seemingly intransigent inflation has shown signs of abatement. The Prime Minister's recent appeal to make India a business destination is a big confidence booster and shall hopefully give a much needed investment fillip to our economy.



As the overall sentiment and macroeconomic situation improves, Max India is well-equipped for its onward march. In his message in this Annual Report, the Managing Director of your company, Mr. Rahul Khosla, has elaborated on the strategic way ahead for the group while company specific initiatives for group companies have been shared in the respective management discussion sections.

As a group, we are encouraged by the government's decision to increase FDI in the insurance sector from 26% to 49%. This enthusiasm is not because we face any paucity of capital in growing our Life Insurance business, per se, but because this reform is likely to give a favourable impact on the valuation of Max Life and overall growth of the sector. As the bill awaits its passage in the parliament, it is sincerely hoped that eventual legislation shall adhere to the true spirit of regulatory reform to improve the buoyancy in the business climate in our country.

In Max Healthcare, the recent equalisation of stake with our worthy partners, Life Healthcare, South Africa, shall strengthen the presence of Max Healthcare in the country. The impressive valuation as a part of this transaction is an evidence of MHC's robust fundamental strength. Both the joint venture partners are committed to grow the company on an active footing.

Antara, our newest business has already built a justifiable reputation of being the pioneer in the field of Senior Living. The response for the first Antara facility at Purukul near Dehradun has been overwhelming. The initial success is a tribute to Antara's young team's tireless efforts and energy, as also the success of the concept underlines the fact that the needs of our seniors have been ignored for so long. So busy are we in celebrating the young demographics of India, that we seldom give any thought to the needs and concerns of our seniors.

In that sense, Antara is an exemplification of the notion of 'mindfulness' and the values of 'Sevabhav, Excellence and Credibility' that form the bedrock of all our actions.

Our corporate governance philosophy continues to be one based on absolute transparency and unmitigated trust. Many of the changes now being envisaged by the regulators are already in place at Max India. We ensured prior approval of audit committee on related party transactions much before it was mandated by SEBI. Ditto for a whistle blower mechanism which has been made mandatory by SEBI only recently.

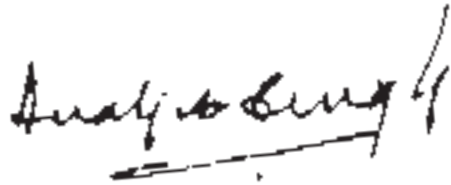
The regulator has required listed companies to hold separate meetings for independent directors. Max India has been doing so for the last three years now. Also, last year marked completion of my transition to the role of Non-Executive Chairman to pave way for focused, executive responsibility and management of the group with the Managing Director, Mr. Rahul Khosla and Deputy Managing Director, Mr. Mohit Talwar. The operating companies had and shall continue to have their independent CEOs. It is pertinent to point that both SEBI and the new Companies Act are now contemplating splitting the roles of Chairman and Managing Director to ensure the non-sponsor character of a firm. We have practiced that for a long while and have structurally formalised it now.

As I said earlier, the initial tidings for this fiscal give a genuine hope that there are better times in the offing. While trends appear to be improving in India, the global economic scenario is much more sombre. Conflagrations in Central Asia, fundamentalism in Mid-East and North Africa, volatile oil prices, failed global trade negotiations, outbreak of new diseases, all look ominous and can plunge the world into a full-blown crisis. One sincerely hopes that socio-political influences and economic policies make a collective push forward to propel millions of people towards better lives and a peaceful world order.

At Max India, I assure you of our commitment to the company's growth and steadfast focus on our values. It is your continuous support that has taken Max India from strength-to-strength in such a short duration of its time and has made it one of India's pre-eminent enterprises with a glowing reputation for service excellence and integrity.

Heartfelt thanks for all your support and goodwill!

With best wishes,

A handwritten signature in black ink, appearing to read 'Analjit Singh', with a horizontal line drawn underneath the name.

Analjit Singh

*Growth has been calculated excluding one-off gains in FY2013, from sale of stake in MLIC to MSI

MANAGING DIRECTOR'S LETTER

RAHUL KHOSLA, MANAGING DIRECTOR, MAX INDIA LIMITED

Dear Shareholders,

It is an honour and a privilege to announce yet another excellent year for your company, for the third time in a row, despite the adverse impact of the global economic slowdown which is still being felt.

This performance therefore underscores the resolute focus, inherent strength, disciplined performance, fundamental attractiveness and bright prospects of your company. As the economy gradually recovers in line with the enabling environment provided by the new central government, we are confident of delivering even better results.

Our impressive financial performance has been achieved through a steadfast commitment to our values and long-term vision of making your company one of the most admired corporates for what we do, how we do it and the positive impact we create for our stakeholders and society as a whole.

Since the company's operational achievements and the financial results have already been described in some detail in the Management Discussion and Analysis section of this annual report, my letter will focus on the theme of service excellence – which is the motif of what the company does and stands for.

It has always been our endeavour to make service excellence a part of our ethos, and our DNA, by successfully establishing new benchmarks of customer delight. This means continuous improvement in service quality so that our customers always perceive 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.

But no grand vision can ever be realised without a bedrock of core values that are enshrined, if one can put it in that way, in the company's constitution and are followed at all times by each employee in letter and spirit. That can only happen when everyone feels a sense of pride and purpose in being part of a work culture that rewards meritocracy, believes in enhanced learning and the concept of joint ownership at the top. That is something the company continuously nurtures and strives for.



The task of your company's top management is therefore to focus on values and strategic levers - so that we do the right thing always and, in doing so, deliver even greater business performance and shareholder value.

For a company that is fully engaged in the 'Businesses of Life', it is critical to embed core values and ethical business practices. Not just because it helps grow the business, but to also gain trust and respect amongst our customers and shareholders. Hence, I would like to elaborate on our core values - Sevabhav, Excellence and Credibility.

Sevabhav is all about nurturing a culture of service with a spirit of being genuinely helpful and being aware of the impact that our actions have on our customers and on the society.

Excellence is about perfecting expertise and delivering ultra competent performance. It is also about maintaining a spirit of entrepreneurship, and about being dependable and accountable - to our customers, employees, shareholders, regulators and to the society that we live in.

Finally, Credibility is about earning the respect of our stakeholders, and inviting them to not only depend on us but to choose us as their most preferred providers of the services they need in their moments of truth. It is about maintaining the highest standards of governance, and gaining reputation through the right actions. Our Credibility, therefore hinges on our other two core values - our genuine desire to serve (Sevabhav) and the expertise with which we do so (Excellence).

That brings me to the long-term vision of the company, something that we aspire for. It is about being the most preferred solution provider in life's many moments of truth for the millions of lives that we aspire to positively impact.

We therefore believe in continuously structuring our businesses in such a way so as to achieve optimal outcomes based on the bedrock of our values. We do so by setting challenging performance targets for our group companies, providing an enabling environment towards achievement of these targets and implementing transformational initiatives that enhance both business performance and business health in a framework of high quality governance standards.

While all this may sound impressive, putting it into practice is really the key for achieving our long-term goals. We therefore put a lot of focus on genuine execution that achieves momentum.

As a part of our commitment to strengthen corporate governance norms, Max India group's founder chairman Mr. Analjit Singh, who turned 60 earlier this year, ceded executive responsibilities to me and became Non-Executive Chairman from April 1, 2014 - thus strengthening both the executive and the non-executive roles at Max India.

This succession commenced when I joined the group as Managing Director in August 2011, and has succeeded largely because of our collective commitment to lead the market in high standards of governance and organisational practices. It is also reflective of a unique strength of the group's promoter, Mr. Analjit Singh, to invest in quality and demonstrate the benefits of separating the roles of sponsor/promoter and executive, which is in consonance with the highest corporate governance principles internationally and is exemplary in the Indian context. Your company has also demonstrated outstanding joint venture skills over several partnerships and businesses based on our philosophy of open and transparent relationships which are always managed in the spirit of equal ownership regardless of shareholding.

As you already know, in January 2012, Life Healthcare (LHC) had acquired a 26% stake in Max Healthcare. I am pleased to report that Max India and Life Healthcare have now agreed to take this relationship to the next level by equalising LHC's stake in MHC through a cash investment of up to ~Rs. 794 crore which will broadly flow equally into Max India and MHC. The joint venture agreement signed in 2012 had envisaged and provisioned for such an equalisation of stake for LHC with Max India in Max Healthcare.

LHC has valued MHC at ~Rs. 3,650 crore, a significant increase from the ascribed value of ~Rs. 2,300 crore at which they had bought the first 26% stake in 2012. LHC's extensive experience in managing a large hospital network and the infusion of fresh funds will help MHC immensely during this important phase of growth as it looks to expand capacity in existing hospitals, invest in alternate healthcare delivery formats and pursue greenfield and brownfield opportunities.

While your company believes in core competence and in facilitating the growth of its various verticals, there has been a renewed focus on greater integration among the group companies so as to function as a single enterprise. The essence of this principle is to leverage an integrated approach amongst individual businesses, share knowledge, cross-sell market products and services, gain experience from interactions within the businesses and optimise the economies of scale and scope through shared practices and services.

For optimising business performance and enhancing its credibility in the market, the top management of your company is focusing 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 managing risk effectively.

So how optimistic are we about the company's future? Very much, I would say, because over the next three years, the company will concentrate its energies in executing individual and group-wide plans to perfection, based on a clear strategy and strong foundation.

Your company's clearly articulated strategy and focused execution has already started bearing fruits for example, delivering 44%* growth in net profits in FY2013-14 over the previous year. Each business unit has scaled new peaks in terms of executing towards market leadership in their respective businesses across the strategic dimensions that define our business framework.

Our focus on executing our stated strategy through committed and competent management, unflinching adherence to our core values of Sevabhav, Excellence and Credibility, and the undeniable growth potential in each of our businesses will all work together to ensure a positive outlook for the Max India group.

A strong foundation for your company has now been laid, and we are enthusiastically looking forward to build on it.

With warm regards and best wishes,



Rahul Khosla

*Growth has been calculated excluding one-off gains in FY2013, from sale of stake in MLIC to MSI

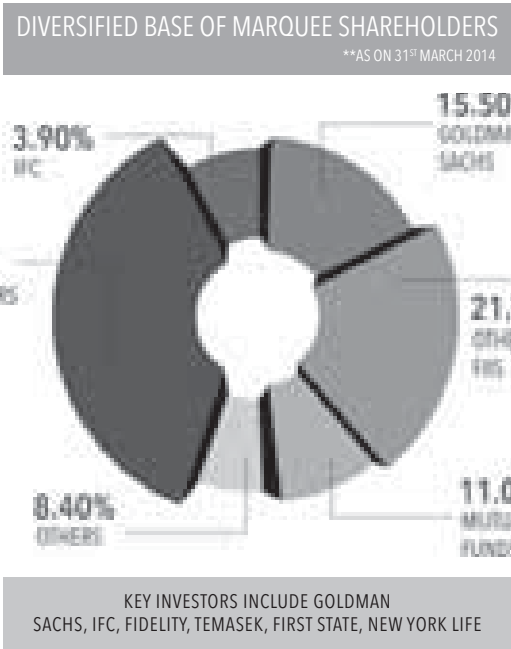
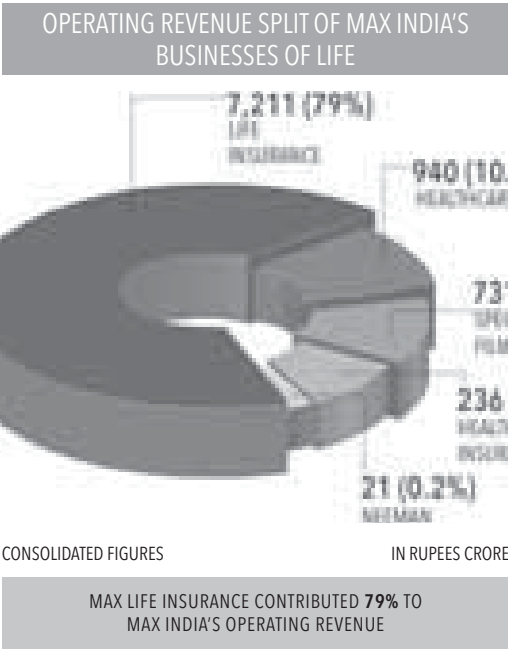
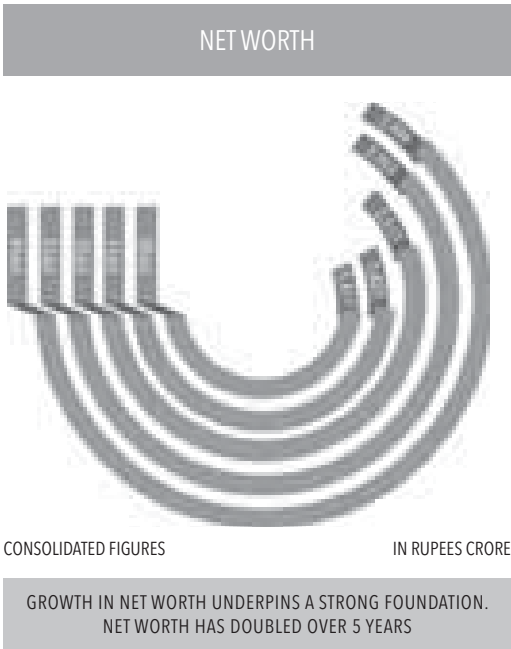
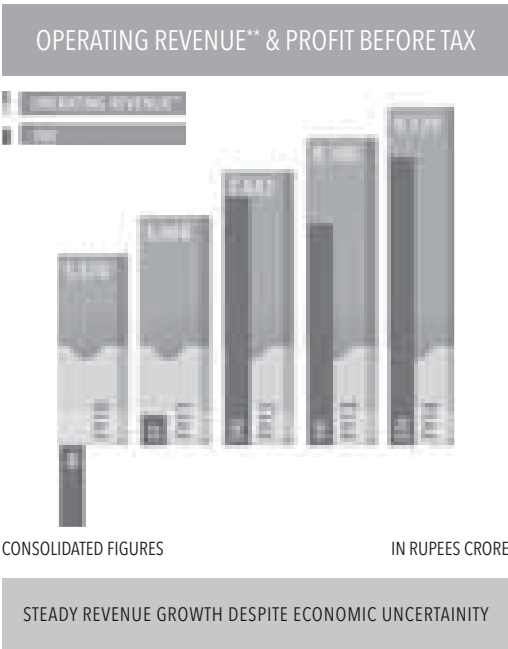
BUSINESS REVIEW

OPERATING REVENUE** UP 12% TO ₹9,139 CR.

PBT UP 39% TO ₹274 CR.

MAX INDIA

180% DIVIDEND DECLARED



POSITIVELY IMPACTING OVER 7.4 MILLION LIVES

PEOPLE STRENGTH OF OVER 70,000

**Excludes investment income

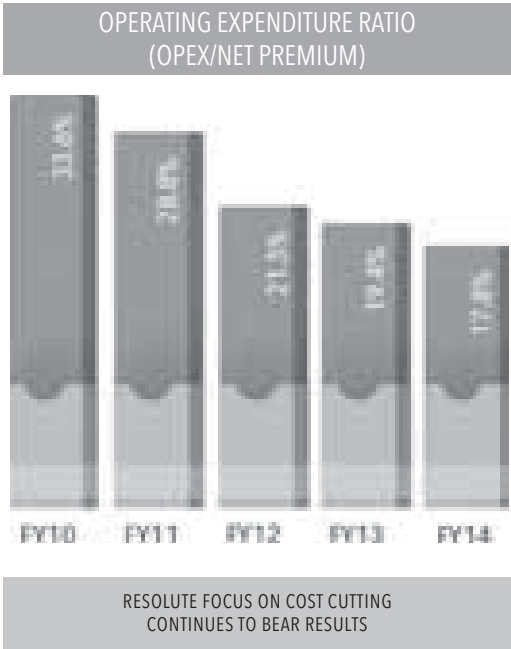
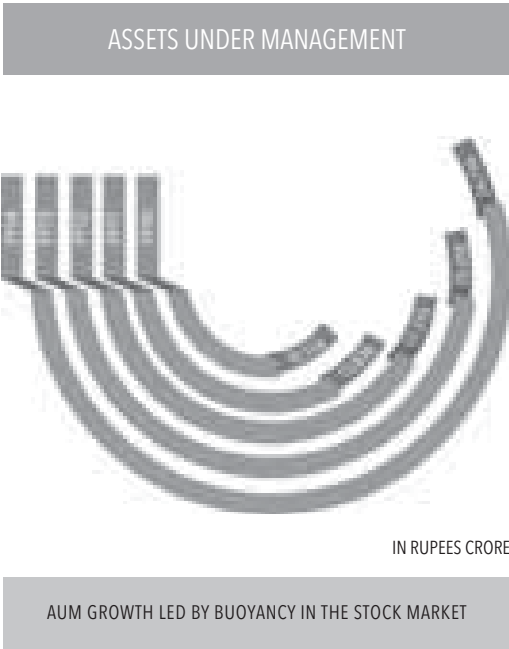
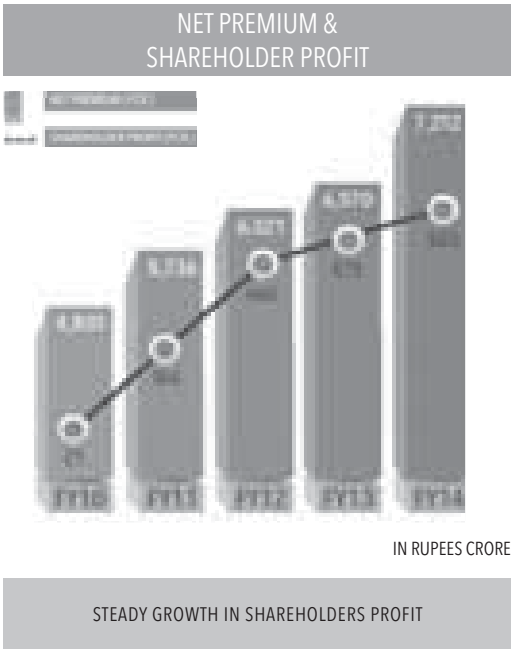
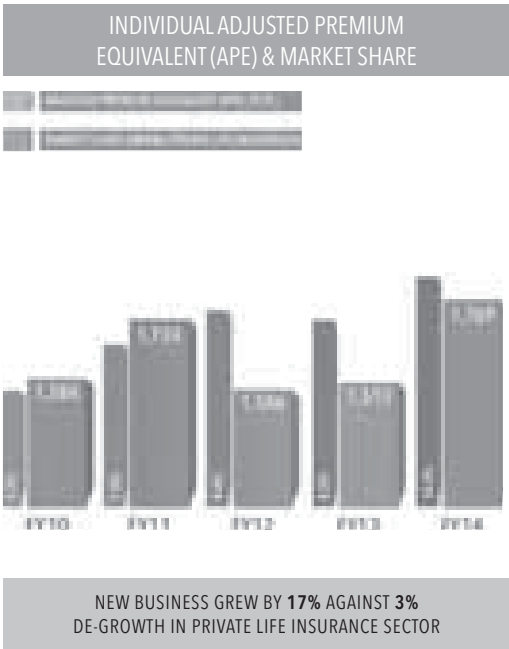
BUSINESS REVIEW

MARKET SHARE RISES 180 BPS TO 10.3%

DECLARED DIVIDEND OF ₹264 CR.

ASSETS UNDER MANAGEMENT GREW 21% TO ₹24,716 CR.

MAX LIFE



NEARLY 5 TIMES SOLVENCY PROVIDES SAFETY FOR CUSTOMER AND HEADROOM FOR GROWTH

OVER 3.6 MILLION POLICIES IN-FORCE WITH SUM ASSURED TOUCHING ₹1,99,660 CR.

BUSINESS REVIEW

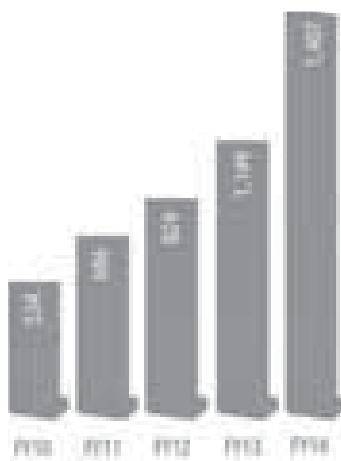
MAX
HEALTHCARE**

REVENUE UP 22% TO ₹1,407 CR.

EBIDTA UP 59% TO ₹113 CR.

FORAY INTO LATEST MEDICAL ADVANCEMENTS INCLUDING
STEM CELLS, ORGAN TRANSPLANTS AND GENOMICS

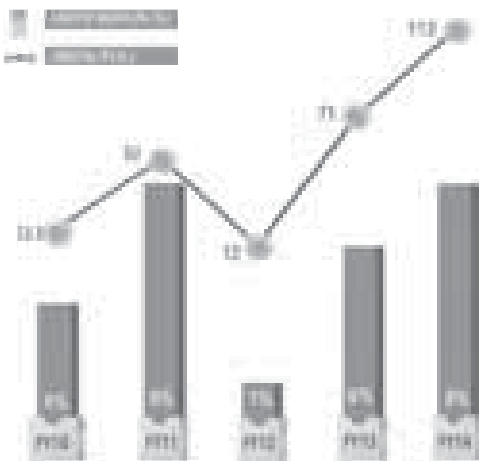
GROSS REVENUE



IN RUPEES CRORE

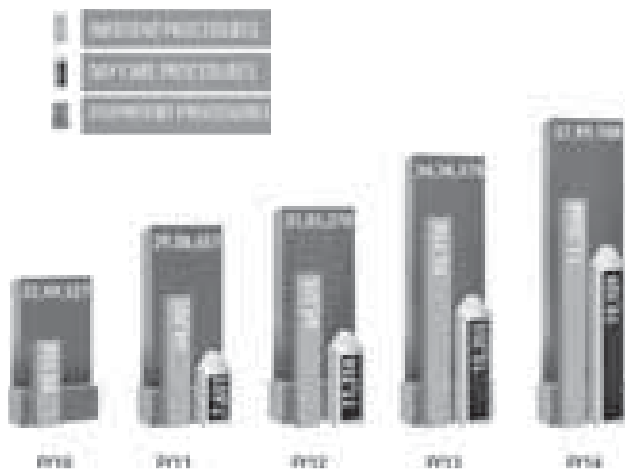
STEADY GROWTH IN REVENUE AUGMENTED BY NEWER HOSPITALS

EBIDTA & EBIDTA MARGIN



NEW HOSPITALS DRIVE EBITDA GROWTH. SHALIMAR BAGH AND MOHALI HOSPITALS TURN CASH POSITIVE

NUMBER OF PROCEDURES



STRONG GROWTH IN INPATIENT PROCEDURES AND DAY-CARE

REVENUE SPLIT



IN RUPEES CRORE

CARDIAC, NEUROLOGY AND ONCOLOGY PRACTICES GENERATE BULK OF THE INPATIENT REVENUE. OUTPATIENT SEGMENT GENERATES 20% OF THE REVENUE

2,040 DOCTORS, 2,800 NURSES
AND 2,700 OTHER TRAINED PERSONNEL
IN 12 HOSPITALS ACROSS NORTH INDIA

OVER 20,00,000
PATIENTS FROM OVER
80 COUNTRIES

**Includes network of hospitals

BUSINESS REVIEW

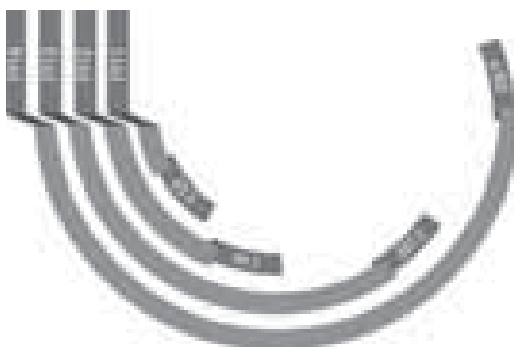
MAX BUPA

GROSS PREMIUM UP 49% TO ₹309 CR.

CUSTOMER BASE GREW 50% TO 6,81,276

BANCASSURANCE TIE-UPS WITH STANDARD CHARTERED, DEUTSCHE, RATNAKAR BANK AND FEDERAL BANK

GROSS WRITTEN PREMIUM

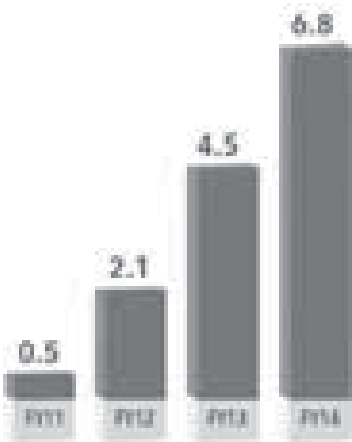


IN RUPEES CRORE

MAKING STRONG INROADS IN A COMPETITIVE MARKET

LIVES IN FORCE**

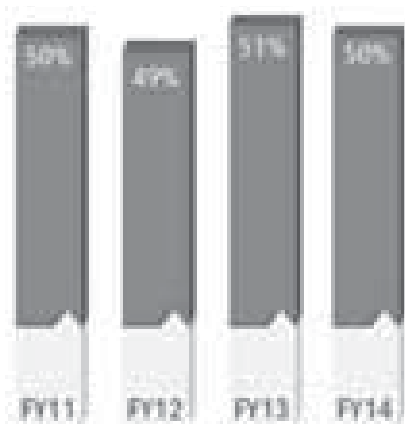
** EXCLUDES LIVES COVERED UNDER RSBY



IN LAC

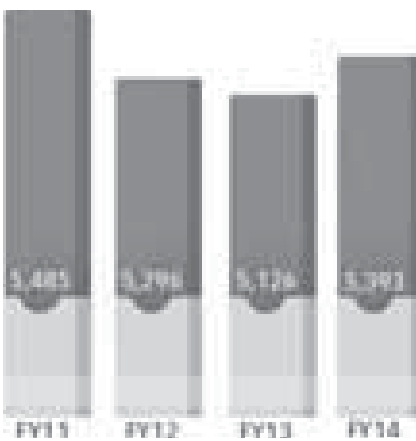
STEADY GROWTH IN LIVES SECURED, OUTPACING THE INDUSTRY

B2C CLAIM RATIO



STRONG CLAIM MANAGEMENT PROCESSES HAVE RESULTED A STEADY CLAIMS RATIO

PREMIUM PER LIFE (B2C)



IN RUPEES

B2C AVERAGE PREMIUM CONTINUES TO BE THE BEST IN THE INDUSTRY

22 OFFICES ACROSS 13 CITIES

NATIONWIDE NETWORK OF AROUND 3,500 HOSPITALS AND 11,400+ AGENTS

BUSINESS REVIEW

MAX SPECIALITY
FILMS

EBIDTA ROSE 33% TO ₹57 CR.

SHARE OF NEW PRODUCTS GREW OVER
3 TIMES IN 3 YEARS

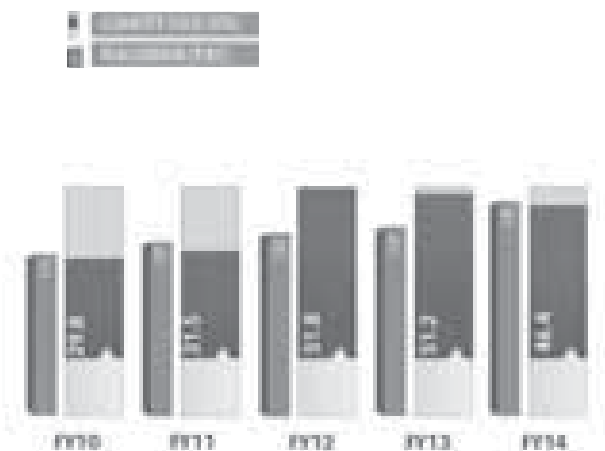
PRODUCTION CAPACITY OF 52,000 TPA

REVENUE



BETTER PRODUCT MIX AND IMPROVED REALISATION
LEADING TO HIGHER REVENUE

QUANTITY SOLD & REALISATION



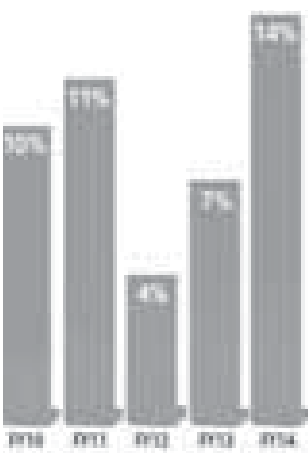
FOCUS SHIFTING TO HIGH VALUE PRODUCTS

EBIDTA



EBIDTA REGAINS MOMENTUM, WITH
REVENUE GROWTH BACK ON TRACK

SHARE OF NEW PRODUCTS IN TOTAL SALES



RENEWED FOCUS ON PRODUCT INNOVATION
AND PRODUCT CUSTOMISATION

480 COMMITTED EMPLOYEES

26 YEARS OF SUCCESSFUL OPERATIONS

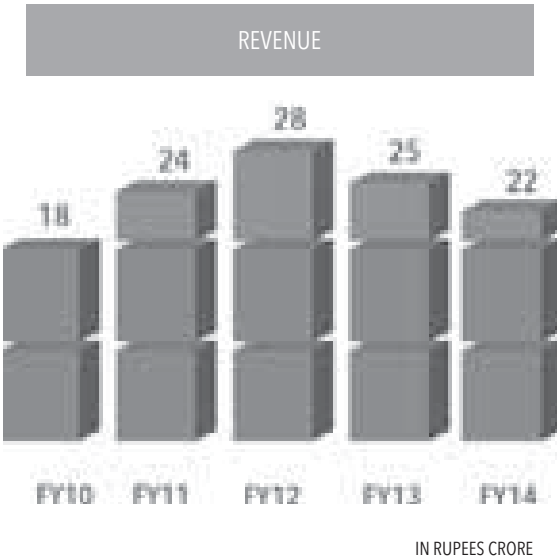
BUSINESS REVIEW

MAX
NEEMAN

97% PATIENT RETENTION

7 SUCCESSFUL US FDA GCP AUDITS

STRONG BASE OF 118 CLIENTS



CHALLENGING REGULATORY ENVIRONMENT HAS RESULTED IN DECELERATION ACROSS INDIAN CRO INDUSTRY



STAGNANCY IN THE INDUSTRY RESULTING IN DECLINING MARGINS AND RISING COSTS



MAX NEEMAN HAS CONTINUED TO STRENGTHEN ITS CLIENT BASE

NETWORK OF OVER 2,000 PHYSICIANS

117 STUDIES BEING EXECUTED

BOARD OF DIRECTORS



Left-to-right: • Mr. Ashwani Windlass (Non-Executive Director) • Mr. Vishal Bakshi (Alternate Director to Director) • Mr. Analjit Singh (Chairman) • Mr. Sanjeev Mehra (Non-Executive Director) • Dr. S.S Baijal • Dr. Aman Mehta (Non-Executive Director) • Mr. Anuroop Singh (Vice Chairman) • Mr. Mohit Talwar • Dr. Subash Bijlani (Non-Executive Director) • Prof. Dipankar Gupta (Non-Executive Director)



Mr. Sanjeev Mehra) • Mr. Rahul Khosla (Managing Director) • Mr. Rajesh Khanna (Non-Executive
(Chairman Emeritus) • Mr. N.C.Singhal (Non-Executive Director)
(Deputy Managing Director) • Dr. Ajit Singh (Non-Executive Director)
• Mr. Ashok Kacker (Non-Executive Director)



MR. ANALJIT SINGH
CHAIRMAN

Mr. Analjit Singh is the Founder and Non-Executive Chairman of Max India and all its group companies. An industry statesman, he was awarded the Padma Bhushan, one of India's top civilian honours in 2011.

Mr. Analjit Singh is an Honorary Consul General of the Republic of San Marino in India. He is the Non-Executive Chairman of Vodafone India, and is on the Board of Tata Global Beverages and Sofina NV/SA, Belgium. He is the Chairman of the Indian Institute of Technology (IIT), Roorkee, is on the Executive Board of the Indian School of Business (ISB) and is a member on steering committee of Urban Institute of India (UII).

He was awarded the Ernst and Young Entrepreneur of the Year Award (Service Category) in 2012 and the US India Business Council Leadership Award in 2013. Recently, he was awarded with Spain's second highest civilian honour, the Knight Commander of the Order of Queen Isabella.

He is an alumnus of Doon School and Shri Ram College of Commerce (SRCC), Delhi University, and holds an MBA from Boston University.



MR. RAHUL KHOSLA
MANAGING DIRECTOR

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 over the past three years, Max India group has successfully delivered superior financial performance, enhanced service quality, improved capital efficiency and concluded important seminal corporate transactions across its businesses. He has also led the group's focus on developing people, raising corporate governance standards, driving enterprise-wide synergies, and managing risk. Progress on these dimensions has built a solid foundation that positions the group well for profitable 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, following his role as Chief Operating Officer for the Asia Pacific region. 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 processing facility for American Express for its Asian markets.



MR. ANUROOP SINGH
VICE CHAIRMAN

Mr. Anuroop Singh is a member on the Board of several leading organisations. He is an experienced business leader with over three decades of experience in senior 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 15 years. He is a Fellow Chartered Accountant by qualification. Mr. Singh is currently devoting part of his time and resources to create the Quantum Institute for Well-Being, to promote quantum medicine in India.



DR. S.S. BAIJAL
CHAIRMAN EMERITUS

Dr. Baijal 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, where 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'.

Mr. Mohit Talwar took over as the Deputy Managing Director of Max India Limited in Feb 2012. 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, 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, Mohit is also responsible for driving 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, where 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



Mr. Mehta retired as CEO of HSBC Asia Pacific in Jan 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.

DR. AMAN MEHTA
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 the area of Financial Services and Group Advisor with the India Bulls group of companies.

MR. ASHOK KACKER
NON-EXECUTIVE DIRECTOR





MR. ASHWANI WINDLASS
NON-EXECUTIVE DIRECTOR

Mr. Windlass was part of founding team at Max India and is the Vice-Chairman of Max Ventures. He has served the Max India group in different capacities including as its 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. & Faculty Of Management Studies, Delhi University. He holds B.Com (Gold Medal), Bachelor of Journalism and MBA.



PROF. DIPANKAR GUPTA
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 17 books including, 'The Caged Phoenix: Can India Fly?' re-published by Stanford University Press. His most recent book is titled '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. Professor Gupta is currently a distinguished professor at Shiv Nadar University.



MR. N.C.SINGHAL
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. RAJESH KHANNA
NON-EXECUTIVE DIRECTOR

Mr. Rajesh Khanna is the founder & CEO of Arka Capital Advisors Pvt. Ltd. and is an investor in various companies. Previously, he served as a Managing Director and India Head of Warburg Pincus, a global private equity firm, and was a member of its global Executive Management Group. Mr. Khanna is a Director of Lemon Tree Hotels, Max India and Max Life Insurance company. Prior to joining Warburg Pincus, he worked with Citibank N.A. and Arthur Andersen & Co. He received an MBA from the Indian Institute of Management, Ahmedabad, and is a Chartered Accountant.

Mr. Mehra is Managing Director and Vice-Chairman of global private equity investing at Goldman, Sachs & Co.

He serves on the Board of ARAMARK Corporation, Interline Brands, 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. Subash Bijlani has a distinguished academic and business career in India and the United States. He is currently Collegiate Professor and Professor of Practice at the Graduate School, University of Maryland University College, USA and President of Magnus Consulting Pvt. Ltd. He was the Ex-Chairman of the Confederation of Indian Industry (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. Bijlani holds a Doctorate in Management from the University of Maryland University College, USA, and Bachelor of Science in Technology (Mechanical Engineering) from the University of Manchester, UK.

DR. SUBASH BIJLANI
NON-EXECUTIVE DIRECTOR



Mr. Vishal 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 is an Alternate Director on the Board of Den Networks. 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



MAX LIFE INSURANCE COMPANY LIMITED

MR. ANALJIT SINGH	CHAIRMAN
MR. ANUROOP SINGH	VICE-CHAIRMAN
MR. RAJESH SUD	CEO & MANAGING DIRECTOR
MR. D.K. MITTAL	INDEPENDENT DIRECTOR
MR. HIDEAKI NOMURA	NON-EXECUTIVE DIRECTOR
MR. JOHN POOLE	NON-EXECUTIVE DIRECTOR
MR. K. NARASIMHA MURTHY	INDEPENDENT DIRECTOR
MS. MARIELLE THERON	NON-EXECUTIVE DIRECTOR
MR. RAHUL KHOSLA	NON-EXECUTIVE DIRECTOR
MR. RAJESH KHANNA	INDEPENDENT DIRECTOR
MR. RAJIT MEHTA	NON-EXECUTIVE DIRECTOR
MR. TOSHINARO TOKOI	NON-EXECUTIVE DIRECTOR

MAX HEALTHCARE INSTITUTE LIMITED

MR. RAHUL KHOSLA	CHAIRMAN
DR. PRADEEP KUMAR CHOWBEY	EXECUTIVE VICE-CHAIRMAN
MR. RAJIT MEHTA	DEPUTY MANAGING DIRECTOR
DR. AJIT SINGH	NON-EXECUTIVE DIRECTOR
MR. ANDRE MEYER	NON-EXECUTIVE DIRECTOR
MR. JONATHAN RICHARD LOWICK	NON-EXECUTIVE DIRECTOR
MR. K. NARASIMHA MURTHY	INDEPENDENT DIRECTOR
MR. MOHITTALWAR	NON-EXECUTIVE DIRECTOR
DR. OMKAR GOSWAMI	INDEPENDENT DIRECTOR
DR. PETER GEORGE HARPER	NON-EXECUTIVE DIRECTOR
MR. PETRUS PHILLIPPUS VAN DER WESTHUIZEN	ALTERNATE DIRECTOR TO MR. ANDRE MEYER

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

MR. ANUROOP SINGH	CHAIRMAN
MR. RAHUL KHOSLA	CO-VICE-CHAIRMAN
MS. ELIZABETH ALISON PLATT	CO-VICE-CHAIRPERSON
MR. MANASIJE MISHRA	WHOLE TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. AMIT SHARMA	NON-EXECUTIVE DIRECTOR
MR. ANTHONY MAXWELL COLEMAN	NON-EXECUTIVE DIRECTOR
MR. DAMIEN VINCENT MARMION	NON-EXECUTIVE DIRECTOR
MR. JAMES GORDON WHEATON	NON-EXECUTIVE DIRECTOR
MR. K. NARASIMHA MURTHY	NON-EXECUTIVE DIRECTOR
MR. MOHIT TALWAR	NON-EXECUTIVE DIRECTOR
MR. RAJESH SUD	NON-EXECUTIVE DIRECTOR

ANTARA SENIOR LIVING LIMITED

MR. ANALJIT SINGH	CHAIRMAN
MR. ASHWANI WINDLASS	NON-EXECUTIVE DIRECTOR
MR. MOHITTALWAR	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

MAX SPECIALITY FILMS LIMITED

MR. MOHITTALWAR

CHAIRMAN

DR. SUBASH BIJLANI

INDEPENDENT DIRECTOR

MR. K. NARASIMHA MURTHY

INDEPENDENT DIRECTOR

MR. PATNAM DWARAKANATH

NON-EXECUTIVE DIRECTOR

MR. RAHUL AHUJA

NON-EXECUTIVE DIRECTOR

MR. ROHIT KAPOOR

NON-EXECUTIVE DIRECTOR

MRS. SUJATHA RATNAM

NON-EXECUTIVE DIRECTOR

MAX NEEMAN MEDICAL INTERNATIONAL LIMITED

DR. AJIT SINGH

NON-EXECUTIVE DIRECTOR

MR. C.V. RAGHU

NON-EXECUTIVE DIRECTOR

MRS. SUJATHA RATNAM

NON-EXECUTIVE DIRECTOR





MANAGEMENT DISCUSSION & ANALYSIS

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OVERVIEW

Max India Limited ('Max India' or 'the company') is a multi-business corporate that is focused on people and service-oriented businesses. The health and performance of the company's subsidiaries and joint ventures has improved steadily over the last three years and is reflected in the results for FY2013-14.

This performance reflects not only in the company's financial numbers but also in its customer base, which has grown 14% to 7.4 million customers who are served through 300 offices across the country by a dedicated base of around 17,000 employees and 54,000 agents.

Max India is in the 'Businesses of Life'. Our vision is to be one of India's most admired corporates for service excellence in 'what we do, how we do it and the positive impact we have on stakeholders and society'. This vision is founded on a clear set of values that are shared across the group – Sevabhav, Excellence and Credibility.

We 'Protect Life' through Max Life Insurance which is a joint venture between Max India and Mitsui Sumitomo Insurance, Japan. Max Life has led the group's growth by achieving impressive new sales growth of 17% over the previous financial year, thus significantly outperforming the industry and consolidating its position as the largest non-bank owned private insurer in the country. Overall revenues increased by 19% to Rs. 9,633 crore.

We 'Care for Life' through Max Healthcare which is a joint venture between Max India and Life Healthcare, South Africa. Max Healthcare has recorded a remarkable turnaround in its performance, turning cash positive, driven by superior delivery of medical and service excellence. In addition to stellar performance from its existing hospitals, Max Healthcare has effectively harnessed growth from its new hospitals in Dehradun, Shalimar Bagh, Bhatinda and Mohali, which are ramping up well. IFC Washington, has exercised its option to convert optionally convertible preference shares worth Rs. 115 crore into equity, thereby increasing its stake in the business from 2.5% to 7.5%, providing a strong signal of confidence in the performance and outlook for Max Healthcare.

We 'Enhance Life' through Max Bupa Health Insurance, a joint venture between Max India and Bupa Finance Plc., UK. Max Bupa continues to grow exponentially and has established itself as one of the top private standalone



RAHUL KHOSLA, MANAGING DIRECTOR, MAX INDIA LIMITED



Left-to-right (Standing): • Prashant Haskote (Senior Director – Quality and Service Excellence) (Director – Human Capital) • V. Krishnan (Company Secretary) • P. Dwarkanath (Advisor – Group Legal and Regulatory Affairs) • Rahul Ahuja (Group Financial Controller) • Archana Pandey
Left-to-right (Sitting): • Rohit Kapoor (Senior Director – Strategy and Business Performance)



• Nitin Thakur (Director – External Affairs and Communication) • Suresh Ramasubramanian (Senior Director – Human Capital) • Sujatha Ratnam (Senior Director – Corporate Finance) • C.V. Raghu (Senior Director – Corporate Affairs) • Rahul Khosla (Managing Director) • Mohit Talwar (Deputy Managing Director)

health insurers in India with a recognisable brand and strong suite of products. Max Bupa has now insured over 1.7 million lives through its comprehensive distribution network. It has increased its network of hospitals from 1,800 to 3,400. Its market ranking has jumped from 10th position among private players to 7th position this year. In addition to selling via its own channels, Max Bupa has successfully won distribution arrangements with four new bancassurance partners in the last financial year including Standard Chartered Bank, Ratnakar Bank, Deutsche Bank and Federal Bank. Bancassurance is likely to be a high growth and profitable distribution channel for the company in future.

We 'Rejuvenate Life' through Antara, our senior living business, which is a fully-owned subsidiary of Max India. It has witnessed an encouraging sales momentum for its maiden senior living community being built at Dehradun, even while work is going on at full scale to complete the project by early 2016.

We 'Improve Life' through Max Neeman - our clinical research business, is a fully-owned subsidiary of Max India, which recorded an increase in new customers and customer satisfaction levels.

The company also manufactures speciality products for the packaging industry through Max Speciality Films, a business unit of Max India till FY2014, which became a subsidiary effective 1st April 2014. MSF continues to post impressive results, based on its legacy of delivering outstanding service to marquee customers and focusing on innovation as well as efficient operations.

For FY2013-14, Max India's consolidated revenue increased 19%* to Rs. 11,683 crore. Profit after tax increased 44%* to Rs. 209 crore during the same period. With the balance sheet continuing to remain strong, the company recommended a final dividend of 90%, taking the annual dividend to 180%. The company maintains a healthy treasury corpus of Rs. 235 crore as on March 31, 2014. In an environment of relatively sluggish growth and performance of the corporate sector prior to the change in government, these results underscore the strength, performance, health and strong prospects of the company, especially as the economy rejuvenates in line with the enabling environment provided by the new central government.

At Max India, carefully crafted business plans that are aligned with our group-wide strategy are in place for



each operating business unit. **Our focus on our stated strategic pillars – capital efficiency, investments in growth, high corporate governance standards, driving enterprise synergies, ensuring superior financial performance, managing risk, focus on people, investments in brand and relentless pursuit of service excellence have provided the foundation for our results and a strong platform to build in the future.**

Over the next three years, the company will concentrate its energies in executing individual and group-wide plans to perfection, based on this strong platform and foundation.

Group Financial Performance

- **Max India's net revenues increased 19%* in FY2013-14 to Rs. 11,683 crore**
- **Profit After Tax rose 44%* to Rs. 209 crore during the year, on a consolidated basis**
- **The company recommended a final dividend of 90%, taking the annual dividend to 180%**
- **The company maintains a healthy treasury corpus of Rs. 235 crore as on March 31, 2014**

Performance Highlights

- **Operating revenue rose 12% to Rs. 9,139 crore during FY2013-14, on a consolidated basis**



- **EBIDTA (Earnings before Interest, Depreciation, Tax and Amortisation) rose 21%* to Rs. 506 crore**
- **Profit Before Tax rose 39%* to Rs. 274 crore, during the year, on a consolidated basis**
- **Net worth rose 3% to Rs. 2,984 crore during the year, on a consolidated basis**

*FY2012-13 numbers exclude one-off profits of Rs. 794 Cr. from sale of stake in Life Insurance business to Mitsui Sumitomo Insurance

CORPORATE DEVELOPMENTS

Effective 1st April 2014, the group's founder Chairman Mr. Analjit Singh ceded executive responsibilities to become Non-Executive Chairman, after turning 60 – thus strengthening both the executive and the non-executive positions at Max India.

This move has been actioned after confirming and validating a succession plan that has been in the making for three years, when a bulk of executive responsibilities of the group have been progressively handed over to Mr. Rahul Khosla who joined the group as Managing Director in August 2011, supported by Mr. Mohit Talwar as Dy. Managing Director. This transition was aimed towards strengthening the top management of the group, facilitating succession and ensuring a clearer demarcation of roles between the group sponsor and top executive management and has now successfully culminated in the change in role to non-executive for the Group Chairman. This is a market leading practice in India, and is testimony to the group's strong commitment to continually enhancing corporate governance standards.

OUTLOOK

Max India is well-positioned for a period of profitable growth in the near future, based on its clearly articulated strategy and focused execution.

Max Life has earned its reputation as a benchmark for the life insurance industry in India across several dimensions including market leading sales, high performing agency channel, enviable relationships with distribution partners such as Axis Bank, strong and tenured management, focus on long-term savings and protection products and superior management of costs. The industry environment is also more positive, since the frequency and severity of regulatory changes is expected to be lower than in earlier years and the general sentiment across the economy is brighter with the formation of the new central government. Max Life is very well capitalised and is poised to take advantage of consolidation opportunities in the life insurance industry landscape in India.

With encouraging operational ramp up of its new hospitals and turnaround in profitability of its established hospitals, Max Healthcare is on a sustained path to growth and profitability. Growth will be facilitated by capitalising on the liberalised New Delhi master plan norms, enabling Max Healthcare to build additional capacity in its existing flagship hospitals. It will also execute format innovations such as standalone speciality centres, network of health clinics etc. to drive growth aspirations, in addition to selectively investing in greenfield and brownfield opportunities.

Max Bupa, has doubled in size over the last year but has large headroom for growth considering the low penetration and rising demand for health insurance in India. Max Bupa's focus on a comprehensive products suite, well-balanced distribution network, outstanding standards of service and unique advantages of being part of a healthcare provider group, positions it well to lead the health insurance market going forward.

Antara Senior Living, over the course of FY2014-15, will focus singularly on building and completing the Dehradun Senior Living Community project. It will continue to build brand positioning and product awareness among target customers to generate sales and create engagement programmes for its customers. As a category, senior living businesses will become much more prevalent in India and Antara, as a pioneer in its field, will be well-positioned to capture this growth opportunity and serve the society.

Relentless focus on executing our stated strategy through committed and competent management, adherence to our core values of Sevabhav, Excellence and Credibility, and the obvious and undeniable growth potential in each of our businesses will all work together to ensure a positive outlook for the future of the Max India group.

IN THE
JOURNEY OF LIFE



WE HELP YOU
BECOME SECURE





RAJESH SUD, CEO & MANAGING DIRECTOR, MAX LIFE INSURANCE



THE LIFE INSURANCE OPPORTUNITY

The Indian life insurance industry is at an inflection point. The industry is amongst the largest retail financial services business in the world with over 36 crore in-force policies. At the same time, research suggests that only 20% of the total population of India is covered under various life insurance schemes. This has a great significance for a country like India that does not have an adequate social security system in place. Life insurance provides cover against the risk of dying too early on one hand and on the other, the risk of living too long. India is at a stage where opportunities at both ends of the spectrum are growing for a life insurer. Thus, there is considerable scope for growth in the industry through greater penetration. The increase in working population and per capita income as well as rising life expectancy will continue to open new opportunities for the Indian life insurance industry.


EXTERNAL ENVIRONMENT AND THE MARKET

The Indian life insurance industry continued to witness a decline in individual new business premium for the fourth year in a row. Individual new business premiums declined by 3% for the industry as well as the private industry to Rs. 45,429 crore and Rs. 17,244 crore respectively. This negative trend could be attributed to low GDP growth, high inflation resulting in low disposable income and the impact of regulatory change in product guidelines which necessitated a complete overhaul of the industry's product offerings.

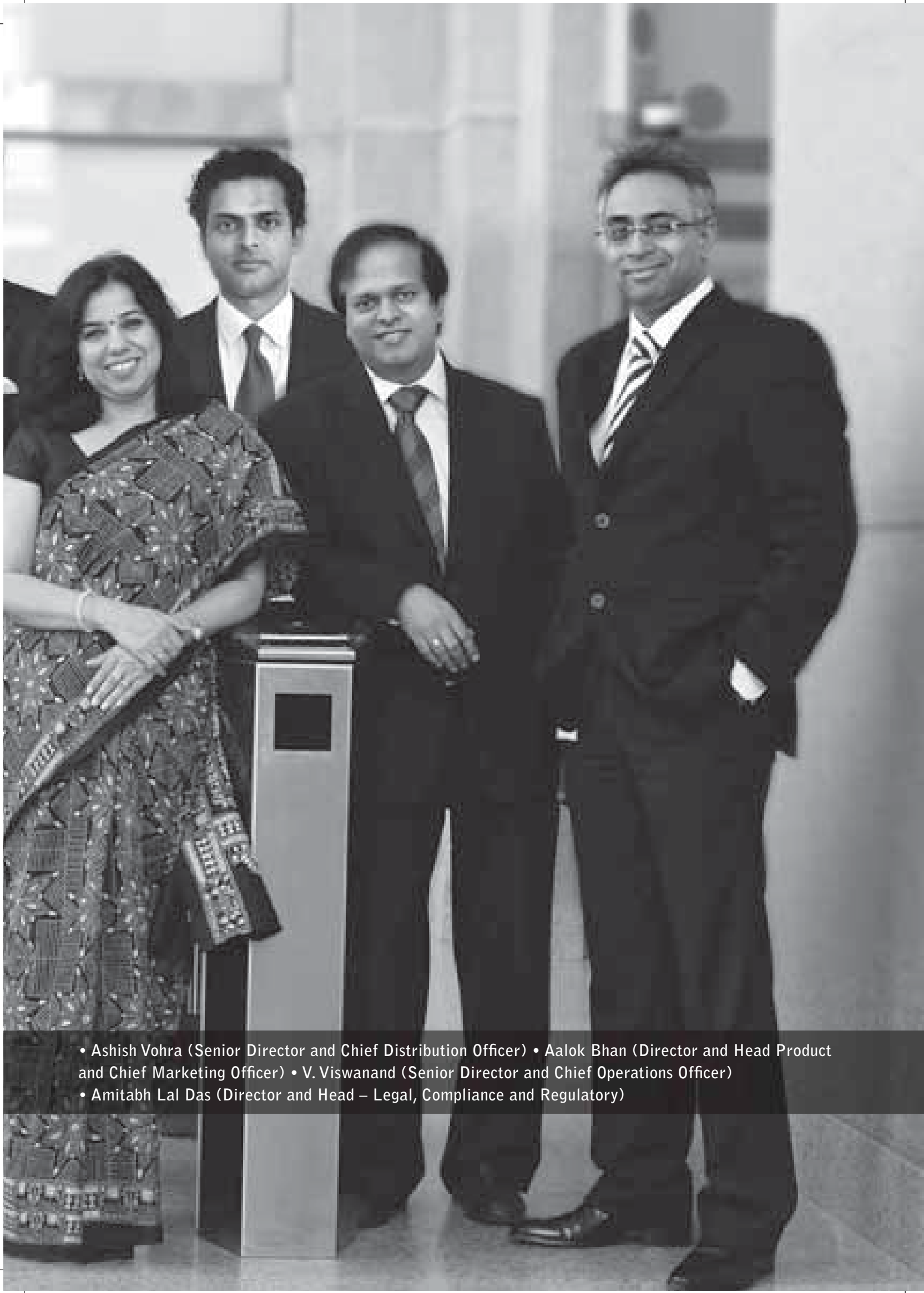
Distribution and product design are the two critical areas that have an all encompassing impact on the life insurance industry. Over the past few years, distribution mix has seen a significant change in India. Agency and bancassurance have now emerged as two strong pillars in the distribution architecture for private life insurers. Both have an almost equal share of the distribution pie. Third party distribution and direct distribution, that include employed sales force and e-commerce, form the third pillar.

Since the change in ULIP regulations in 2010, the industry has witnessed a shift towards traditional product designs. The product mix has shifted to a balanced portfolio of ULIPs and traditional plans amongst all leading private life insurers. Growing consumer preference for products with return guarantees has also resulted in a greater share of non-participating products in this mix.

On the regulatory front, there now seems to be some stability after several measures were implemented as a continuation of changes started in 2010. The



Left-to-right: • Shailesh Singh (Director and Chief People Officer) • Jose John (Appointed Actuary)
Solutions Management) • Rajesh Sud (CEO and Managing Director) • Anisha Motwani (Director
• Prashant Tripathy (Senior Director and Chief Financial Officer)



• Ashish Vohra (Senior Director and Chief Distribution Officer) • Aalok Bhan (Director and Head Product and Chief Marketing Officer) • V. Viswanand (Senior Director and Chief Operations Officer)
• Amitabh Lal Das (Director and Head – Legal, Compliance and Regulatory)

major regulatory developments in FY2014 were i) The 'New Product Guidelines' ii) Regulations related to pass percentage of agents and persistency iii) Guidelines on 'Banks as Brokers' iv) Guidelines on web aggregators.

MAX LIFE INSURANCE – GROWING FROM STRENGTH-TO-STRENGTH

FY2014 was yet another year of superior all-round performance for Max Life Insurance. The company outperformed both the overall industry and private life insurers to own 10.3% share of private life insurance market, recording a significant 179 bps increase in market share while maintaining its fourth rank amongst the private life insurers and first rank amongst private non-bank promoted life insurers. During the year, all distribution channels of the company, including the core channel of agency distribution, recorded a growth in individual adjusted new business premium. The company continued to record profitable growth and declared a shareholder dividend of Rs. 265 crore for the year.

Below is a snapshot of Max Life Insurance's performance measured through financial parameters:

- Individual Adjusted First year Premium increased by 17% to Rs. 1,769 crore while the private industry de-grew by 3%
- Gross Written Premium increased by 10% to Rs. 7,279 crore with a 6% increase in renewal premium to Rs. 5,017 crore while first year premium increased 19% to Rs. 2,262 crore
- Assets Under Management increased by 21% to Rs. 24,716 crore
- Sum Assured at Rs. 1,99,660 crore, recorded an increase of 18% over the previous financial year
- Solvency Ratio of 485%, more than 3 times the mandatory 150%, indicates the company's strong and stable financial position
- Conservation ratio, an indicator of customer retention, at 83.7% is the best amongst private life insurers
- Cost to Net Premium ratio improved to 27.3% (Previous Year: 28.8%) and Opex to Net Premium ratio was better at 17.8% (Previous Year: 19.4%)
- Consequently, the shareholders Profit After Tax was Rs. 436 crore, up 3% over the previous financial year
- The company also declared a shareholder

dividend amounting to Rs. 265 crore and policyholder bonus amounting to Rs. 391 crore which would be paid out in FY2015

Alongside financial growth, the company has made substantial improvement on qualitative factors, some of these include:

- Recognised as one of India's Best Companies to work for in 2014: Featured amongst Top 100 'Great Place to Work' for 3rd year in a row
- Employee engagement is at its highest with a 95th percentile ranking in the Kenexa Global database
- Ranked 1st on advertising (Max Life: 73%, LIC: 72%) in a syndicated industry survey conducted by IMRB International
- Ranked number 1 Private Life Insurer on Customer Loyalty (57% - ahead of Top 10 average of 52%)
- Project 'Proactive Retention' won Bronze award at the World Conference for Quality and Improvement 2014 in Dallas, USA
- Received Quality Council of India's D. L. Shah Commendation Award for the project CARS (Centralised Action and Resolution System)
- Won 'Big Data and Business Analytics Award' for Business Analytics and Performance Management Leadership
- Recognised as a 'Superbrand of the Year' 2013-14
- Ranked 8th amongst the Most Trusted Life Insurance companies in Brand Equity (The Economic Times) survey
- Won Golden Mikes 2014, the most coveted Indian Radio awards, for Max Life Insurance i-genius
- Awarded 'Celent Model Insurer Asia - Distribution Agent Channel' for New Work System

KEY PARAMETERS	MEASURE	FY2013-14 Rs. CR.	INCREASE/ (DECREASE)
SALES	GROSS WRITTEN PREMIUM	7,279	10%
CUSTOMER RETENTION	CONSERVATION RATIO	83.7	170 BPS
OPERATING EFFICIENCY	COST TO NET PREMIUM RATIO	27.3%	150 BPS
PROFITABILITY	SHAREHOLDERS PROFIT AFTER TAX	436	3%
INVESTMENTS	ASSET UNDER MANAGEMENT	24,716	21%
PROTECTION SALES	SUM ASSURED IN FORCE	1,99,660	18%

*Adjusted for 10% single premium



KEY OPERATIONAL DEVELOPMENTS

Max Life's strategic path is well-synchronised with its operations. The company continued to invest in its long-term business strategy and focused sharply on four vectors to promote sustainable profitable growth. These vectors are - Building Platinum Agency, Discovering New Revenue Opportunities, People Focus and Optimising Opex. Customer-centricity continues to be the core of Max Life Insurance strategic focus. In addition, there was disproportionate focus on building the culture of compliance.

Building Platinum Agency, Discovering New Revenue Opportunities, People Focus and Optimising Opex. Customer-centricity are the core of Max Life Insurance strategic focus

SUPERIOR PERFORMANCE ACROSS ALL DISTRIBUTION CHANNELS

During the year, all distribution channels performed significantly better than the previous year leading to a total new business premium growth of 17% in an environment where private life industry declined by 4%.

PLATINUM AGENCY

Max Life Insurance has the most productive agency distribution channel, considered a benchmark in the industry for its expertise and customer-centric approach. Initiatives taken over the past two years such

as motivational and leadership programmes bore fruit leading to the agency channel recording 6% growth over the last financial year. Agent recruitment improved by 11% and agent productivity also improved by 12% to stand amongst the highest in the industry today.

Max Life Insurance has the most productive agency distribution channel, considered a benchmark in the industry for its expertise and customer-centric approach. In FY2013-14, Agent productivity improved by 12% to stand amongst the highest in the industry today

The New Work System (NWS), a novel way of working in agency distribution that encompasses agent work habit and discipline formation, tablet based advisory sales and standardised and automated office management system was introduced. NWS was piloted in few offices during FY2012-13 based on learning from global markets. The purpose of this initiative was to improve a range of performance levers such as increased sales activity, improved conversion efficiency and case size, reduced time on policy issuance and fulfilment cost,



improved customer agent experience and improved quality of business with focus on need based selling. This initiative has now been implemented in 83 offices and results to date are positive. The company plans to introduce the New Work System in all its offices by the end of FY2014-15.

The 'Learning and Development Centre of Excellence' was launched during the previous financial year as a step forward to the company's strong training

investments over the years. Within a short span of time, this initiative has gained considerable ground by improving training effectiveness and helping agents sell successfully. This initiative resulted in a saving of Rs. 5 crore in the year.

BANCASSURANCE

The corporate agency relationship with Axis Bank has already become the largest non-captive bancassurance relationship in India. This relationship has insured more than 6 lakh lives till 31st March 2014 through its 2,000+ active bank branches and recorded a significant growth in individual adjusted first year premium for FY2013-14.

The company's bancassurance agreement with Yes Bank was renewed in FY2013-14. The relationship witnessed a healthy growth in adjusted individual new business premium.

PARTNERSHIP DISTRIBUTION

Partnership Distribution performed well during FY2013-14. The company renewed the relationship with Amsure and continued to engage with Peerless. This channel is working on optimising the business model with both these major partners. In addition, the company has distribution relationships with 20 other corporate agents.

NEW REVENUE OPPORTUNITIES

In FY2013-14, the company also forayed into the e-commerce space, with the launch of the 'Max Life Online Term Plan'. Through this plan, the company has addressed the twin need of lump sum death benefit as well as regular income by introducing three different death benefit options, which includes increasing monthly income in addition to one time lump amount. It also offers a 'Comprehensive Accident Benefit' rider, which provides added benefits not only for death but also on dismemberment due to an accident. The initial response to this plan has been very encouraging which gives us confidence about the future potential of online insurance sales.

OPTIMISING OPEX

Continuing on its journey of strategic cost management, during FY2013-14, the company primarily focused on re-engineering the sales process. It also reduced cost through efficient utilisation of office space, optimised office space set-up, sales force profiling, creation of

central training hub etc. Another significant theme contributing to the success in cost management was related to improvement in process efficiencies in areas such as business operations, delivery by procurement function, controlling inflation, leveraging technology to reach further and faster, optimising compensation schemes etc. This has resulted in improved industry ranking on cost parameter to 4th amongst private life insurers.

The efficiency improvement and cost minimisation led to Cost to Net Premium ratio improving to 27.3% (PY: 28.8%) and Opex to Net Premium ratio improving to 17.8% (PY: 19.4%).

IMPROVE CUSTOMER MANAGEMENT

In line with the 'Treating Customer's Fairly' (TCF) policy of being completely transparent, customer focused, equitable and a fair organisation while dealing with its customers, Max Life Insurance continued to focus on raising the standard of customer interaction at every touch point, right from pre-sales engagement to payment of benefits.

Max Life Insurance proactively captures customer feedback through around 20 formal and informal customer listening initiatives including annual Customer Relationship Assessment (CRA) and monthly Customer Transactional Assessments (CTA) for key customer



processes, online customer feedback through portals and blogs and Max Life's website and Welcome Calling.

Initiatives such as 'Coffee with Customer' have been introduced as customer connect programmes for the senior leadership team, helping them get first-hand insights on customer experience, their expectations, pain points and delights.

'Customer Experience Index', a new addition to the overall measurement of success is calculated annually. For 2013, it stood at 60% as compared to 54% in 2012. **Max Life was amongst the top private insurers in 13th month persistency of 76% and Conservation Ratio of 83.7% for FY2013-14. The company also attained the highest Customer Loyalty score of 57% (truly loyal customers) amongst private life insurers as per a syndicated research for Indian life insurance industry conducted by CSMM, IMRB.**

The company has one of the lowest customer complaints incidence rate in the industry at 0.24 per thousand as on 31st March 2014. It is also a market leader in terms of time taken for grievance resolution. For FY2013-14, Max Life had an Outstanding Claim Ratio (OCR) of 0.04% and maintained a healthy paid percentage at 94%.

CUSTOMER ENGAGEMENT TO BUILD TRUST

During FY2013-14, Max Life's i-genius programme, a customer engagement exercise, added a unique



initiative i-genius Young Authors Hunt, that celebrates, recognises and rewards children's writing talent. The initiative received over 55,000 registrations and over 5,000 stories. The top 50 entries, selected by a jury of renowned authors Chetan Bhagat and Ruskin Bond, were published in a book titled 'i-genius – A Twist in the Tale' by Rupa Publications India. The top 100 stories were also published in a special e-book edition.

The 4th i-genius Scholarship was also launched in January 2014. This initiative has already received over 1.25 lakh entries and will culminate into a grand finale in August 2014.

Max Life Insurance also launched an integrated communication campaign with the tagline, '*Policy dene ke baad humara rishta khatam nahi, shuru hota hai*'. The campaign is an extension of the company's brand campaign 'Aapke Sachche Advisors', which aims to highlight Max Life's commitment to superior post sales service. The TV commercials re-emphasise Max Life Insurance's brand promise of quality of advice, honesty and transparency in services, reflected through the practices followed by the company's agent advisors.

HIGHLY ENGAGED PEOPLE FORCE

Max Life values human capital and considers it to be its competitive advantage. This is also reflected in its function vision to be known for its superior human capital and a value driven culture.

In line with the above goals, the company's focus for next three years will be to build a strong talent pipeline



and succession planning as well as robust capability development, especially at mid-management levels and in distribution channels. Max Life Insurance will continue to institutionalise the process of Organisation and Talent Review (OTR) initiated last year.

SUPERIOR PREPAREDNESS FOR PRODUCT TRANSITION

Over the years, Insurance Regulatory and Development Authority has been focusing on bringing long-term and protection focus and customer-centricity in Indian life insurance industry.

The new product guidelines effective January 2014 are an attempt to make life insurance true to its core value of long-term savings and protection, more transparent and customer friendly.

Max Life Insurance did a disciplined job of restructuring its entire product portfolio within a short time. In January 2014, the company launched its restructured product portfolio of 19 financial solutions including riders which cater to life stage needs across risk profiles. The approved portfolio consists of 3 protection plans, 3 retirement plans, 2 child plans, 2 legacy creation plans, 3 savings plans, 2 growth plans, 3 group solutions and 4 optional riders.

In January 2014, Max Life restructured its product portfolio and grew its new business premium by 21% in the last quarter of the financial year as against an industry wide decline of 20% which clearly underlines our superior preparedness for the mandated change in product portfolio

INFORMATION TECHNOLOGY

The company's IT deliveries have been prioritised in line with its business objectives and are expected to deliver benefits across the four vectors of revenue, cost, customer experience and employee experience. Some of the key initiatives undertaken in FY2013-14 were:

- **Supporting operational readiness and transition to new products**
- **Driving cost agenda via desktop virtualisation, open source software and BYOD (Bring Your Own Device)**
- **Implementing mobility and online initiatives to enhance sales**
- **Supporting the e-issuance, e-servicing and**

digital backbone themes, in order to build a sustainable competitive advantage

- **Supporting ERP implementation in HR and Finance**
- **Information Rights Management system for higher customer data protection**

These initiatives are anticipated to result in process optimisation as well as better compliance and controls.

INVESTMENT PERFORMANCE

Max Life Insurance's products are backed by strong asset management capabilities while focusing on delivering maximum returns to policyholders, the investment function balances it with a prudent philosophy. The investments are mandatorily in safe instruments with over 95% of the debt investments in AAA or equivalently rated instruments and a minimum of 70% of equity exposure to large cap equities which are expected to provide superior returns with safety in the long run. The company's Assets Under Management (AUM) of Rs. 24,716 crore recorded a growth of 21% over the last year. As on March 31, 2014, 54% of the AUM was in controlled fund and 46% in ULIP funds.

A CULTURE OF COMPLIANCE AND ETHICAL BEHAVIOUR

Given the complexity of the business and the geographic reach of the company, monitoring and controlling of the compliance activities is critical. The company has independent checks and balances at multiple levels and follows a zero tolerance policy towards any violation of the regulatory norms.

The company undertakes extensive communication campaigns to ensure awareness of recourse available against any misconduct or malpractices. The company has implemented online Annual Compliance Training modules to reiterate policies such as Business Code of Conduct, Conflict of Interest, Anti-Money Laundering Practices and Anti-Corruption.

Initiatives such as a centralised database for tracking all whistle-blower cases leading to enhanced monitoring and simplified dashboards, Employees Disciplinary Action Process (EDAP) and Agent Disciplinary Action Process (ADAP) matrix have been implemented leading to appropriate action against errant employees and agents.

RISK MANAGEMENT

Max Life has a robust, enterprise wide risk management system to identify, assess, manage, monitor and control risks from all sources. The company monitors 22 risk categories falling under financial, operational and business risks. There is an established risk philosophy that guides risk taking within the company. Risk management activities are supervised by a Management Risk Committee chaired by the CEO and the Product, Actuarial and Risk Management Committees of the Board. An Operational Risk Group and an Asset Liability Management Group support the Management Risk Committee in overseeing the risk management activities.

OUTLOOK

After a period of de-growth in its last half a decade and the period of re-orientation, the future now looks stable. While some high impact regulatory changes such as banks as brokers are expected during the coming financial year, the frequency of regulatory changes is

expected to reduce. Greater discussion with the industry in framing these regulations will also help life insurance companies to be better prepared for regulatory changes.

Protection of policyholders' interest has gained 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 quality of advice. Growth in new business, anticipated after a long period of time, will also help the sector attract new talent.

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. Its long-term prospects are bright given the demographic profile, economic growth prospects and low penetration of life insurance in India.

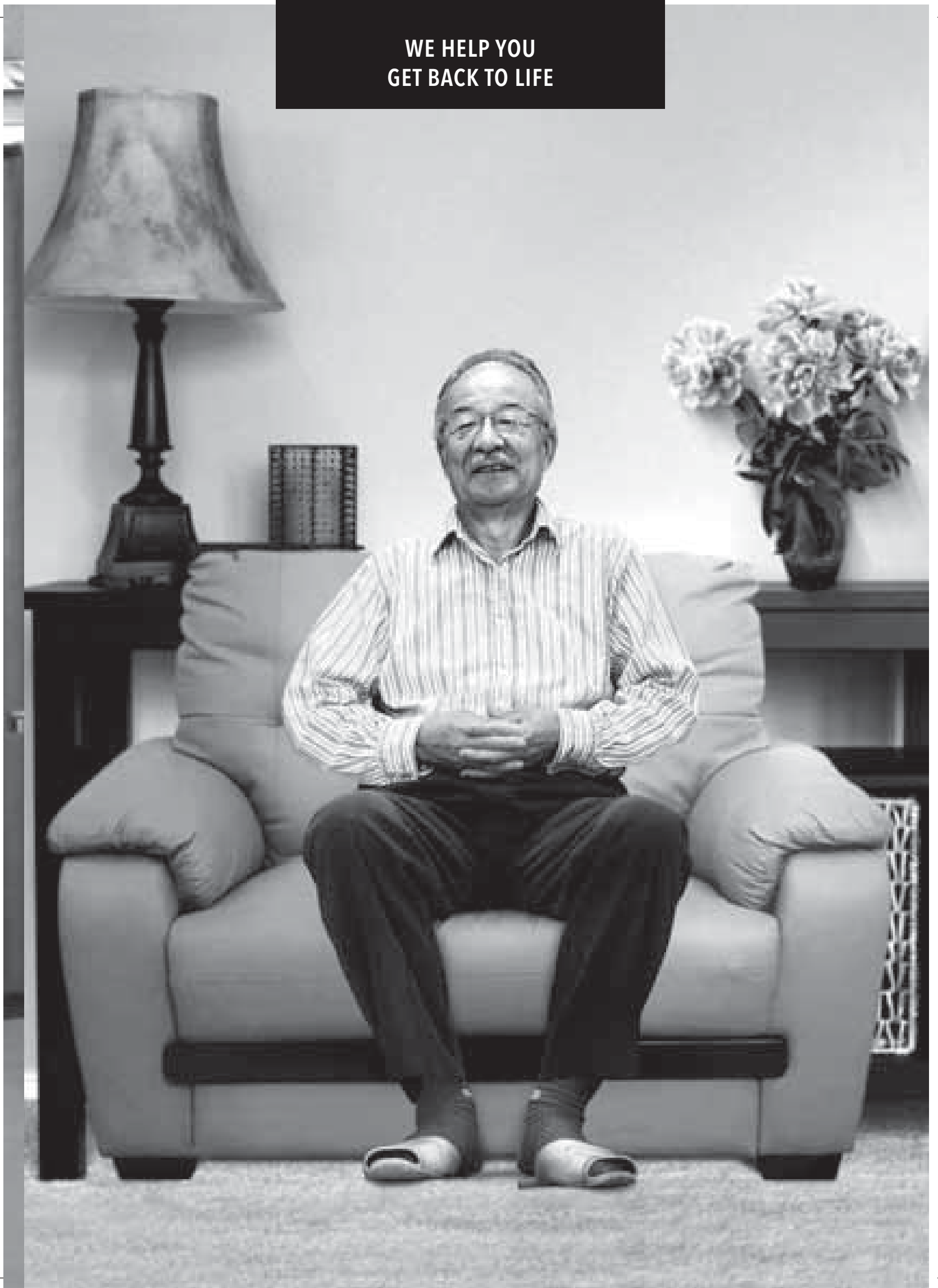
Max Life Insurance is well-placed to fully capitalise on these opportunities as it has built a strong foundation, a differentiated model and deep customer trust.



WHEN YOU ARE
DOWN AND OUT



WE HELP YOU
GET BACK TO LIFE





RAHUL KHOSLA, CHAIRMAN, MAX HEALTHCARE



Max Healthcare achieved a fair number of accomplishments in FY2013-14. While it was a period of consolidation for the established hospitals in the Max Healthcare network, the new hospitals, especially those launched in the last two years, saw a significant growth. **Max Healthcare network now comprises of 12 hospitals located in five northern Indian states with nearly 2,000 installed beds.** The network is widely acknowledged as an exponent of patient-centric medical care with strong clinical prowess and high service delivery standards.

MEETING NEW CHALLENGES

Currently, India's healthcare infrastructure is not adequately geared to meet the diverse needs of its populace. The vast middle-class with increasing disposable income is continually seeking superior healthcare services. Likewise, more senior citizens are now demanding the best medical care, even if it comes at a premium. Rapid internet penetration and increasing mobility have also raised people's awareness of quality healthcare, apart from triggering new demand for preventive care and treatment of various lifestyle-related diseases. These trends are likely to spur greater spend on healthcare services across the country as well as accelerate the health insurance business.

To illustrate the changing scenario, Indian healthcare revenues totalled US\$68.4 billion in 2011 and are estimated to reach US\$158.2 billion by 2017 and US\$280 billion by 2020 translating to 12% CAGR. Currently, hospitals account for 71% of the industry's total revenues, whereas pharmaceuticals account for a 13% share, and medical equipment and supplies 9%. Overall, the private sector's share of industry revenues which stood at 66% in 2005 is expected reach 81% by 2015. At present, the private sector has 40% of hospital beds but a 74% share of total industry revenues.

To accelerate the healthcare industry's growth, government of India has permitted 100% Foreign Direct Investment (FDI) under the automatic route in health-related services. Custom duty on life-saving equipment has been reduced to 5% from 25%. They are also exempted from any countervailing duty. Further, the Planning Commission has allocated US\$83 billion in the 12th Five Year Plan for healthcare spending, which is nearly US\$60 billion more than what was allocated in the 11th Plan.

The company launched TeleMax, a video conferencing service that facilitates expert clinical consultation to people living in remote areas and a virtual 'Diabetes Club' to address the emerging demand for clinical services and technology-led care



Left-to-right (Standing): • Rajan Bir Singh (Chief Information Officer) • Dr. Sandeep Budhiraja
Resources and Chief People Officer) • Shubhra Banerjee (Director – Service Excellence) • Yogesh Sareen
• Anil Vinayak (Director – Sales and Marketing)
Left-to-right (Sitting): • Rajit Mehta (Deputy Managing Director) • Rahul Khosla (Chairman)



(Clinical Director and Director – Institute of Internal Medicine) • Rohit Varma (Director – Human
(Chief Financial Officer) • Rohit Kapoor (Member Governing Council) • Dr. Ajit Singh (Director)

• Mohit Talwar (Director)

Keeping pace with these developments, Max Healthcare was quick to recognise the emerging demand for clinical services and technology-led care and introduced appropriate solutions for the target groups. The company launched TeleMax and a Virtual 'Diabetes Club'. TeleMax is a video-conferencing service that facilitates expert clinical consultation to people living in remote areas. Diabetes Club is a non-B&M (Brick & Mortar) model that offers holistic care to people suffering from chronic diabetes. The pilot project is being tested in the hinterlands of Bihar and would be taken to other regions in due course.

ROBUST OPERATIONS

Max Healthcare handled nearly 1.4 million patient footfalls in FY2013-14, which is 7.2% more than the previous year. The company set out to reorganise its Renal Sciences programme which led to leading clinicians in nephrology and urology streams joining MSSH Saket, MSSH Mohali, and MSSH Pitampura. The programme has been well received by its patients.

The established hospitals in the network, operating at peak occupancies, recorded an average 10% growth during the year by recalibrating their specialities. The flagship MSSH, Saket, located in one of the most competitive micro market of Delhi NCR, grew at 5%. MSSH, Patparganj transformed itself from a secondary care hospital into a super speciality tertiary care centre during the last 18 months. It is now the biggest hospital in east Delhi.

In FY2013-14, Max Healthcare handled nearly 1.4 million patient footfalls, established hospitals recorded ~10% growth, new hospitals improved their Bed Occupancy Ratio (BOR) to 70% from 48%

The share of tertiary care specialities in total revenues moved up to 48.3% during FY2013-14 from 43% in the previous year, a growth of more than 500 basis points.

Max Healthcare's hospitals, located in Shalimar Bagh (New Delhi), Mohali, Bhatinda and Dehradun, recorded over 100% revenue growth during the year, while becoming the leading hospitals in their respective geographies. The new hospitals also improved their Bed Occupancy Ratio (BOR) from 48% in the previous year to 70% in FY2014, demonstrating a significant ramp-up inpatient flows.

The operational statistics given below is a testament to the network's growth momentum:

- **Average Revenue Per Occupied Bed (ARPOB)**, a measure of bed Productivity, increased by 4.3% from an already respectable Rs. 25,129 in FY2012-13 to Rs. 26,208 in FY2013-14. This growth is primarily driven by the company's efforts to upgrade its service portfolio and focus more on high-end surgeries
- **Bed Occupancy Ratio** improved significantly from 69.7% in FY2012-13 to 74.1% in FY2013-14. This is even more noteworthy considering that 130 more beds were made operational in the new hospitals. Bed occupancy in the new hospitals increased from 48.4% in FY2012-13 to 70.4% in FY2013-14
- **Average Length of Stay (ALOS)** is a representation of patients' turnaround time. Max Healthcare stays committed to reduce the recovery time by employing the latest clinical techniques. The ratio stood at nearly 3.5 days in FY2013-14 even while the medical programmes were upgraded and complicated and hi-risk cases were treated. Faster discharge resulted in lower cost of treatment for patients, and additional capacity for the hospitals
- **Surgery:** The Medical Revenue Ratio is an important measure of maturity of clinical programmes and service offerings. Max Healthcare focused on upgrading its service offerings in order to handle high-end cases. The ratio of surgical revenue in total inpatient (IP) revenues improved from 59% in FY2012-13 to 61% in FY2013-14. In addition, the ratio of surgical revenue as a percentage of total gross revenues increased from 44% in FY2012-13 to 46% in FY2013-14
- **Revenue from CoE Specialities** also increased significantly during the year. The share of CoE*, of total IP revenues increased from 69% in FY2012-13 to 69.4% in FY2013-14

Max Healthcare has deployed CRM systems across its entire network to maintain sharp customer focus in its engagements. The system is at an advanced stage of rollout with the sales team gearing up to use the system to meet emerging customer demands and to offer targeted schemes.



As an example of better patient targeting, Max Healthcare launched a unique privilege service for senior citizens, offering them a Citizen Plus card with attached benefits such as preventive health check-ups, diagnostic services, ambulance services, OPD consultation, medicines and discounted room rent; resulting in major savings for the patients. The scheme, which was initiated at Max Patparganj, has generated over 10,000 enrolments, making it one of the most successful campaigns launched by the company.

The company also introduced new services in the non-hospital domain like pre-hospital emergency care and post hospital homecare to expand the scope of its patient care services. Separate Strategic Business Units (SBUs) have been created for Emergency Services and Homecare Services. Max Emergency Services were launched in Delhi NCR with a reach in 30-minute time commitment. This commitment is being adhered to for 98% transfers with careful planning and technology-based dispatch processes.

*COE: Centre for Excellence includes Cardiac Sciences, Neuro Sciences, Orthopedics, Oncology, MAMBS, and Renal Sciences – the tower specialties within Max network

The Homecare team designed products like post-discharge consultation services for newborns, joint replacement cases and remote (home-based) oxygen level monitoring of critical patients through use of Pulse Oxymeters etc.

COMMUNITY ENGAGEMENT INITIATIVES

Max Healthcare teamed up with government of Punjab to implement the biggest cancer screening camp in history of India. As many as 28,000 patients were screened and offered medical advice on a case-by-case basis. This initiative was widely appreciated by the state government and people at large.

Similarly, Max Super Speciality Hospital, Dehradun and Max India Foundation were actively involved in disaster relief work following the massive calamity caused by flash floods in Uttarakhand in 2013. The hospital created a special ward for victims where a dedicated team of doctors provided treatment free of cost and Max India Foundation provided free medicines to the patients.



CLINICAL AND SERVICE QUALITY FUNCTIONS

To strengthen the clinical service delivery, the company revitalised its clinical platform under the guidance of the Clinical Directorate. A hospital level clinicians' committee called HMAc was formed and Doctors' Councils were institutionalised to work at the unit level in tandem with the Management Committees to drive the agenda for clinical excellence. All these initiatives are now fully operational, encouraging the 2,000+ physician community to uplift Max Healthcare's clinical standards to yet higher levels.

The company also revamped its Service Excellence Scorecard to give more weightage to the 'Voice of Customers', obtained through feedback channels.

The Max Healthcare team expanded to keep pace with higher patient footfalls, increase in operational beds and higher occupancy. The staff strength stood at nearly 8,000 comprising of 2,200 clinicians, 3,000 nurses, 1,000+ paramedics and 1,800 other employees. Special HR and training initiatives were taken to ensure the entire workforce was aligned with the company's values of Sevabhav and Excellence.



FINANCIAL HIGHLIGHTS

- The network consolidated its position with 22% growth in revenues during FY2013-14 to Rs. 1,407 crore
- The new hospitals launched during FY2011-12 doubled their revenues in FY2013-14 with 113% growth
- Operating EBIDTA grew by 59% to reach Rs. 113 crore, leading to a 200 bps improvement in EBIDTA margin

- Cash profit rose to Rs. 24 crore in FY2013-14 as against a cash loss of Rs. 3.2 crore in the previous year



RISKS AND OPPORTUNITIES

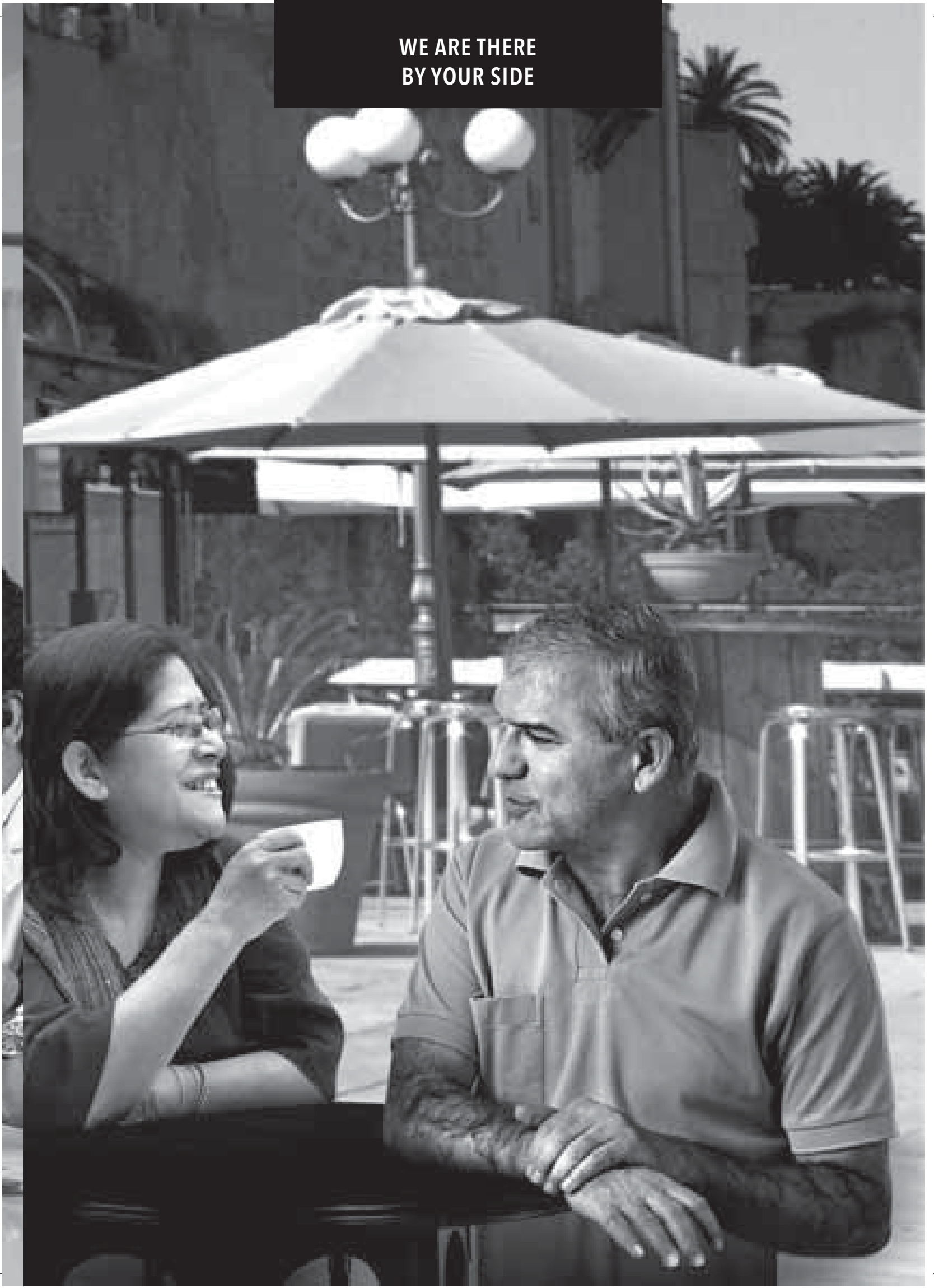
The Indian healthcare industry is at an inflection point, influenced by persisting supply-demand disparity, growing per capita income, increasing awareness of health conditions, growth in medical value travel, greater penetration of health insurance and better awareness of quality healthcare processes and outcomes. Max Healthcare is poised to leverage the emerging growth opportunities in this industry.

However, the impending entry of new players in the industry and the increasing dependence of hospitals on technology and skilled manpower makes healthcare a capital intensive business. Besides, insurance and other credit payers (PSUs led by CGHS) are using their dominant market position to put pricing pressures on hospitals. Against this backdrop, we believe that healthcare is a rewarding space for organised hospitals that deliver the best Clinical Outcomes and Service Quality, without deviating from the 'value for money' proposition. Max Healthcare is uniquely placed to deliver on this promise.

WHEN YOU
NEED HELP



WE ARE THERE
BY YOUR SIDE





MANASIJE MISHRA, CHIEF EXECUTIVE OFFICER, MAX BUPA HEALTH INSURANCE



Max Bupa is a joint venture between Max India Limited and the UK-based Bupa Finance Plc. Bupa has a rich experience in providing health and care to over 10 million customers in more than 190 countries while Max India brings on board local expertise and excellence in the delivery of healthcare and insurance services.

To realise its vision of becoming India's most admired Health Insurance company, Max Bupa endeavours to help customers live healthier and more successful lives. The company's core expertise lies in:

- **Understanding customer needs:** Over the last four years, Max Bupa has gathered deep insights into retail customers' needs and choices which has resulted in a significant growth in its B2C market share and market positioning in a highly competitive market
- **Simple & relevant products:** Max Bupa offers a highly differentiated and comprehensive product suite addressing highly differentiated customer needs. The company continues to expand its product portfolio, by catering to individuals, groups and government alike

Max Bupa's business rests on six values - Caring, Respectful, Ethical, Accountable, Trustworthy and Enabling (CREATE). This value system is instrumental in making Max Bupa as one of the most trusted and admired health insurance players in India.

MARKET DEVELOPMENT


Health insurance is one of the most dynamic sectors of the Indian insurance industry. Gross written premiums for health insurance increased by 13% from Rs. 15,530 crore in FY2013 to Rs. 17,624 crore in FY2014. The industry is dominated by four public sector entities that together command a 61% market share. The rest of the market is divided between 22 private sector players, of which five, including Max Bupa, are standalone health insurance players.

OPERATIONS - HIGHLIGHTS

Max Bupa offers quality health insurance services through a dedicated team of over 1,300 employees and a network of 22 offices across 13 cities - Delhi, Mumbai, Hyderabad, Chennai, Bangalore, Surat, Ludhiana, Chandigarh, Jaipur, Kochi, Kolkata, Pune and Patna. The company has insured over 1.7 million lives through its comprehensive distribution network involving the agency force, brokers, telesales and online sales teams.

Max Bupa offers quality health insurance to over 1.6 million lives through a dedicated team of over 1,300 employees, has a network of 21 offices across 13 cities

Left-to-right (Standing): • Biresh Giri (Vice President and Appointed Actuary) • Priya Gilbile
Office) • Tarannum Hasib (Senior Vice President – Bancassurance and Third Party
President – Marketing) • R. Mahesh Kumar (Director – Compliance, Secretarial and Legal)
Left-to-right (Sitting): • Satyajit Mohanty (Director – HR) • Manasije Mishra (Chief Executive Officer)



(Vice President – Health Risk Management) • Vishwanath Swarup (Vice President – Transformational Distribution) • Sibaranjan Patnaik (Senior Vice President – Agency) • Anika Agarwal (Associate Vice • Munish Sharma (Senior Vice President – Direct Sales) • Somesh Chandra (Director – Customer Service, Operations and Technology)

In FY2013-14, consequent to certain regulatory changes impacting the distribution of health insurance products by banks, Max Bupa took the lead in engaging with several leading banks and signed up corporate agency agreements with four banks:

1. Standard Chartered Bank
2. Federal Bank
3. RBL Bank
4. Deutsche Bank

Max Bupa signed bancassurance partnerships with Standard Chartered Bank, Federal Bank, RBL Bank and Deutsche Bank in FY2013-14

These partners are helping Max Bupa take its products and services to a much wider market.

Max Bupa has been leveraging mass media including television, print, digital, outdoor, and radio, as well as ground level events, to build mass awareness about its product and service offerings. The campaigns focus on promoting the company's differentiated products for the family and creating customer awareness about health insurance.

These initiatives have contributed in a major way to Max Bupa's accelerated business and financial performance in FY2014. The performance indicators are:

- **Customer base increased from 1.2 million to 1.7 million during the fiscal year**
- **Gross Written Premium (GWP) increased by 49% from Rs. 207 crore in FY2013 to Rs. 309 crore in FY2014**
- **B2C market share grown to 8.2% in FY2013-14 vs 6.2% in FY2012-13**
- **Max Bupa's market ranking among private players jumped from the 10th position in FY2013 to the 7th position in FY2014**
- **Provider network grew from 1,800 to 3,400 hospitals, spanning over 300 cities in India**
- **Launched a group health insurance product thus expanding its B2B product suite to provide coverage not only to employee-employer groups but also affinity groups**
- **Organised Max Bupa Walk for Health - Season 2 in Delhi and Mumbai**
 - 18,000 people walked in Delhi and Mumbai

- **The event touched 14.8 million lives**
- **Drove engagement through social media campaigns**
- **More than 30 celebrities adopted the cause and inspired thousands of people to 'Walk for Health'**
- **Was extensively covered by the media**
- **Gained significant industry recognition**
 - **Rated the Best Insurer in the General Insurance category at the ABP News BFSI Awards 2014 for exponential growth and differentiated strategy**
 - **Recognised as the most trusted health insurance brand in the India Brand Trust Report 2014**
 - **Declared the Model Insurer of the Year at the Asia Model Insurer Summit 2014 for deploying a best-in-class workflow management system for health insurance policy issuance**



STRATEGY

Max Bupa will continue to build its expertise in the retail segment. The company's products are largely positioned in the premium sector for high net worth, affluent and mass affluent population in the top 20-25 towns and cities in India.

In addition to its current channels, Max Bupa has successfully forged bancassurance partnerships which will serve as key growth drivers for the company. While growth is high on Max Bupa's strategic agenda, there is concurrent focus on enhancing the company's performance in several key business segments to improve its profitability and to reduce the capital burn.

The company continues to innovate and expand its product portfolio, to provide its customers with a wider choice of products and services. Two new products - Group Health Insurance (GHI) and Group Personal Accident (GPA) have been added to the company's group portfolio. All key market segments - Individual, group and government are covered with Max Bupa products. The company has a robust pipeline of products being created for the next two years.

Over the last one year, Max Bupa has increased its network of hospitals from 1,800 to 3,400 and will continue on this path of expansion. Max Bupa supports its customers directly through its in-house team of professionals including doctors. The company firmly believes that service quality is critical to sustaining long-term success. Hence, Max Bupa will continue on its journey towards service excellence.

Max Bupa has adopted 'Health Risk Management' as the core enterprise philosophy. This is complemented by its focus on delivering affordable products and services to customers in context of rising costs driven by a maturing portfolio, high medical inflation and the increasing incidence of lifestyle diseases.

Max Bupa has redesigned its service architecture in the effort to address emerging customer needs. Some of the key initiatives taken in this regard are:

- Call center metrics have been adopted to ensure best-in-class outcomes
- New pre-authorisation pilot programme has been introduced for all HNI outcomes
- The issuance process has been streamlined to ensure there are no complaints on policy issuance
- Complaint management system has been transformed

Max Bupa has also enhanced its people focus. The company has strengthened the human resource function and plans to invest in continuous training and development of its sales and non-sales staff. Overall, the workforce strength has increased from 1,050 to over 1,300 during the course of FY2014.

REGULATORY INTERVENTION

The health insurance industry in India has undergone transformational changes over the last one year. Changes in the regulatory environment have had a significant impact on the development of this industry. The Insurance Regulator has mandated the companies



to streamline data collection and integrate systems for reporting purposes.

As the number of players increase, continuous monitoring and data gathering will assume greater importance. In FY2013, the regulator implemented standard formats and practices for the health insurance sector including those related to TPAs. The regulator also implemented the standardisation of procedures and nomenclatures used in the health insurance industry. Key features like any age enrolment, no claims loading, and lifelong renewability are built into Max Bupa offerings since their inception and so the company's products are not likely to undergo major changes due to these regulatory changes.

To bring in greater transparency and improve consumer awareness, regulator released several regulations

specific to customer service in FY2013-14. Most of the regulatory interventions deal with disclosures on company websites related to unclaimed dues of the policyholders, availability of servicing forms in regional languages and increased emphasis on detailed guidelines to the TPAs regarding claims assessment. These regulations will require the insurers to modify and improve their reporting platforms and address key customer concerns. Further, agreements entered between TPAs and insurers are required to be filed with the regulator.

To facilitate system-based data collection, the regulator is developing IT platforms. Once fully implemented, the system will ensure timely flow of information and enable enhanced data interpretation. Further, TRAI has



bestowed the responsibility of unsolicited commercial calls made by the Insurance Agents also on the insurers, requiring them to take up additional monitoring and augmented training of agents in this regard.

These regulations will impact Max Bupa's operations to some extent and may require recalibration of certain processes. The regulations will mitigate certain industry level issues. For instance, the increased emphasis on regulation for TPAs will ensure final adjudication of claims by insurers resulting in better claim experience for the customers, which will reduce consumer disputes. Further, system-based data and report submissions will result in better data analysis and reporting, thereby creating a huge knowledge repository for the industry in the long run.



OUTLOOK AND RISKS

The health insurance industry is expected to maintain its growth in the range of 15-18% in FY2015. The company plans to focus on growing sales and delivering service excellence. With established processes, a stable sales team and growing reputation, Max Bupa will continue to capitalise on its market differentiation and build long-term client relationships.

While Max Bupa has grown by 49% last year, it is important to note that the company is still a relatively smaller player in this segment. Some of the larger players, especially the public sectors players, have large insurance books and command over half the market share. Competition has increased further with the entry of new players. As such, considerable effort will be required to compete in this market.

Regulatory changes have created a degree of uncertainty for players in this business. However, much of the regulatory changes enacted in FY2013-14 would be beneficial to a product and service-driven company like Max Bupa. As the portfolio matures and claim rates become clearer, more organisational focus will be required in managing the risks and cost of claims.

WHEN YOU
ARE ALONE



WE FILL YOUR
LIFE WITH WARMTH





TARA SINGH VACHANI, CHIEF EXECUTIVE OFFICER, ANTARA SENIOR LIVING



Antara Senior Living is Max India's newest venture, committed to improving the quality of life of seniors in the country. Its mission is to provide lifestyle with lifecare. It aims to do so through:

- Creating vibrant residential communities with comprehensive services that enrich the lives of our residents
- Offering easy access to outstanding facilities and exceptional service delivery

SERVING A GROWING NEED

With over 100 million people aged 60+ in India, and an increased tendency towards nuclear families, senior living is an underserved need in our country. A survey conducted by a large NGO showed 9% of seniors in India's urban centres are living by themselves. Living in India presents daily challenges for people of all ages, but seniors living alone become particularly vulnerable to problems like:

- Increasing incidence of crime
- Loneliness
- Inconvenience of managing a property (maintenance, housekeeping, bill payments)
- Slow and unreliable emergency response
- Hassles of managing healthcare needs
- Difficulty of travel
- Boredom and lack of activity
- Most housing is not designed to be senior-friendly
- Increasingly congested and polluted urban environments

Antara was conceived with an aim of providing a comprehensive solution for these challenges.

While the past year has seen the entry of various players into this market, Jones Lang LaSalle estimates there is a shortage of over 3,00,000 senior living homes in India.

OUR CONCEPT AND POSITIONING


Antara's first senior living community is coming up in Dehradun. Spread across a 13.5 acre campus, the company is creating 218 apartments for seniors along with a large clubhouse that provides extensive facilities for the residents. The community



ANTARA
SENIOR LIVING



Left-to-right: • Saumyajit Roy (Associate Director – Business Coordination) • Ambica Chaturvedi (Chief Executive Officer) • Kenneth Sannoo (Director – Community Development) • Sumeet Bhalla



(Associate Director – Human Capital) • A.V.K. Rao (Director – Finance and Accounts) • Tara Singh Vachani
(Director – Corporate Development)

is based on the concept of a Continuing Care Retirement Community, as commonly seen in developed markets abroad – catering to both seniors who are independent and seeking a better lifestyle, as well as seniors who require constant assisted-living or nursing care.

The architectural design has been led by Esteva & Esteva (Spain) and Perkins Eastman (USA) – one of the world's most experienced firms in the field of senior living. They have incorporated extensive features to ensure the design is senior-friendly.

In addition to the apartments and facilities, the community aims to provide a host of services to ensure that its residents enjoy a safe and secure environment, a hassle-free life, an active and healthy lifestyle and a socially-vibrant atmosphere. In line with Max India group's philosophy, the company is creating a community that emphasises high-quality facilities and excellence in service delivery.

Everything to do with Antara's concept, design, facilities, and services has been specifically planned to enhance one or more of the five dimensions of wellness - environmental wellness, physical wellness, social/emotional wellness, intellectual/occupational wellness and spiritual wellness



Additionally, the company has started a new initiative to provide special services to residents in their current homes until they move into the community in 2016. These services include a resident healthcare card through which one can experience Max Healthcare's services facilitated by an Antara concierge. Over the next year, Antara Senior Living aims to add more such services, even to prospects who may not want to become an Antara resident but are inclined to use our services suite.

The company's target customers are progressive seniors, aged 60+, who will reside in our community as their primary home.

KEY OPERATIONAL DEVELOPMENTS

This past year has been focused on:

1. Launching the Antara product
2. Building the team, culture and processes
3. Securing financing for its first project
4. Launching construction

We are pleased to report good progress on all of these fronts.

1. LAUNCHING THE ANTARA PRODUCT

In May 2013, the company launched its first community in Dehradun with a large event on-site. Sales were officially launched several weeks later. Antara has created a highly interactive sales process in which each future resident is met with regularly to reaffirm their belief in the community. It continues to pursue diverse marketing and brand-building initiatives. It has sponsored relevant events to attract target customers, implemented an effective PR strategy to create category and brand awareness, launched its website www.antaseniorliving.com and leveraged the workforce in Max group companies to help generate awareness.

2. BUILDING TEAMS ALONG WITH PEOPLE, CULTURE AND PROCESSES

The company is pleased to report that it now has a dedicated team of 54 people (compared to 18 just one year ago). Most of the people strength has been added to the project team (many of whom are based on-site in Dehradun) and to the community development (sales and marketing) function. As the company grew, it also invested significant time and effort in creating necessary HR processes and systems, and is leveraging information technology for productivity gains. The core Antara management team has spent significant time refining the company's vision statements, building its value system and pursuing various initiatives to bring about an alignment with the wider team.

3. SECURING FINANCING & INSTALLING ROBUST FINANCE PRACTICES

The company has secured debt financing for the Dehradun project from Infrastructure Development



Finance Company (IDFC) to the tune of Rs. 166 crore. The finance team is also working hard to instill robust finance operating procedures.

4. LAUNCHING CONSTRUCTION

Antara has developed a 30-people project management team comprising of design, procurement, execution, stores and planning sub-functions spread across Dehradun and Delhi. The team is self-sufficient in managing all aspects of the project and has now completely taken over the responsibility of managing the project execution.

The civil execution work was awarded to Shapoorji & Pallonji (SPEC) in October 2013 after a detailed tender process. SPEC has completed the raft foundation works for four of the nine blocks and the raft work for another two blocks is at an advanced stage. The civil work is expected to be completed by March 2015, and the project itself is expected to be completed by 2016.

OUTLOOK

Over the course of FY2014-15, Antara's focus will remain singularly on its first project in Dehradun. The company will continue to build its brand positioning and product awareness among the target customers to generate customer leads and will create engagement programmes for converted customers.

The human capital function will begin hiring and training the operations team for the Dehradun community. The

company aims to have over 300 people on-site once the community is functional. The projects team will ensure completion of the civil work; mechanical, electrical, plumbing, and interior work will begin later this year.

The company will begin implementation of a new ERP system across the company. Work on this has already started and the first phase shall be launched by end of this year.

Going forward, the company's major goals will be centered around driving sales and delivering the Dehradun project on time and on budget. There are invariably risks associated with each objective, for which a detailed risk mitigation and monitoring system has been created.

**WE KNOW
YOUR LITTLE JOYS**



THAT'S WHY WE
PACKAGE THEM WITH CARE





JAIDEEP WADHWA, CHIEF EXECUTIVE OFFICER, MAX SPECIALITY FILMS



SPECIALITY FILMS

OVERVIEW

Max Speciality Films (MSF), a division of Max India Limited till FY2013-14, became a subsidiary effective 1st April 2014, manufactures speciality BOPP (Bi-axially Oriented Polypropylene) films for flexible packaging of food, confectionery and fast moving consumer goods (FMCG), as well as for industrial packaging. The company also produces a line of leather coating films. Over the years, MSF has established a reputation for product innovation and customer service.

The company's state-of-the-art manufacturing facility at Railmajra near Chandigarh is accredited with following certifications:


- ISO 9001 – 2008 Quality Management System
- ISO 14001 – 2004 Environmental Management System
- OHSAS 18001 – 2007 Occupational Health & Safety Management System
- BRC/IOP (Food Safety) – British Retail Consortium
- HACCP – Hazard Analysis Critical Control Point

INDUSTRY STRUCTURE AND DEVELOPMENT

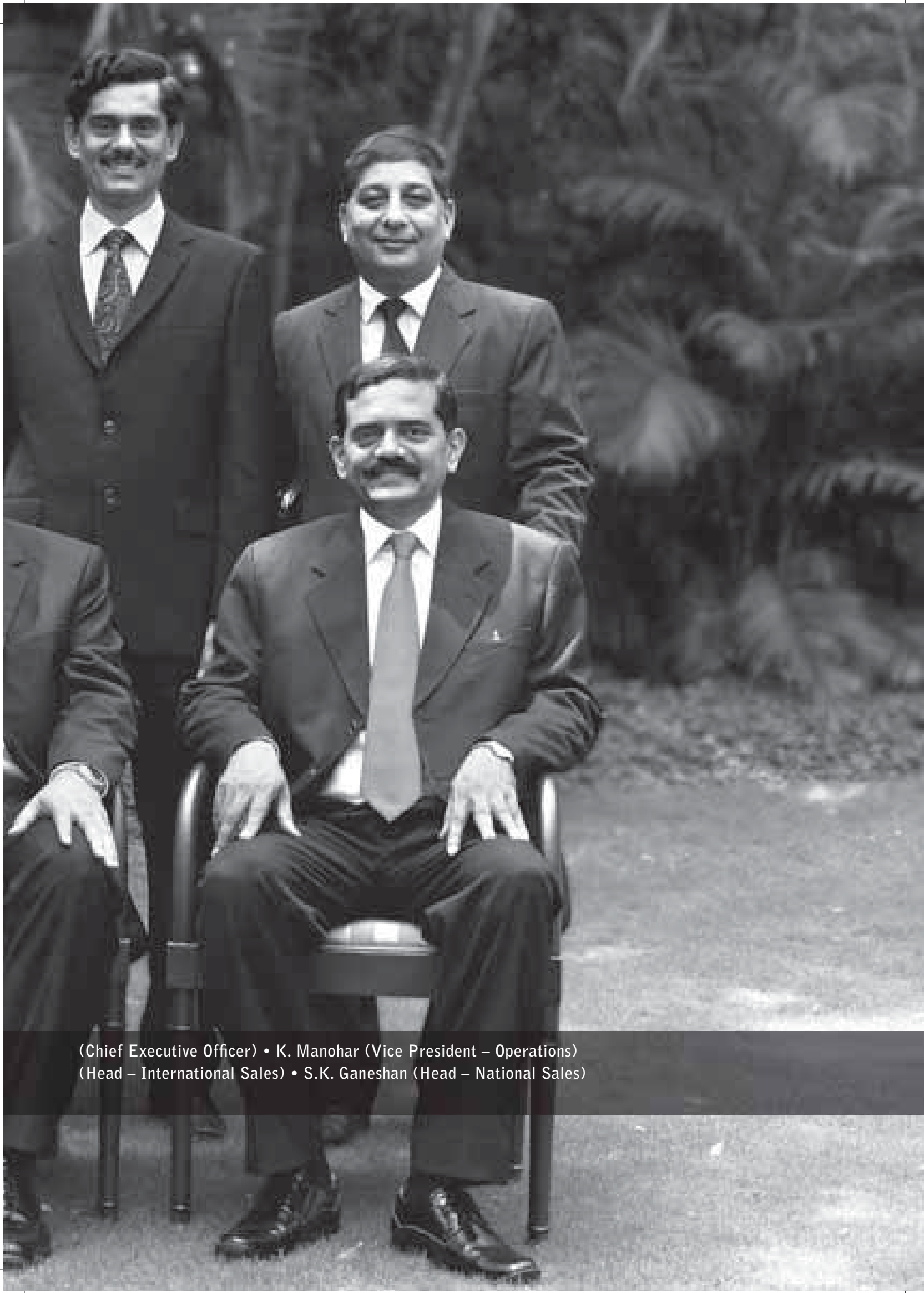
Domestic demand for packaging solutions is rising in keeping with the growth in consumer spends, changing demographics, maturing retail trade as well as growing urban and rural demand for convenience and quality products. **India has 16% of the world population but represents only 3% of global packaging demand. The country's per capita consumption of BOPP at 0.23 kg is well below the global average. Primary demand is therefore expected to be consistently over 10% over the next several years. Domestic demand for BOPP grew 13% from 245 KTA to 276 KTA in FY2013-14 despite the overall economic slowdown.**

MARKET POSITION

MSF has emerged as a strong speciality and value added BOPP player, buoyed by its unstinted focus on service excellence, product quality and continuous innovation. The company has a strong presence among converters and blue-chip FMCG customers in India and 60-70% of its output is consumed by FMCG industry. The company's new product sale increased from 6% of total sales in FY2012-13 to 14% in FY2013-14. Though MSF has an 11% share of installed capacity, its market share in the speciality films segment is 36%. To maintain its strong market position, the company will continue to focus on reinforcing customer relationships and collaborations as well as product innovation and application expertise.



Left-to-right (Sitting): • Dalbir Singh (Senior Vice President – Finance and Commercial) • Jaideep Wadhwa
Left-to-right (Standing): • S.P. Bansal (Associate Vice President – HR) • G.V.S.R. Mohan
• Sanjeev Yadav (General Manager – Product, Application and Business Development)



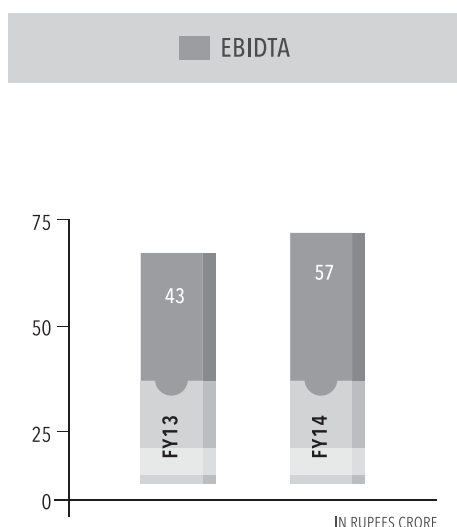
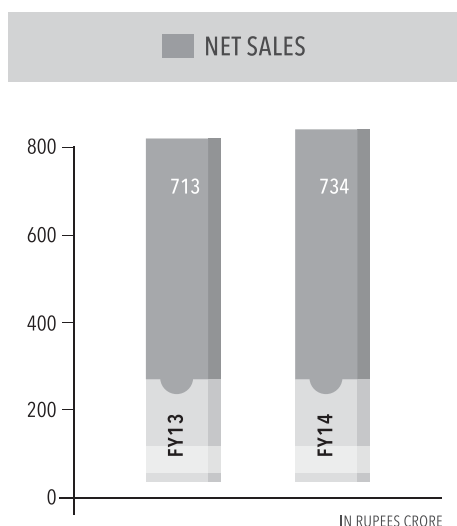
(Chief Executive Officer) • K. Manohar (Vice President – Operations)
(Head – International Sales) • S.K. Ganeshan (Head – National Sales)

PERFORMANCE HIGHLIGHTS

New capacities were created in the Indian market in FY2012-13 with 100KTA becoming operational in Q2 which resulted in significant pressure on price and margin. Though 80KTA additional capacity came online in Q3 FY2013-14 too, prices and margins were relatively stable, in part due to the continued growth in BOPP demand.

In FY2013-14, MSF delivered significantly improved performance as compared to FY2012-13, as illustrated in the graphs below:

MSF's sales grew by 3% but EBITDA grew 32% from Rs. 43 crore in FY2012-13 to Rs. 57 crore in FY2013-14. Export business accounted for 37% of net sales in FY2013-14 and registered a growth of 9%.



MSF has won several national and international awards for innovation including the Golden Peacock Award. More recently, MSF won the 'Asia Star Award' for innovative product development

MSF has also implemented the Max Performance Excellence Framework (MPEF), an adaptation of the Malcolm Baldrige Framework, to further strengthen its governance, leadership and work processes, as well as employee engagement with the larger goal of enhancing customer satisfaction and returns from the business.

HEALTH, SAFETY AND ENVIRONMENT

Health, safety and environment protection are integral to MSF's core values. The company has adopted a Green Policy and has signed the Code for Ecologically Sustainable Business Growth formulated by Confederation of Indian Industry (CII). Over the last seven years, MSF workmen have won several awards from Punjab government for their contributions in the areas of safety, health and productivity.

MSF, in association with Max India Foundation, contributes to local community development by adopting schools, holding medical camps and running a dispensary in the district. The company was recognised by Shahid Bhagat Singh Nagar District Administration, Punjab government for its CSR activities.

INTERNAL CONTROL SYSTEM AND ADEQUACY

MSF has institutionalised robust internal control as well as management systems and processes. These

are periodically audited by accrediting agencies. The performance is also reviewed with reference to the company's budget, year-on-year variances and against competitors. The statutory and internal auditors also review the internal controls every year and their reports are submitted for review with an Audit Committee. The company's ERP system has stabilised and is now a key decision making tool.

RISKS AND OUTLOOK

The flexible packaging industry is expected to grow at 12-14% per annum, catalysing the growth of the BOPP industry as well. Key factors like expansion of modern retail, rising rural demand, introduction of new branded packaged foods and strong fundamentals of the Indian economy support a robust growth forecast for the flexible packaging industry.

Some concerns emanate from rising commodity and input costs, increase in power and fuel costs and high interest rates. MSF will leverage its speciality product range, quality standards, strong customer base, service excellence and operational efficiencies to mitigate the risks to a large extent. It has also developed a significant export market to offset any temporary demand or pricing challenges in India.

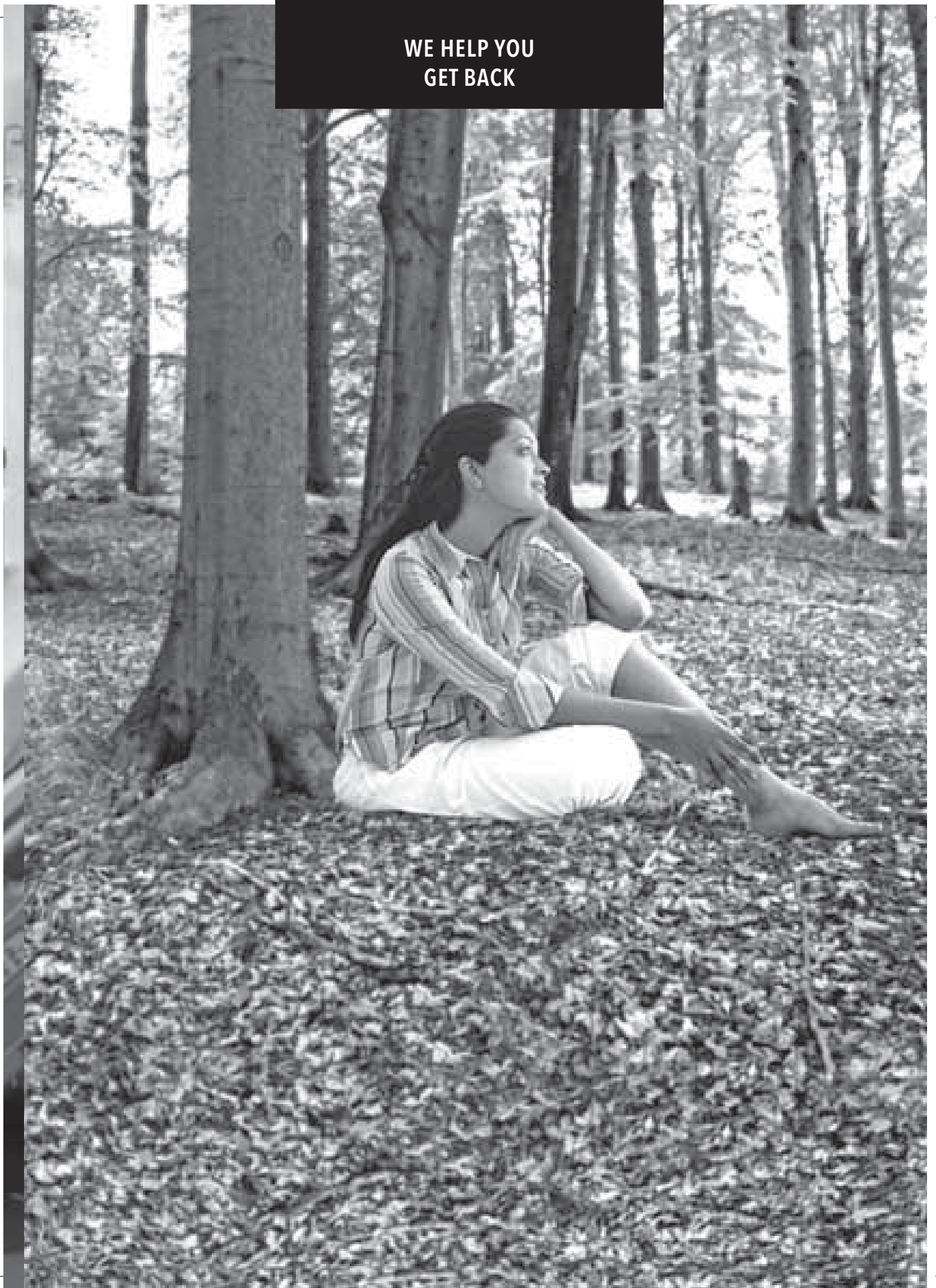
FY2014-15 is expected to be a more stable and profitable growth period for the BOPP industry in India. Demand growth will absorb much of the new capacities that came up in FY2012-13 and FY2013-14 and MSF is well-positioned to compete in this market. The outlook for medium to long-term remains positive.



WHEN LIFE CATCHES
YOU UNAWARE



WE HELP YOU
GET BACK





DR. AJAY KUMAR, CHIEF EXECUTIVE OFFICER, MAX NEEMAN MEDICAL INTERNATIONAL



Max Neeman Medical International Limited (MNMI), a subsidiary of Max India group, is a value-added Contract Research Organisation (CRO) that delivers outsourced research services to the pharmaceutical, biotechnology and medical device industries.

THE OPPORTUNITY

Clinical research is fast emerging as a large global industry even as clinical trials shift from academic medical centres to community-based practices like single community hospitals or physician groups. Large pharmaceutical and biotechnology companies are increasingly engaging specialised CROs to complete their drug research projects faster and at a lower cost. GBI Research has estimated that the global CRO business will see a sharp revenue growth from US\$21.4 billion in 2010 to US\$56 billion by 2018, with CAGR of 12.8%.

India has the potential to secure a large portion of the global CRO market by virtue of its large population and a low cost base. While CRO activities in India have grown several folds over the last ten years, there is still a wide gap between the size of the Indian CRO industry and its potential. **The Indian CRO market in India is estimated at ~US\$1.5 billion, which is around 5% of the global CRO business.**

The Indian CRO industry enjoys a stronger global positioning following a series of successful US FDA audits conducted on Indian sites. US regulatory inspection of Indian pharma companies is opening up new opportunities for standardised clinical trials in the country. The new DCGI guidelines mandate that clinical trials of Fixed Dose Combination should be conducted in India.

In the midst of these developments, the Indian CRO industry is facing challenging times. It is facing fierce competition from China, South Korea and Singapore. Additionally, there are challenges related to establishing a progressive regulatory framework incorporating patient care, subject compensation and clinical trial norms that conform to globally established standards and data protection considering India's weak intellectual property structure.

MARKET POSITIONING

While a large number of companies operate in the global CRO space, a significant part of the business is concentrated in the hands of large multinational players. The top ten global companies command ~50% share of the world CRO market. Moreover, 43.9% of all clinical trials are conducted in the US, 22.9% in Europe, 11.6% in Asia, and the rest in Canada, Middle East, Australia and Africa.



Left-to-right (Standing): • Koteswar Govind (Deputy General Manager – Data Management)
• Kishor Kumar (Financial Controller) • Dr. Jayendra Lal Duorah (Deputy General Manager

Left-to-right (Sitting): • Dr. Renu Razdan (Chief Operating Officer) • Pooja Dager (Senior Manager



• Dr. Shariq Anwar (Head – Operations) • Dr. Ajoy Kumar (Chief Executive Officer)
– Business Development)
– Human Resources)

In this environment, Max Neeman has consciously positioned itself as a local player with expertise in conducting trials in the Indian market. Max Neeman is focused on developing its internal capabilities and establishing itself as a trusted partner to global clients by:

- **Providing a whole range of clinical research services**
- **Meeting timelines with assured quality standards**
- **Conducting operations across India**
- **Deploying a well-qualified medical staff**

Max Neeman typically targets small and medium-sized customers in the US, Europe and South East Asia. It also has a local customer base in India. The company has been getting repeat business from its existing clients, which is a testament to its service capabilities.

OPERATIONS

Max Neeman engages in different phases of clinical trials that are permissible in India — from Phase 2 to Phase 4 and offers services that include site management, site monitoring and data management:

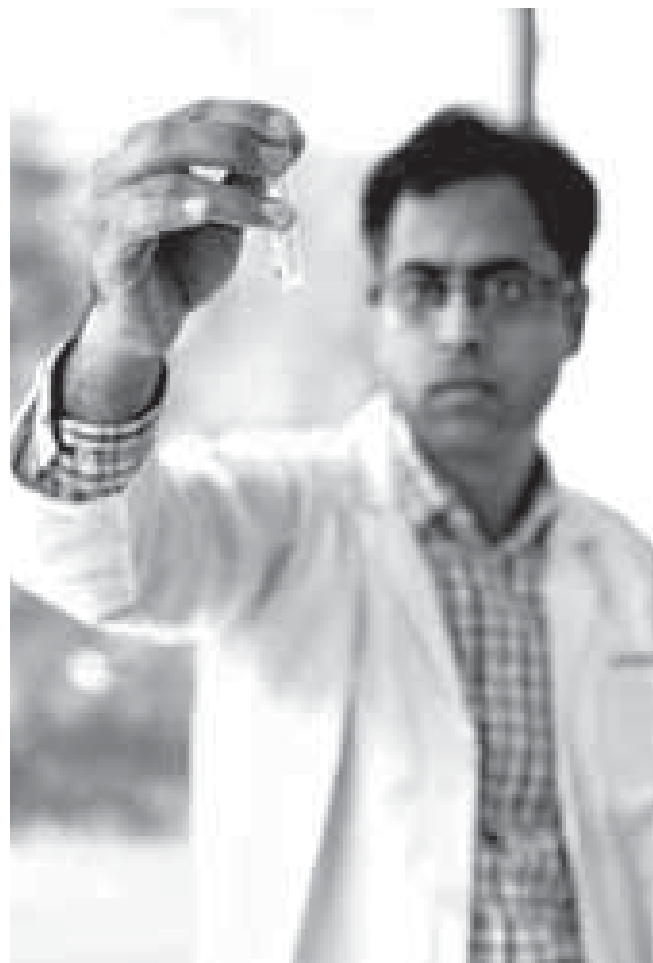
- **Site management:** The company has deployed its largest team for this function. The team primarily handles administrative functions to support the principal investigator with strong focus on maintaining strict process protocols for different therapeutic areas
- **Site monitoring:** The company checks the procedures followed by principal investigators during trials to establish whether they meet prescribed norms and standards. The ethical impact is also verified
- **Data management:** This service is pursued as a step in providing the complete package of solutions for the company's client base in drug development project management. The company uses a SAS-based software that facilitates drug development data management and is compliant with global regulations

Max Neeman is executing 335 studies in 540 hospitals/sites across 43 cities with access to 900 ICH-GCP trained investigators.

Max Neeman has been awarded the following certifications:

- **ISO 9001:2008 certification by United Kingdom Accreditation Service (UKAS) for Site Management, Monitoring and Data Management**
- **ISO 27001:2005 certification for ISMS (Information Security Management System)**
- **ISO 14155:2011 certification for clinical investigation of Medical Devices**

The company has also successfully completed seven US FDA GCP audits for the highest enrolment globally.



PERFORMANCE HIGHLIGHTS

While the sector offers immense potential for growth, Max Neeman has had to face several regulatory hurdles in FY2013-14. For instance, based on a Public Interest Litigation (PIL), the Supreme Court of India observed that there were several malpractices in the way clinical trials were being conducted in India. This nearly halted most types of clinical trials midway through FY2013-14. While such a clean-up of the industry augers well for a systems and process-driven CRO like Max Neeman, the company's performance was affected and its revenues reduced by 12% to Rs. 22 crore, and its net loss (before tax) reduced to Rs. 1 Cr. vs Rs. 2 Cr. last year.



RISKS AND OUTLOOK

Given its large patient population and cost advantages, India has the potential to become a major destination for undertaking contract research and clinical trials. According to Frost & Sullivan, a leading global market research firm, the CRO industry in India is expected to double and reach the US\$1 billion level by 2016. However, this growth will come about only if the industry has a supportive regulatory and policy framework. Max Neeman has been working with the government to promote policy frameworks that are in the best interests of all stakeholders.

The other key risk is specific to Max Neeman. Given its size and positioning, the company has to focus on

acquiring smaller and mid-sized clients. Such entities often do not have a major pipeline of products to provide continuous clinical research work. Consequently, Max Neeman has to continuously focus on acquiring new clients and maintain a wide customer base.

WHEN THE FUTURE
SEEMS UNCERTAIN



WE FILL YOUR
LIFE WITH HOPE



BUSINESS RESPONSIBILITY REVIEW

The sight of 'The Lifeline Express Train' is literally akin to a lifeline for the people of Madhya Pradesh. It is a train, fully equipped with OPD facilities under specialist clinicians, operation theatres and free medicines. The Lifeline Express Train, an annual initiative of Max India Foundation with SMSSSM, a Madhya Pradesh based NGO, has come a long way in providing free treatment to needy patients since 2010, covering areas of Dabra, Morena, Ashok Nagar and Shivpuri in Madhya Pradesh. It has treated over 5,600 patients till now.

On March 22, 2014, residents of Guna district of Madhya Pradesh were yet again delighted to find 'The Lifeline Express Train', fully-equipped and manned by a team of world-class doctors providing free diagnosis, treatment and medicines to the poor and the needy of Guna district and neighbouring areas. This once-a-year initiative by the Max group CSR arm, Max India Foundation is like a godsent opportunity for the underprivileged since the company provides best-in-class treatment, virtually at their doorstep, and that too, free of cost.

The cardiac treatments were managed directly by cardiologists from Max Healthcare, who had taken time off from their busy schedule to represent Max India Foundation at the camp. However, 'The Lifeline Express Train' is just one of the many initiatives that the group is carrying out as a responsible corporate entity with its heart in the right place.

Max India Foundation spearheads the group's CSR initiatives by channelising its activities either singly or with the help of reputed non-governmental

organisations, for the betterment of the poor and the needy.

It is committed to providing quality healthcare and facilitating health awareness among the underprivileged, as well as promoting environmental awareness. Though the Foundation is barely six years old—still in its nascent stage — it has already built an enviable track record of impressive work and has emerged as a role-model in the healthcare CSR space. Moreover, by encouraging the employees' desire to build a more humane and caring nation, the Foundation is helping to establish a strong bond amongst employees across group companies.

The Foundation's motto of giving back to the society and the environment has resulted in it facilitating over 1,171 major surgeries in FY2013-14, which includes paediatric & cardiac surgeries, cancer screening & treatment, neurosurgeries & reconstructive surgeries; most of these highly specialised and expensive treatments that continue to remain outside the means of the poor and the needy. Today, thanks to the Foundation's yeoman services, these people have been given a new lease of life and a rare opportunity to lead a normal and a healthy life that had been long denied to them. Among these are accident victims, victims of inhuman acid attacks, children suffering from cancer and others who have no hope to get treatment as they have no personal means to afford quality healthcare.

The age-old saying that "prevention is better than cure" is something that the Rs. 11,683 crore Max group has not only taken to heart but has also implemented it in right

earnest. For instance, under its pan-India immunisation drive, the Foundation administered 62,309 preventive shots to children in 502 camps covering 138 locations across the country till March 2014. Similarly, it has facilitated 174 multi-speciality health check-up camps across India helping nearly 65,000 patients till March 2014, providing free check-ups and medicines. It has also provided an opportunity for the underprivileged to get high quality treatment at Max Hospitals.

True to its credentials, the Foundation and Max Healthcare (in association with the government of Punjab) organised the largest cancer screening camp in Punjab, attended by nearly 28,000 people across 22 locations in September 2013. This awareness drive of preventing and coping with cancer also included the screening of a film on cancer across 11 centres.

'Honouring cancer survivors' and celebrating their strong will and steely determination in overcoming this life-threatening disease, found a pride of place in the Foundation's calendar of 'to do things', alongwith the group's effort to provide affordable cancer care in India in association with GE. The end goal of this joint effort is to develop a Centre of Excellence in Oncology. MIF also supported the 'Walk for Life' — an annual event organised by NGO CanSupport at New Delhi's Rajpath on February 2, 2014 to express solidarity with cancer patients and survivors. In another such initiative, 40 members of the Max family braved the chilly December morning of Delhi last year to run the Delhi Half Marathon in support of Khushboo Welfare Society, an NGO that works for the welfare of children suffering from mental and other disabilities.

Similarly, Punjab again found itself hosting a week-long awareness camp for villagers on benefits of Breast Feeding in August last year. Conducted by Dr. S.M.S. Sandhu of the Max India Foundation's Health Centre in Railmajra, in association with the Health Department of Punjab, expectant and lactating mothers were educated about the importance of first milk for ensuring good health, growth, strong bonding between mother and child as well as developing a strong immune system for the new born. Another session on prevention of hypertension, heart attack and brain stroke through a high fibre, low oil and high protein diet was also conducted.

Building on its core strength of providing world-class health insurance and helping customers live healthier and more successful lives, Max Bupa, the health insurance arm of the group, organised the 'Max Bupa Walk for Health' in association with television channel

Times Now and the Public Health Foundation of India, for the second year running. The walk was organised in Delhi and Mumbai to focus specifically on the dangers of leading a sedentary and stressful lifestyle. Holding the walk in these two metros made eminent sense because people living here tend to be more susceptible to lifestyle diseases than in most other parts of the country.

While the Walk attracted nearly 18,000 participants, including some 1,200 students, the campaign's message became an even bigger hit. It touched more than 14.8 million lives through TV, was endorsed by like-minded brands and celebrities and created a huge buzz on social media sites which saw more than two million hits and 60,000 interactions.

Finding innovative solutions to deliver awareness messages was something that the Foundation discovered quite early. So, the Foundation joined hands with Enactus, the social service group of Delhi-based Shri Ram College of Commerce, to use the puppeteers of Katputli Colony last February, to drive home the importance of health and hygiene in our daily lives. Besides spreading awareness, it also helped the puppeteers earn a living. These shows are a part of Max India Foundation's regular health check camps.

The true mettle of any company's CSR activities is really tested during times of natural disasters or calamities. And the company was not found wanting during the unprecedented floods in Uttarakhand, which left hundreds dead and many thousands homeless. An appeal for donation was sent across all Max entities and on the Foundation's website and Facebook page. Employees from all Max group companies and other supporters came forward to offer support and donate generously. Packets of medicines and sleeping bags were handed over to the Army to be airdropped to the remote locations. Medicines, blankets, sleeping bags, quilts, and woollen clothes were donated to the Uttarakhand government to support their efforts in the crisis. Max Hospital, Dehradun, supported by the Foundation, set up a free ward for the treatment of affected patients.

Being socially responsible is not just about giving, caring for the underprivileged, helping them lead healthier lives, but it is also about conducting business ethically and responsibly. The Max group believes in giving primacy to the interests of the customers, cultivating a relationship based on trust, fostering a long-term relationship that goes beyond business transactions

and fulfilling its responsibility towards society and environment. It is these values of Sevvabhav that bind these diverse companies in different businesses.

If Max India Foundation has become the byword in the corporate world for health focused corporate social responsibility by improving the lives of the poor and the underprivileged, a large part of the credit must go to the various group companies. Never the ones to shy away from their obligations as concerned and responsible citizens, they have always contributed their bit to the betterment of the society. Take for instance the case of Max Neeman Medical International, the clinical research company of the group; its team of doctors and employees partnered the Foundation in administering comprehensive health checks-ups to 450 poor children of DS Commercial School in Daryaganj, in Delhi. While the younger students were treated for common and regular ailments like those of ear, nose and teeth, they were also made aware about AIDS and perils of drug addiction.

Doctors of Max Neeman were also a part of the immunisation drive launched by the company in the poor locality of Sangam Vihar, South Delhi. The two-day camp was organised with the help of Nari Shakti Mahila School, which provides free education to the underprivileged children. Some 160-odd students were vaccinated and their mothers were advised on proper diets.

But more importantly, the clinical research arm of the company has also been sponsoring the education of underprivileged children of the NGO under the 'World Vision' for the past few years. The NGO provides education and basic necessities to underprivileged children. It also works towards eradicating child labour. Through this initiative, the company has been able to change the lives of thousands of children every year through a simple yet powerful principle - the best way to change the life of a needy child is to change the world in which he/she lives.

Similarly, Max Life launched a unique initiative called i-genius Young Authors hunt in February 2014 under its i-genius programme that was launched two years ago. This programme aims to nurture future budding authors under the watchful eyes of the country's two best-selling authors, Chetan Bhagat and Ruskin Bond. The initiative received over 55,000 registrations and over 5,000 stories. The top 50 entries were eventually published in a book titled 'i-genius - A twist in the Tale'.

The top 100 stories were also published in a special e-book edition.

Sometimes even small gestures can bring a smile to many. That's exactly what the Max Hospitals did across all its 12 locations. They initiated a drive to collect toys, chocolates, blankets, games, biscuits and sweets for Christmas and New Year and distributed it among various NGOs and orphanages. Teams from all locations personally distributed gifts and spent a lot of time with the children.

To increase awareness about the importance of the girl child, Max India Foundation participated in a popular TV channel NDTV initiative 'Our Girls Our Pride'. The television event was hosted by the campaign ambassador Priyanka Chopra, eminent TV personalities like Dr. Pronoy Roy and Vikram Chandra in Mumbai last year.

Max Speciality Films, the packaging arm of the company, implements the concept of 'Customer First' by enhancing customer satisfaction and ensuring timely resolution of issues, Max Bupa endeavours to service the genuine claims of the customers on time and in a hassle-free environment through its internal Customer Claims Council.

Finally, there can be no better way of being a responsible corporate citizen than by focusing on one's core customer, the society at large and the environment around and treating them all with care, patience and honesty. The Max group has found the right balance with its heart in the right place.





MOHINI DALJEET SINGH, CHIEF EXECUTIVE, MAX INDIA FOUNDATION

CORPORATE GOVERNANCE REPORT

PHILOSOPHY OF CORPORATE GOVERNANCE

Max India is committed to excellence in Corporate Governance and recognises that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent, and optimising capital allocation across the group.

To ensure strong discipline in capital management, robust performance management of the businesses and ensure sustained value creation across all stakeholders, Max India embarked upon a journey over the last few years to implement a comprehensive governance framework across the group. The framework entailed implementation of various transformational initiatives across three key facets of governance: a) Board Architecture b) Board Processes and c) Board Effectiveness.

Under the 'Board Architecture' facet, Boards in each of the group operating companies have been re-configured to create the right composition by having an ideal number of independent directors, ensuring Board diversity with respect to functional and industry expertise, having an active and engaged lead director on each Board and separating the role of the CEO and the Chairman. In addition, a clear role for the Board has been articulated on areas like strategy formulation, monitoring financial health, leadership development, risk management and succession planning.

Under the 'Board Processes' facet, various *people processes* of the Board have been optimised (on-boarding of directors, Board education and business engagement, enabling independence, code of conduct/behaviour etc.) further, key operational aspects like ensuring a comprehensive and well-balanced meeting agenda, timely and adequate information flow to the Board, inviting external speakers to take Board sessions etc. are in place to ensure that the Board time is spent optimally on all critical areas of the

business. To enable this, detailed SOP's (Standard Operating Procedures) have been created and rolled out (including content templates, timelines etc.) to ensure that the Board materials are comprehensive, crisp and relevant for strategic discussions. In terms of conducting Board meetings, the principle used is to ensure that all material matters considered by each Board are reviewed in specific sub-committees of the Board that are composed of the right directors who can add value to and are specifically qualified for the particular sub-committee. For example, the audit committee co-opts directors who have the qualifications and experience in financial and control related matters and the Product and Actuarial committee in Max Life Insurance Company has directors who are qualified life actuaries. In addition, these sub-committees are composed of the right balance between executive, non-executive and independent directors. Detailed charters are published for every sub-committee of every Board.

To enhance 'Board Effectiveness' and assess the performance of the Board, an annual evaluation of Board members is conducted and inter-company Board movements are affected to ensure that each Board is well-equipped and engaged to take the right decisions for the business. Further, various control mechanisms have been implemented to improve the performance of the Board, which involves establishing clear standards of conduct & behaviour, setting a calendar of key governance interventions (like strategy off-site, risk management sessions etc.), consequence management etc.

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

1. Multi-level governance - The Board functions through specialised committees, formed on the basis of business needs. e.g. Investment and

Finance Committee for Max India. Each committee has well-defined charters and role clarity on functions as the first level of governance

2. 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
3. Inspect what you expect – By inviting outside experts, conducting mystery shopping, asking the right question and such measures
4. 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
5. 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

BOARD OF DIRECTORS

As on March 31, 2014, your Board of Directors comprises of thirteen members with three Executive Directors and ten Non-Executive Directors of which seven are independent. Mr. Analjit Singh became the Non-Executive Chairman of the Company effective April 1, 2014. 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 2013-14 and at the last annual general meeting, including the details of their directorships and committee memberships as of March 31, 2014 are given below:

NAME OF DIRECTOR	NUMBER OF BOARD MEETINGS DURING THE YEAR 2013-14		ATTENDANCE AT LAST AGM HELD ON SEPTEMBER 24, 2013	NUMBER OF DIRECTORSHIPS IN OTHER PUBLIC COMPANIES	NUMBER OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES**	
	HELD	ATTENDED			CHAIRMAN	MEMBER
MR. ANALJIT SINGH [PROMOTER, DIRECTOR & CHAIRMAN]	5	4	YES	10	--	--
MR. ANUROOP SINGH [NON-EXECUTIVE DIRECTOR & VICE-CHAIRMAN]	5	4	NO	2	--	--
MR. RAHUL KHOSLA [MANAGING DIRECTOR]	5	5	YES	5	--	2
MR. MOHIT TALWAR [DY. MANAGING DIRECTOR]	5	4	NO	6	--	1
MR. AMAN MEHTA [NON-EXECUTIVE INDEPENDENT DIRECTOR]	5	5	NO	5	3	3
MR. ASHOK KACKER* [NON-EXECUTIVE INDEPENDENT DIRECTOR]	4	4	NO	4	--	--
MR. ASHWANI WINDLASS [NON-EXECUTIVE DIRECTOR]	5	4	NO	3	3	1
DR. AJIT SINGH [NON-EXECUTIVE INDEPENDENT DIRECTOR]	5	4	NO	1	--	--
DR. DIPANKAR GUPTA [NON-EXECUTIVE INDEPENDENT DIRECTOR]	5	4	NO	--	--	--
MR. N.C. SINGHAL [NON-EXECUTIVE INDEPENDENT DIRECTOR]	5	4	YES	10	5	4
MR. RAJESH KHANNA [NON-EXECUTIVE INDEPENDENT DIRECTOR]	5	5	NO	2	--	--
MR. SANJEEV MEHRA @ [NON-EXECUTIVE DIRECTOR]	5	2	NO	1	--	--
DR. SUBASH BIJLANI [NON-EXECUTIVE INDEPENDENT DIRECTOR]	5	2	NO	2	--	1
MR. VISHAL BAKSHI [ALTERNATE DIRECTOR TO MR. SANJEEV MEHRA]	5	3	NO	--	--	--

* Appointed as an Additional Director effective August 13, 2013

** Represents Memberships/Chairmanships of Audit Committee & Stakeholders Relationship Committee

@ Nominee of Goldman Sachs

DETAILS OF BOARD MEETINGS HELD DURING THE YEAR ENDED MARCH 31, 2014

DATE	BOARD STRENGTH	NO. OF DIRECTORS PRESENT
MAY 28 & 29, 2013	12	11
AUGUST 13, 2013	13	13
NOVEMBER 8, 2013	13	11
FEBRUARY 12, 2014	13	08
MARCH 25, 2014	13	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 through resolutions passed by circulation as permissible under the provisions of the Companies Act, 1956.

Meetings of 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 and its recommendations on matters that the Board needs to approve.

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. Most materials for the Board meeting are published (electronically in a secure dedicated portal) seven days in advance. The Board is regularly updated on the key risks and the steps and process initiated for reducing and if feasible eliminating various risks. Business risk evaluation and management is an ongoing process with the Company.

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.

CODE OF GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company had adopted a Code of Conduct for the Directors and Senior Management 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, 2014 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

As of March 31, 2014, this Committee comprised 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 applicable provisions of the Companies Act, 1956. 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. Further, Mr. Ashok Kacker was co-opted as a member of this Committee on August 13, 2014.

MEETINGS AND ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2014

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
MR. N. C. SINGHAL	05	05
MR. ASHWANI WINDLASS	05	04
MR. RAJESH KHANNA	05	05

NOMINATION AND REMUNERATION COMMITTEE

As of March 31, 2014, this Committee comprised 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.

MEETINGS AND ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2014

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
MR. RAJESH KHANNA	05	05
MR. N.C. SINGHAL	05	04
MR. ASHWANI WINDLASS	05	04
MR. AMAN MEHTA	05	05

REMUNERATION PAID TO DIRECTORS DURING 2013-2014

During the year 2013-14, the Company paid sitting fees of Rs. 20,000/- per meeting to its Non-Executive Directors for attending the meetings of Board and Committees of the Board. The Company has not paid any remuneration to its Non-Executive Directors, except Sitting Fees for attending meetings of the Board/ Committees. Details of the Sitting fees paid to Non-Executive Directors of the Company during 2013-14 are as under:

NAME OF DIRECTOR	SITTING FEE PAID (RS.)
MR. N. C. SINGHAL	4,00,000.00
MR. ASHWANI WINDLASS	4,20,000.00
MR. RAJESH KHANNA	3,20,000.00
MR. ANUROOP SINGH	80,000.00
DR. SUBASH BIJLANI	80,000.00
MR. AMAN MEHTA	2,00,000.00
DR. DIPANKAR GUPTA	80,000.00
DR. AJIT SINGH	80,000.00
MR. ASHOK KACKER	80,000.00

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, 2014 are as under:

DESCRIPTION	MR. ANALJIT SINGH	MR. RAHUL KHOSLA	MR. MOHIT TALWAR
SALARY	3,23,10,000	5,06,78,332	2,28,37,140
BENEFITS (PERQUISITES)	57,35,054	16,53,706	4,08,648
PERFORMANCE INCENTIVE	86,45,696	3,00,00,000	1,20,00,000
RETIRALS	32,40,000	26,60,000	11,52,000
SERVICE CONTRACT	5 YEARS	5 YEARS	5 YEARS
NOTICE PERIOD	3 MONTHS	3 MONTHS	3 MONTHS
STOCK OPTIONS GRANTED, IF ANY.(IN NUMBERS)	--	3,13,000	38,000

During the year 2013-14, stock options were granted to following directors of the Company:

- 3,13,000 Options to Mr. Rahul Khosla with a graded vesting over a five year period
- 1,62,000 Options to Mr. Anuroop Singh with a bullet vesting at the end of one year from the date of grant
- 38,000 Options to Mr. Mohit Talwar with a graded vesting over a four year period

No other Director was granted any stock options during the year 2013-14.

Details of equity shares of Rs. 2/- each held by Directors of the Company as on March 31, 2014 are: (a) Mr. Analjit Singh - 58,76,789 shares (b) Mr. N.C. Singhal- 53,500 shares (c) Mr. Ashwani Windlass – 1,58,700 shares (d) Dr. Subash Bijlani – 22,000 shares (e) Mr. Aman Mehta – 29,000 shares (f) Mr. Rajesh Khanna – 25,000 shares (g) Mr. Rahul Khosla- 1,66,684 shares (h) Mr. Mohit Talwar – 67,992 Shares.

STAKEHOLDERS RELATIONSHIP COMMITTEE

As of March 31, 2014, this Committee comprised 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. This Committee, which was hitherto known as 'Shareholders/Investors Grievance Committee' was renamed as 'Stakeholders Relationship

Committee' in terms of applicable provisions of the Companies Act, 2013 and amended Clause 49 of the Listing Agreements. Further, Mr. Mohit Talwar was co-opted to this Committee on May 28, 2014.

MEETINGS AND ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2014

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
MR. ASHWANI WINDLASS	03	03
MR. N.C. SINGHAL	03	02
MR. RAHUL KHOSLA	03	03

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, 2014, 10 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 AND FINANCE COMMITTEE

As of March 31, 2014, this Committee comprised 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.

MEETINGS AND ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2014

DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
MR. ASHWANI WINDLASS	06	05
MR. N.C. SINGHAL	06	04
MR. RAHUL KHOSLA	06	06
MR. SANJEEV MEHRA	06	01
DR. SUBASH BIJLANI	06	02
MR. MOHIT TALWAR	05	04
MR. VISHAL BAKSHI*	06	03

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

SUBSIDIARY COMPANIES

The Company has two material unlisted subsidiary companies, viz., Max Life Insurance Company Limited and Max Healthcare Institute Limited during the year 2013-14. The Company had complied with the requirement of having atleast one common Independent Director of the Company vis-à-vis these subsidiaries.

ANNUAL GENERAL MEETINGS

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 27, 2011	11.00 AM
SEPTEMBER 6, 2012	4.00 PM
SEPTEMBER 24, 2013	10.30 AM

THE FOLLOWING SPECIAL RESOLUTIONS WERE PASSED BY THE SHAREHOLDERS IN THE PREVIOUS THREE AGMS

DATE OF AGM	SUBJECT MATTER OF THE RESOLUTION
SEPTEMBER 27, 2011	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> No special resolution was passed in this AGM
SEPTEMBER 24, 2013	<ul style="list-style-type: none"> Approval for further investment of an amount up to Rs. 200 crores in the equity share capital of Max Bupa Health Insurance Company Limited, in one or more tranches Approval for payment of remuneration to Mr. Rahul Khosla, Managing Director of the Company for the period from April 1, 2013 until March 31, 2016 Approval for sale of Company's property at N-31, 1st Floor, Panchshila Park, New Delhi to Mr. Rahul Khosla, Managing Director, on a future date Approval for payment of remuneration to Mr. Analjit Singh, Chairman of the Company for the period from October 30, 2013 to October 29, 2015 Approval for amendment to Part-II of the Articles of Association of the Company

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During FY2013-14, the Company passed two resolutions for (i) Transfer of Max Speciality Films Division (MSF Division) of the Company to Max Speciality Films Limited and (ii) Invest in security(ies) and

make loan(s) to Max Speciality Films Limited for an aggregate amount not exceeding Rs. 400 crore, through postal ballot process, results of which were declared on July 24, 2013. The details of the said postal ballot process were reported in the Corporate Governance Report for 2012-13.

The Company proposes to seek the approval of the shareholders through postal ballot for (i) borrowing up to Rs. 750 crores (ii) creation of security on its properties with respect to the borrowings to be availed by the Company in terms of Section 180 (1) (a) and 180 (1) (c), respectively. In this regard, the Company, in its Board meeting held on August 13, 2014, 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.

MEANS OF COMMUNICATION

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 the Economic Times, Mint and 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

(a) 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 were placed before the Audit Committee on a quarterly basis in terms of Clause 49 (IV) and other applicable laws for the year ended March 31, 2014.

(b) 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.

(c) Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee on matters relating to Whistle Blower Policy of the Company.

GENERAL SHAREHOLDER INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

A section on the 'Management Discussion & Analysis' is annexed, and forms a 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:

The Company has set up a Remuneration Committee, details of which have been given earlier in this report.

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.

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

For Max India Limited

New Delhi
August 13, 2014

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, 2014 from all Directors and Senior Management personnel of the Company.

For Max India Limited

New Delhi
August 13, 2014

Rahul Khosla
Managing Director

ANNEXURE-II

CERTIFICATION BY MANAGING DIRECTOR AND GROUP FINANCIAL CONTROLLER

August 13, 2014

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, 2014.

1. To the best of our knowledge, we certify that:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading
 - (b) 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
 - (c) 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
2. 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 the business.

3. We do further certify that there has been:

- (a) No significant changes in internal controls during the year
- (b) No significant changes in accounting policies during the year
- (c) No instances of fraud, of which we are aware during the period

Rahul Khosla
Managing Director

Rahul Ahuja
Group Financial Controller

ANNEXURE-III

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Max India Limited

We have examined the compliance of conditions of Corporate Governance by Max India Limited for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with 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 best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For Sanjay Grover & Associates
Company Secretaries

New Delhi
August 13, 2014

Sanjay Grover
CP No.3850

SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

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

CIN: L24223PB1988PLC008031

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,
investorhelpline@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 30,
2014 at 1200 hours

Venue: Registered Office of the Company at Bhai
Mohan Singh Nagar, Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab - 144 533.

BOOK CLOSURE

Tuesday, September 16, 2014 to Tuesday, September 30, 2014 (both days inclusive)

FINANCIAL CALENDAR - 2014 - 2015

1. First quarter results	-	By August 13, 2014
2. Second quarter & half yearly results	-	By November 12, 2014
3. Third quarter results	-	By February 12, 2015
4. Annual results	-	By end of May, 2015

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 2014-15.

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

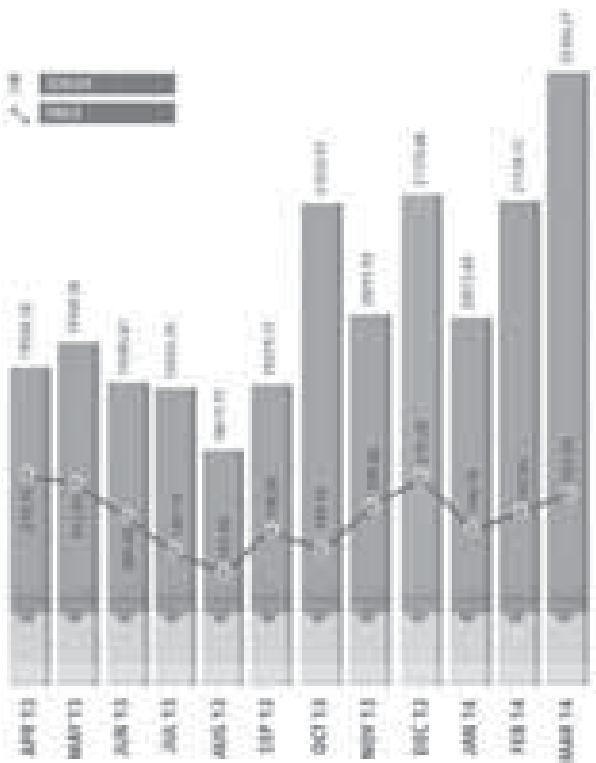
Bombay Stock Exchange Limited	-	500271
National Stock Exchange of India Limited	-	MAX
Demat ISIN No. for NSDL and CDSL	-	INE180A01020

	REUTERS	BLOOMBERG
BOMBAY STOCK EXCHANGE	MAXI.BO	MAX:IN
NATIONAL STOCK EXCHANGE	MAXI.NS	MAX.IN

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

MONTH	NSE		BSE	
	HIGH (RS.)	LOW (RS.)	HIGH (RS.)	LOW (RS.)
APRIL, 13	234.90	208.35	230.00	209.50
MAY, 13	229.95	207.50	229.00	208.00
JUNE, 13	215.00	178.20	212.25	178.45
JULY, 13	214.95	177.00	215.00	176.10
AUGUST, 13	202.00	159.05	200.00	157.50
SEPTEMBER, 13	199.80	150.20	199.00	150.50
OCTOBER, 13	197.40	181.25	197.20	182.00
NOVEMBER, 13	218.00	183.20	218.00	183.00
DECEMBER, 13	221.50	196.35	221.60	195.10
JANUARY, 14	222.50	189.00	222.00	187.35
FEBRUARY, 14	197.10	177.10	196.95	177.60
MARCH, 14	217.00	186.20	217.15	187.00

SHARE PRICE VS. SENSEX



SHAREHOLDING PATTERN AS ON MARCH 31, 2014

CATEGORY	NO. OF SHARES HELD	% OF SHAREHOLDING
PROMOTERS	10,52,57,786	39.54
MUTUAL FUNDS AND UTI	2,93,54,885	11.03
BANKS, FINANCIAL INSTITUTIONS	23,747	0.01
INSURANCE COMPANIES	45,750	0.02
FOREIGN INSTITUTIONAL INVESTORS	7,48,68,248	28.12
FOREIGN DIRECT INVESTMENT	3,44,06,011	12.92
BODIES CORPORATE	37,35,655	1.40
NON-RESIDENT INDIANS/OVERSEAS CORPORATE BODIES	31,10,237	1.17
CLEARING MEMBERS	1,93,432	0.07
RESIDENT INDIVIDUALS	1,52,31,506	5.72
TOTAL	26,62,27,257	100.00

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014

NO. OF SHAREHOLDERS	PERCENTAGE TO TOTAL	SHAREHOLDINGS	NO. OF SHARES	PERCENTAGE TO TOTAL
26740	82.40	01 - 1000	36,79,496	1.38
2936	9.05	1001 - 2000	22,96,872	0.86
1600	4.93	2001 - 4000	23,58,143	0.89
415	1.28	4001 - 6000	10,40,455	0.39
157	0.48	6001 - 8000	5,55,765	0.21
143	0.44	8001 - 10000	6,76,591	0.25
192	0.59	10001 - 20000	13,78,960	0.52
269	0.83	20001 - ABOVE	25,42,40,975	95.50
32452	100	TOTAL	26,62,27,257	100

DEMATERIALISATION STATUS AS ON MARCH 31, 2014

- (i) Shareholding in dematerialised mode 98.93%
- (ii) Shareholding in physical mode 1.07%

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 90% Interim Dividend of Rs. 1.80/- per equity share on a face value of Rs. 2/- per share on November 8, 2013. The Record Date for the purpose of payment of Interim Dividend was November 22, 2013 and the Interim Dividend was paid to the shareholders on or before December 7, 2013.

UNCLAIMED INTERIM DIVIDEND

During the period under review, the Interim Dividend 2013-14 remaining unpaid was transferred to the unpaid Dividend Account. In respect of the unpaid/unclaimed Interim Dividend for the year 2013-14, 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 2013-14, 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 Rs. 1.80/- per equity share. The Dividend recommended by the Directors for the year ended March 31, 2014, if declared at the annual general meeting, will be paid by October 15, 2014 to those members holding shares in physical form, whose names appear in the Register of Members of the Company on September 30, 2014. 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 15, 2014 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 the Mint/Economic Times/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

For Max India Limited

New Delhi
August 13, 2014

Rahul Khosla
Managing Director





FINANCIAL REVIEW

125 MAX INDIA STANDALONE FINANCIALS

177 MAX INDIA CONSOLIDATED FINANCIALS



**MAX INDIA LIMITED
STANDALONE**



DIRECTORS' REPORT

Your Directors have pleasure in presenting the twenty-sixth Annual Report of your Company with the audited Statement of Accounts for the financial year ended March 31, 2014.

Consolidated Results

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

	(Rs. Crore)	
	Year ended March 31, 2014	Year ended March 31, 2013
Income		
Net Sales	896.2	888.3
Service Income	8,242.6	7,292.1
Other operating revenue and investment income	2,487.6	2,381.6
Other Income	56.9	61.6
Total Income (I)	11,683.3	10,623.6
Expenses		
Cost of raw material consumed	528.5	515.7
Purchase of pharmacy and pharmaceuticals supplies	327.2	288.9
(Increase)/ decrease in inventories of work-in-progress, finished goods and traded goods	(3.7)	(0.6)
Employee benefits expense	956.8	880.0
Change in policy reserves	4,228.9	3,050.7
Other expenses	5,140.0	4,676.3
Depreciation & Amortisation	137.9	136.8
Financial Expenses	93.2	84.4
Total Expenses (II)	11,408.8	9,632.2
Profit/(Loss) Before Tax (I-II)	274.5	991.4
Tax Expense	65.0	141.9
Profit/(Loss) After Tax	209.5	849.5
Minority Interest	70.0	65.4
Profit/(Loss) after tax, (after adjusting Minority Interest)	139.5	784.1

Significant improvement in operating performance: FY14 vs FY13*

- Net Revenue – 19%
- Profit Before Tax - 39%
- Profit After Tax – 44%

*FY13 adjusted for one off exceptional gain

The Company recommended a final dividend of 90%, taking the annual dividend to 180%. The Company has a healthy treasury corpus of Rs 235 crore as at March 31, 2014. Net worth rose 3% to Rs 2,984 crore during the year, on a consolidated basis.

A detailed update on the business achievements of your Company's key operating subsidiaries is furnished as part of Management Discussions and Analysis section which forms part of the Report.

Standalone Results

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

	(Rs. Crore)	
	Year ended March 31, 2014	Year ended March 31, 2013
Income		
Net sales	732.3	713.4
Revenue from Investment Activities	263.6	801.7
Other income	12.5	12.6
Total revenue (I)	1008.4	1,527.7
Expenditure		
Manufacturing expenses	528.5	515.7
(Increase)/decrease in inventories of finished goods and work-in-progress	(4.9)	0.8
Employee benefits expenses	79.4	81.7
Other expenses	180.0	238.8
Depreciation and amortization	23.6	23.8
Financial expenses	21.8	17.4
Total expenses (II)	828.4	878.2
Profit/(loss) before tax	180.0	649.5
Tax expense	(5.2)	88.0
Profit/(Loss) After Tax	185.2	561.5

Significant improvement in operating performance: FY14 vs FY13*

- Revenue – 21%
- Profit Before Tax - 29 times
- Investment Income – 142%

*FY13 adjusted for one off exceptional gains

Max Speciality Films (MSF), a division of Max India Limited till FY2014, became a subsidiary of the Company effective April 1, 2014. MSF manufactures specialty BOPP (Bi-axially Oriented Polypropylene) films for flexible packaging of food, confectionery, and fast moving consumer goods (FMCG) as well as for industrial packaging. The company also produces a line of leather coating films. Over the years MSF has established a reputation for product innovation and customer service. In FY2013-14, MSF delivered significantly improved performance as compared to FY2012-13, MSF's sales grew by 3% whereas EBIDTA grew 32% from Rs 43 crore in FY2012-13 to Rs 57 crore in FY2013-14. Export business accounted for 37% of net sales in FY2013-14 and registered a growth of 9%.

Dividend

Your Directors had approved payment of Interim Dividend of 90%, i.e., Rs.1.80/- per equity share of Rs.2/- each for the financial year 2013-14. Your Company made the payment of the aforesaid interim dividend to shareholders in the month of November 2013.

The Board of Directors of your Company further recommended a final dividend of 90% amounting to Rs.1.80 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 30, 2014 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 will be paid on the basis of beneficial ownership furnished by Depositories, viz., NSDL and CDSL for this purpose.

DIRECTORS' REPORT

Transfer to Reserves

The Company proposes to transfer Rs. 18.5 crores to the general reserve out of the amount available for appropriation and an amount of Rs. 167 crores is proposed to be retained in the profit and loss account.

Directors

Your Directors approved the transition in the role of Mr. Analjit Singh to become the Non Executive Chairman of the Company effective April 1, 2014. Mr. Analjit Singh will now focus as the Non Executive Chairman of the Company on: (a) Medium and long term strategy (b) Review of talent/human capital related subjects (c) Board management and governance processes (d) Focus on service excellence and (e) Government relations.

As per the provisions of the Companies Act, 2013 ('the Act'), Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Mr. Rajesh Khanna, Mr. Aman Mehta, Dr. Dipankar Gupta and Mr. Ashok Kacker for a five year term and Mr. N.C. Singhal for a two year term as he will be retiring on August 10, 2016, i.e., on completion of the age of 80 years, form part of the Notice of the Annual General Meeting. Dr. Subash Bijlani did not offer himself for re-appointment as an Independent Director of the Company at the ensuing Annual General Meeting. He will cease to be a director on the Board on September 30, 2014.

In accordance with the provisions of the Act, Mr. Ashwani Windlass, Mr. Sajeev Mehra and Mr. Mohit Talwar retire by rotation at the ensuing Annual General Meeting. Mr. Ashwani Windlass, Mr. Sanjeev Mehra and Mr. Mohit Talwar have offered themselves for re-election at the ensuing Annual General Meeting.

Increase in paid up share capital of the Company

The paid up equity share capital of the Company increased from Rs. 53,10,40,578/- as of March 31, 2013 to Rs. 53,25,91,514/- as of the date of this report arising from the allotment of 7,75,468 equity shares under "Employee Stock Plan 2003"

Business Investments

- During the year under review, your Company made investment of Rs. 92.20 Crore in the share capital of Antara Senior Living. With this, the total capital contribution by the Company in Antara Senior Living stood increased to Rs. 147.06 Crore as of March 31, 2014. Further, share application money of Rs. 5.65 Crores paid by your Company is pending for allotment.
- During the year under review, your Company also made further investment of Rs. 122.10 Crore in Max Bupa. With this, the total equity contribution by the Company in Max Bupa increased to Rs. 495.06 Crore as of March 31, 2014.
- The total investment in Max Healthcare stood at Rs. 431.09 Crores as at March 31, 2014.
- The total investment in Max Life stood at Rs. 1490.87 Crores as at March 31, 2014.
- The total investment in Max Neeman Medical International stood at Rs. 4.17 Crore as at March 31, 2014

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

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, 7,06,968 equity shares of Rs. 2/- each for cash at par were allotted.

Details of Options granted up to March 31, 2014 and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (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, 2014	43,38,398
(b)	The pricing formula	Rs. 2/- per share
(c)	Number of options vested till March 31, 2014	29,44,861
(d)	Number of options exercised till March 31, 2014	28,85,861
(e)	Total number of shares arising as a result of exercise of options	28,85,861
(f)	Number of options lapsed/forfeited till March 31, 2014	3,80,255
(g)	Variation in terms of options	—
(h)	Money realized by exercise of options (Rs. Crore)	0.14
(i)	Total number of options in force as on March 31, 2014	10,72,282
(j)	Details of options granted to senior management including directors in FY 2013-14:	
	- Mr. Mohit Talwar, Dy. Managing Director	38,000
	- Mr. Rahul Khosla, Managing Director	3,13,000
	- Mr. Anuroop Singh, Vice Chairman	1,62,000
(i)	Any other employees who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	None
(ii)	Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 Earnings Per Share]	Rs.6.93

DIRECTORS' REPORT

- (l) (i) The employee compensation cost has been calculated using the intrinsic value method of accounting for Options granted under the 2003 Plan. The employee compensation cost as per the intrinsic value method for the financial year 2013 – 14 is Rs.10.98 Crore.
- (ii) The employee compensation cost based on fair value of stock options granted during the financial year 2013 – 14 is Rs. 11.04 Crore. This 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.
- (iii) On fair value basis of recognizing the employee compensation cost, profit after tax for the current financial year would have been Rs. 185.11 Crore instead of Rs. 185.16 Crore reported in the Profit and Loss account.
- (iv) Basic earnings per share would have remained unchanged at Rs. 6.96 and diluted earnings per share would have remained unchanged at Rs. 6.93, had 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.
- (m) 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 April 1, 2013 grant is Rs.222.54, for August 13, 2013 grant is Rs.186.02 and for August 19, 2013 grant is Rs.180.12.
- (n) 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 8.08% for April 1, 2013 grant, 8.68% for August 13, 2013 grant and 9.99% for August 19, 2013 grant.
- (ii) Expected life for the options granted during the FY 2013-14 i.e., April 2013 grant and August 2013 grant is 10 years.
- (iii) Expected volatility of 31.36% for all options granted during the financial year 2013-14 based on historical volatility of the Company's share.
- (iv) Price of Rs. 223.40 for April 1, 2013 grant, Rs. 186.85 for August 13, 2013 grant and Rs. 180.85 for August 19, 2013 grant, being the 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 Companies Act, 1956 ('the Previous 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 Previous Act read with the Companies (Particulars of Employees) Rules, 1975 for the financial year ended March 31, 2014 is annexed to this Report as

Annexure-B. Statement pursuant to Section 212 of the Previous 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 provisions 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, Statutory Auditors of your Company hold office till the conclusion of the ensuing Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the Rules framed thereunder, it is proposed to appoint S.R. Batliboi & Co. LLP as statutory auditors of the Company from the conclusion of ensuing AGM till the conclusion of the twenty seventh AGM to be held in the year 2015. Your Company has received from them, a written consent required under Section 139 of the Act and a certificate under Section 141 of the Act to the effect that their re-appointment, if made, would be in accordance with the conditions as may be prescribed in the Act.

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 to carry out cost audit for the Max Speciality Films division, for the financial year 2013-14. 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 for the year ended March 31, 2014 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 Previous Act for safeguarding the

DIRECTORS' REPORT

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, 2014

Analjit Singh
Chairman

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 improving plant efficiencies & reduction in waste, aggressive promotion of reuse of recycled material.
- Conservation in Energy by installing Variable frequency drives & Air Handling Units in New Specialty BOPP Lines.
- Reduction in energy consumption by use of cooling tower water instead of chilled water.
- Installation of high efficient electrical motors in plant.
- Conservation of energy by using high efficiency lighting fixtures.
- Reduction in energy by using heat exchanger in chilled water circuit for metallizers.
- Optimized RPM of Fans and Blowers in different machines
- Optimised process parameters of new speciality BOPP Lines to increase the film line output (Kg /Hr)
- Conservation of energy by implementing economy mode in diffusion pumps for Metallisers

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

- Given contract to Confederation of Indian Industry, energy cell to identify Energy saving projects/measures.
- Conservation of energy by installing Infra Red Detector sensors for AC's and lighting
- Conservation of energy by installation of high efficiency blowers at lower power consumption
- Conservation in Energy by installing Variable frequency drives (VFD's) in various equipments.
- Reduction in Furnace oil consumption in BOPP speciality lines by re-using hot Air through heat recovery system.

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

- Implementations of above measures resulted in significant saving of Power.

(d) Total energy consumption and energy consumption per unit as per Form A of the annexure to "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

- The R&D efforts of the Company are continuously directed towards development of new products, quality improvements & product innovation.
- Our Innovation Process is tailored to take advantage of Company's own in-house research & development efforts and also actively leverages business and technology alliances with outside organizations to increase R&D effectiveness.
- Constant efforts to develop new products applications & replacement of other plastic substrates are showing productive results.
- Introduced new indigenous additives & speciality to minimise dependency on imported raw material.

2. Process Improvement and Development

- Optimization of process parameters of BOPP film lines to enhance plant efficiencies & productivity.
- Improvement in efficiency of newly developed high value added products
- Cost reduction through better product, raw material mix
- Complaint resolution through improvement in existing products
- Business sustainability through improvement in existing products as per market need
- Developmnet of low cost polymers and additives
- Quality of reprocessed granuals being continuously improved

ANNEXURE – A

3. Benefits Derived

- Received the prestigious “Asia Star Award 13” at a ceremony held in Jakarta .Asia star” awards are given by the Asian Packaging Federation to honour unique product innovations
- 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

- Introduced Stage- gate process for New Product Development with intent to develop innovative revenue pipeline to counter commoditization.
- Focus on Product Development single minded & technology sourcing to create differentiator & offset competition.
- Focus on development of relationships with brands to feed innovation purpose.
- To continuously adjust product & market mix to maximize margins
- To improve further quality & delivery index for customers.

5. Expenditure on R & D

- Capital : 'Nil'
- Recurring : Rs.30 lacs
- Total : Rs.30 lacs
- R&D expenditure : 0.04%
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 perpetually 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 and higher margins.

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

- Enhanced focus on exports of high-value-added films.
- Increased presence in Europe & African Countries.
- Total Exports value increased by 9% over 2012-13
- Reduced dependency on imported materials.

II. TOTAL FOREIGN EXCHANGE EARNED AND USED

	(Rs. in Lacs)	
	Year ended March 2014	Year ended March 2013
Earnings	26,051	23,757
Outgo	10,782	11,633

On behalf of the Board of Directors

New Delhi
August 13, 2014

Analjit Singh
Chairman

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, 2014

Sr. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (In Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Organisation	Designation
A. Employed throughout the year and were in receipt of remuneration of not less than Rs. 60,00,000/- per annum										
1	Ahuja, Rahul	42	Group Financial Controller	Finance/Accounts	15,433,538	B.Com (Hons), CA	05.03.2012	18	Tulip Telecom Limited	Chief Financial Officer
2	Hokote, Prashant	48	Senior Director - Quality & Service Excellence	Quality & Service Excellence	12,430,248	B.Sc., Diploma in Computer Science & Management, Certified Trainer & Facilitator from the Juran Institute, INC, USA	07.06.2010	27	Mashreqbank	Sr. Vice President and Head - Customer Experience & Quality Division
3	Kapoor, Rohit	40	Sr. Director - Strategy & Business Performance	Strategy & Business Performance	13,530,380	PGP (ISB), CFA	30.06.2012	17	Religare Enterprises Limited	Director & Head - Business Strategy Group
4	Khosla, Rahul	55	Managing Director	General Management	83,573,631	BA (Hons), CA	18.08.2011	30	Visa International	Group Head of Products
5	Krishnan, V	50	Company Secretary	Company Law Matters	7,488,774	B.Com, FCS	18.06.2003	29	Self Employed	
6	Madhur, S. K.	61	Chief Executive Officer - Max Speciality Films	Chief - Operations	24,449,619	B.Tech, PGDBM	06.10.2005	38	Ester Industries Ltd.	Vice President - Marketing
7	Narang, Dilbagh Singh	43	Dy. Director - Taxation	Taxation	6,357,557	B. Com, CA	03.07.2006	16	Price Water House Coopers Pvt Ltd.	Manager - Tax
8	Pandey, Archana	54	Senior Director - Corporate Affairs	Corporate Affairs	25,903,962	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt	08.06.2012	31	Abbott Healthcare Pvt Ltd.	Head - Government Affairs
9	Ramasubramanian, Suresh	45	Director - Human Capital	Human Capital	13,493,063	B.Com, PGDPMIR	18.07.2012	23	ICICI Venture Funds Management Company Limited	Head - Human Resources & Sr. Director
10	Raghu, C. V.	51	Senior Director - Legal & Regulatory Affairs	Legal & Regulatory Affairs	20,915,450	Bachelor of Science & Law, PGD IR & PM	30.07.2008	24	American Express Banking Corp. General Counsel's Office	VP & Group Counsel India & Area Countries
11	Rishi, Vibha Paul	54	Executive Director - Brand & Human Capital	Brand & Human Capital	27,462,323	MBA from FMS Delhi	23.04.2012	31	Future Value Retail Limited	Group Strategy & Consumer Director & Executive Board
12	Ratnam, Sujatha	50	Senior Director - Corporate Finance	Corporate Treasury	13,655,152	B.Com (Hons), ACA	12.07.2004	25	Jubilant Orgnosys Ltd.	General Manager - Finance
13	Raddy, Vikram B	61	Sr. Vice President - Business Relations	Liaison	11,557,288	MBA	01.12.2010	34	Cosmo Films, Inc. A Delaware corporation, Addison, Illinois, USA	VP operations - North Americas
14	Singh, Analjit	60	Chairman	General Management	80,454,757	BA, BS, MBA (Boston)	30.10.2001	36	Max UK Ltd.	Chairman
15	Singh, Dalbir	54	Sr. Vice President - Finance & Commercial	Finance & Commercial	7,321,656	B.Com, ACA, ACS	26.09.1989	31	SML ISUZU Ltd. (Formerly Swaraj Majda Ltd.)	Senior Officer - Finance & Accounts
16	Talwar, Mohit	54	Deputy Managing Director	General Management	38,607,853	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	35	Standard Chartered Bank	Director & Head Wholesale Bank, East India
17	Thakur, Nitin	40	Director - External Affairs & Communication	Communication	6,674,639	B.Com, PGDBM	01.10.2008	17	Microsoft Corporation India Pvt. Limited	Lead - Public Relations
18	Voltra, Anuj	41	Dy. Director - Corporate Development	Corporate Development	8,379,097	B.Com (Hons), PGDM	29.06.2012	18	Barclays Bank	Head Credit - Large Corporates
B. Employed for part of the year and were in receipt of remuneration of not less than Rs. 5,00,000/- per month										
19	Dwarakanath, P.	66	Director - Group Human Capital	Group Human Resources	8,908,655	B. Sc., LL.B., PGDM (PM & IR)	02.04.2007	44	Glxo SmithKline Consumer Healthcare	Director-Human Resources & Administration (India/ South Asia)
20	Wadhwa, Jaideep	50	Chief Executive Officer - Max Speciality Films	Chief - Operations	5,484,269	BA, MBA (General Management)	17.02.2014	26	Actis-Advisers Pvt Ltd.	Director - Value Creation Group

Notes :

1. 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. Remuneration for Mr. Analjit Singh includes arrears of performance bonus from April 1, 2010 onwards.
2. None of the above employees is a relative of any director of the Company.
3. The services of Mr. Analjit Singh, Mr. Rahul Khosla and Mr. Mohit Talwar are contractual in nature. Mr. Analjit Singh assumed the role of Non- Executive Chairman effective April 1, 2014.
4. Mr. Analjit 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. Further, Mr. Rahul Khosla holds 166684 Equity shares of the Company consisting 0.06 % of Equity share in the Company and Mr. Mohit Talwar holds 67992 Equity share constituting 0.03% of the Equity share capital of the Company as of the date of this report.
5. None of the above employees (other than Mr. Analjit Singh) hold by himself or alongwith his spouse and dependent children 2% or more Equity shares of the Company.

New Delhi
August 13, 2014

On behalf of the Board of Directors

Analjit Singh
Chairman

INDEPENDENT AUDITOR'S 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, 2014, 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 notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Companies Act, 1956 ("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, 2014;
- (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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 Kumar Gupta
Partner
Membership Number: 83906

Place of Signature: Gurgaon
Date: May 28, 2014

INDEPENDENT AUDITOR'S REPORT

Annexure referred to in paragraph I 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 disposal of substantial part 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 Order 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 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 of the Company 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. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is 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	2,206.77	2005-06 to 2013-14	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 of India
Central Excise Act, 1944	Excise duty demand on valuation of goods	145.27	1997-98 to 2000-01	CESTAT, New Delhi

INDEPENDENT AUDITOR'S 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 job work done under notification 214/86.	376.77	1999-00 to 2012-13	Commissioner (Central Excise), Chandigarh
Finance Act, 1994 (Service Tax)	Reversal of Cenvat credit on various grounds	5.93	2005-06	Joint Commissioner, Chandigarh
Finance Act, 1994 (Service Tax)	Reversal of Cenvat credit on various grounds	2.13	1999-00 to 2009-10	CESTAT, New Delhi
Finance Act, 1994 (Service Tax)	Reversal of Cenvat credit on various grounds	0.22	2011-12	Supritendant, Rail Majra
Finance Act, 1994 (Service Tax)	Service Tax demands on various matters	4.79	2006-07 to 2010-11	Assistant Commissioner, Ropar
Finance Act, 1994 (Service Tax)	Service tax demand on consultancy services	201.00	1997-98 to 2000-01	Commissioner (Central Excise), Chandigarh
Customs Act, 1962	Custom duty demand on non-fulfilment of export obligation	384.82	1994-95	Directorate General of Foreign Trade
Income Tax Act, 1961	Income Tax demand in respect of penalty under section 271(I)(c)	628.02	AY 1992-93 to AY 2009-10	Commissioner of Income Tax (Appeal), New Delhi
Income Tax Act, 1961	Income Tax demand on disallowance made on various matters	30.86	AY 2000-01	High Court, Punjab

- (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 before 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 Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(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 Kumar Gupta
Partner
Membership Number: 83906

Place : Gurgaon
Date: May 28, 2014

BALANCE SHEET

AS AT MARCH 31, 2014

		(Rs. in Lacs)	
	Notes	As at March 31, 2014	As at March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	4	5,324.55	5,310.41
Reserves and surplus	5	313,308.72	303,283.32
		318,633.27	308,593.73
Non-current liabilities			
Long-term borrowings	6	4,530.56	6,677.82
Deferred tax liabilities (Net)	8	1,383.50	1,906.07
Other long-term liabilities	7	-	9.92
Long-term provisions	9	328.74	391.52
		6,242.80	8,985.33
Current liabilities			
Short-term borrowings	10	11,253.50	6,645.32
Trade payables	11	7,379.75	5,014.52
Other current liabilities	11	3,476.97	3,335.56
Short-term provisions	9	5,383.50	6,559.39
		27,493.72	21,554.79
TOTAL		352,369.79	339,133.85
Assets			
Non-current assets			
Fixed assets			
Tangible assets	13	29,710.74	30,960.83
Intangible assets	14	291.75	294.47
Capital work-in- progress		9,774.55	1,201.08
Non-current investments	12	259,751.38	238,316.27
Long-term loans and advances	15	4,668.67	1,976.02
Other non-current assets	20	7.58	-
		304,204.67	272,748.67
Current assets			
Current investments	16	14,686.74	34,940.13
Inventories	17	6,615.27	4,493.35
Trade receivables	18	15,388.64	13,822.34
Cash and bank balances	19	1,223.77	769.79
Short-term loans and advances	15	9,119.10	11,698.26
Other current assets	20	1,131.60	661.31
		48,165.12	66,385.18
TOTAL		352,369.79	339,133.85
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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

per Manoj Kumar Gupta
Partner
Membership Number: 83906

Rahul Khosla
(Managing Director)

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

Rahul Ahuja
(Group Financial Controller)

V. Krishnan
(Company Secretary)

Place : Gurgaon
Date : May 28, 2014

Place : New Delhi
Date : May 28, 2014

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

			(Rs. in Lacs)
	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Income			
Revenue from operations (gross)	21	105,052.42	156,902.60
Less: excise duty		5,460.62	5,386.20
Revenue from operations (net)		99,591.80	151,516.40
Other income	22	1,250.02	1,255.75
Total revenue (I)		100,841.82	152,772.15
Expenses			
Cost of raw materials consumed	23	52,846.14	51,567.24
(Increase)/decrease in inventories of finished goods and work-in-progress	24	(487.52)	78.93
Employee benefits expense	25	7,942.44	8,212.83
Other expenses	26	18,006.90	23,834.15
Depreciation and amortisation expense	27	2,362.00	2,386.93
Finance cost	28	2,178.39	1,742.66
Total expenses (II)		82,848.35	87,822.74
Profit before tax		17,993.47	64,949.41
Tax expense			
Current tax		-	12,687.86
Less: MAT Credit Entitlement		-	(3,798.80)
Tax related to previous years		-	(771.50)
Deferred tax		(522.57)	684.05
Total tax expense		(522.57)	8,801.61
Profit after tax		18,516.04	56,147.80
Earnings per equity share	29		
[Nominal value of shares Rs.2 (Previous year Rs.2)]			
Basic (Rs.)		6.96	21.16
Diluted (Rs.)		6.93	21.03
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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

Place : Gurgaon
Date : May 28, 2014

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

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

Place : New Delhi
Date : May 28, 2014

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

V. Krishnan
(Company Secretary)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flow from operating activities		
Net Profit / (loss) before tax	17,993.47	64,949.41
Non cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation / amortisation	2,362.00	2,386.93
Interest expense	1,998.23	1,597.91
Interest income	(315.24)	(453.54)
Dividend income	(20,447.99)	(7,046.27)
Option fees	(1,887.74)	(1,473.34)
Net loss on sale of fixed assets	37.45	17.77
Profit on sale of non current investments - subsidiary	-	(69,234.54)
Net profit on sale of current investments	(3,782.19)	(2,045.41)
Bad debts written off	16.29	0.86
Stock written off	-	27.74
Provision for doubtful debts	-	3.40
Liability/ provisions no longer required written back	(13.83)	(93.29)
Provision for diminution in non current investments - subsidiary	-	3,334.69
Provision for doubtful advances - subsidiary	22.52	839.70
Employee stock option expense	1,097.87	819.01
Unrealised foreign exchange (gain) / loss	(68.09)	(40.99)
Operating profit before working capital changes	(2,987.25)	(6,409.96)
Movement in working capital :		
Increase/ (decrease) in trade payables	2,433.05	230.65
Increase/ (decrease) in long-term provisions	(62.78)	173.76
Increase/ (decrease) in other long-term liabilities	(9.92)	9.92
Increase/ (decrease) in short-term provisions	(93.20)	206.48
Increase/ (decrease) in other current liabilities	245.47	322.84
Decrease / (increase) in trade receivables	(1,569.12)	(1,828.32)
Decrease / (increase) in inventories	(2,121.92)	330.67
Decrease / (increase) in long-term loans and advances	(1,841.38)	(133.31)
Decrease / (increase) in short-term loans and advances	1,067.02	(2,211.73)
Decrease / (increase) in other current assets	(207.51)	-
Cash generated from/(used in) operations	(5,147.54)	(9,309.00)
Direct taxes paid (net of refunds)	(139.86)	(11,929.89)
Net cash flow from /(used in) operating activities (A)	(5,287.40)	(21,238.89)
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(9,841.83)	(2,430.34)
Proceeds from sale of fixed assets	67.70	35.08
Purchase of non- current investments	(20,711.87)	(51,947.06)
Proceeds from sale of non current investments	-	98,444.98
Purchase of current investments	(46,330.00)	(124,506.67)
Proceeds from sale/maturity of current investments	70,365.58	103,462.60
Investment in bank deposits (having original maturity of more than three months)	(7.58)	-
Redemption/ maturity of bank deposits (having original maturity of more than three months)	-	4,000.00
Dividend received	20,447.99	7,046.27
Option fees	1,758.49	1,075.68
Interest received	181.71	535.21
Net cash flow from /(used in) investing activities (B)	15,930.19	35,715.75

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Proceeds from ESOPs exercised	14.14	19.03
Proceeds from long -term borrowings	161.98	162.03
Repayment of long -term borrowings	(2,336.60)	(2,225.30)
Proceeds / (Repayment) of short -term borrowings	4,608.18	5,835.92
Interest paid	(1,998.63)	(1,598.38)
Dividend paid on equity shares	(10,637.88)	(26,552.02)
Tax on equity dividend paid	-	(3,164.32)
Net cash flow from / (used in) financing activities (C)	(10,188.81)	(27,523.04)
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	453.98	(13,046.18)
Cash and cash equivalents at the beginning of the year	769.79	13,815.97
Cash and cash equivalents at the end of the year	1,223.77	769.79
Components of cash and cash equivalent		
	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Cash on hand	6.22	4.34
Cheques/drafts on hand	212.85	38.79
Balances with banks		
on current account	860.33	546.62
on cash credit account	-	72.50
on unpaid dividend accounts *	144.23	107.39
Stamps in hand	0.14	0.15
Total cash and cash equivalents	1,223.77	769.79

*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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

Place : Gurgaon
Date : May 28, 2014

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

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

Place : New Delhi
Date : May 28, 2014

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

V. Krishnan
(Company Secretary)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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, 2014

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, 2014

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.

Export benefits

Export benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB), duty draw back and advance licence scheme are accounted for on accrual basis. Export benefits under DEPB & duty draw back are considered as other operating income.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 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 company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. 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 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

NOTES TO FINANCIAL STATEMENTS

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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 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.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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.

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, 2014	As at March 31, 2013
Authorised shares (Nos.)		
460,000,000 (March 31, 2013: 460,000,000) equity shares of Rs. 2/- each	9,200.00	9,200.00
800,000 (March 31, 2013: 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.)		
266,227,257 (March 31, 2013: 265,520,289) equity shares of Rs. 2/- each fully paid up	5,324.55	5,310.41
	5,324.55	5,310.41

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

	March 31, 2014		March 31, 2013	
	No. of shares	Rs. In Lacs	No. of shares	Rs. In Lacs
Equity Shares				
At the beginning of the year	265,520,289	5,310.41	264,569,110	5,291.38
Issued during the period - ESOP	706,968	14.14	951,179	19.03
Outstanding at the end of the year	266,227,257	5,324.55	265,520,289	5,310.41

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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, 2014		March 31, 2013	
	Face Value (Rs.)	Dividend per share	Face Value (Rs.)	Dividend per share
- Interim dividend	2.00	1.80	2.00	10.00
- Final dividend	2.00	1.80	2.00	2.20

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, 2014		March 31, 2013	
	No. of shares	% held	No. of shares	% held
Equity shares				
- Xenok Limited	24,079,700	9.05%	24,079,700	9.07%
- GS Mace Holdings Limited	17,196,381	6.46%	17,196,381	6.48%
- Reliance Capital Trustee Co. Ltd	14,051,763	5.28%	15,193,663	5.72%
- Maxopp Investments Limited	18,844,919	7.08%	18,844,919	7.10%
- Liquid Investment and Trading Company Pvt. Ltd	23,818,876	8.95%	23,185,244	8.73%
- Dynavest India Pvt. Ltd	14,931,167	5.61%	13,661,167	5.15%

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 1,790,936 shares (March 31, 2013: 1,371,733 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.

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FOR THE YEAR ENDED MARCH 31, 2014

5. Reserves and surplus

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Capital reserve	50.00	50.00
	50.00	50.00
Securities premium account		
Balance as per last financial statements	209,309.31	207,307.53
Add: transferred from stock option outstanding	1,508.95	2,001.78
Closing balance	210,818.26	209,309.31
Employee stock option outstanding		
Gross employee stock compensation for options granted in earlier years	2,654.81	3,225.88
Add : gross compensation for options issued during the year	943.39	1,509.14
Less : transferred to securities premium on exercise of stock options	1,508.95	2,001.78
Less : stock options forfeited during the year	58.83	78.43
	2,030.42	2,654.81
Less : deferred employee stock compensation	963.80	1,177.11
Closing balance	1,066.62	1,477.70
General reserve		
Balance as per last financial statements	14,566.62	8,951.84
Add: amount transferred from surplus balance in the statement of profit and loss	1,851.60	5,614.78
Closing balance	16,418.22	14,566.62
Surplus in the statement of profit and loss		
Balance as per last financial statements	77,879.69	62,904.47
Profit for the year	18,516.04	56,147.80
Less: Appropriations		
Interim dividend on equity shares (amount per share Rs. 1.80 (March 31, 2013: Rs. 10.00))	4,787.27	26,552.02
Proposed final dividend on equity shares (amount per share Rs. 1.80 (March 31, 2013: Rs. 2.20))	4,792.09	5,841.46
Final dividend of earlier year	9.15	-
Tax on dividend	-	3,164.32
Transfer to general reserve	1,851.60	5,614.78
Total appropriations	11,440.11	41,172.58
Net surplus in the statement of profit and loss	84,955.62	77,879.69
Total reserves and surplus	313,308.72	303,283.32

During the year, the Company has declared interim dividend Lacs Rs. 4,787.27 Lacs @ 90% (i.e Rs.1.80 per equity share having par value of Rs.2/- each). Further, the Board of Directors at its meeting held on May 28, 2014, has recommended a final dividend of Rs. 4,792.09 Lacs @90% (i.e Rs. 1.80 per equity share having par value of Rs. 2/- each), subject to approval by the Shareholders at the forthcoming Annual General Meeting. Total aggregate dividend paid / recommended during the year is Rs. 9,579.36 Lacs. The corporate dividend tax paid by the Max Life Insurance Co. Ltd. (subsidiary company) on dividend paid to the Company was in excess of company's obligation of corporate dividend tax on dividend paid/declared by the Company. Accordingly, the Company has taken credit of corporate dividend tax as per section 115O of the Income Tax Act, 1961 and no provision of corporate dividend tax has been recognised in the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

6. Long term borrowings

(Rs. in Lacs)				
	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Term loans				
From banks (secured)	4,359.19	6,538.79	2,179.60	2,179.60
Deferred Payment Liabilities				
Deferred Payment Liabilities (unsecured)	-	-	-	48.00
Vehicle Loans from banks (secured)	171.37	139.03	103.62	82.99
	4,530.56	6,677.82	2,283.22	2,310.59
The above amount includes				
Secured borrowings	4,530.56	6,677.82	2,283.22	2,262.59
Unsecured borrowings	-	-	-	48.00
Amount disclosed under the head "other current liabilities" (refer note 11)	-	-	(2,283.22)	(2,310.59)
	4,530.56	6,677.82	-	-

- i) Term loan from Kotak Mahindra Bank Limited amounting to Rs. 1,500.00 Lacs (March 31, 2013: Rs. 2,000.00 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) and immovable properties situated at Railmajra, Punjab 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.
- ii) Term loan from IndusInd Bank Limited amounting to Rs. 3,553.50 Lacs (March 31, 2013: Rs. 4,738.01 Lacs) is secured by a first pari passu charge on the all movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) of the Company and first pari passu charge on immovable properties situated at Railmajra, Punjab. 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.
- iii) Term loan from Yes Bank Limited amounting to Rs. 1,485.29 Lacs (March 31, 2013: Rs. 1,980.38 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) and immovable properties situated at Railmajra, Punjab 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. Nil (March 31, 2013: Rs. 48.00 Lacs) is unsecured and is repayable in 4 quarterly installment commencing from July 1, 2012.
- v) Vehicle Loans Rs. 274.99 Lacs (March 31, 2013: Rs. 222.02 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, 2014	As at March 31, 2013
Lease equalisation reserve	-	9.92
	-	9.92

NOTES TO FINANCIAL STATEMENTS

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8. Deferred tax liabilities (net)

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Deferred tax liabilities		
Fixed Assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	2,803.73	4,024.23
Gross deferred tax liabilities	2,803.73	4,024.23
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	518.89	408.19
Provision for diminution in value of investments	-	1,410.76
Provision for doubtful debts and advances	15.41	299.21
Unabsorbed depreciation	885.93	-
Gross deferred tax assets	1,420.23	2,118.16
Net deferred tax liabilities	1,383.50	1,906.07

The Company has recognised deferred tax assets on unabsorbed depreciation besides on other components. The Company has net deferred tax liabilities at the year end and reversal of deferred tax asset on unabsorbed depreciation is virtually certain in view of profitable binding agreements, which will generate sufficient taxable income against which such deferred tax asset can be realised in future.

9. Provisions

	(Rs. in Lacs)			
	Long - term		Short - term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits				
Provision for leave benefits	-	-	449.94	582.82
Provision for gratuity (refer note 25.1)	328.74	391.52	138.92	99.11
Other provisions				
Provision for income tax (net of advance tax)	-	-	-	33.32
Provision for wealth tax	-	-	2.55	2.68
Proposed final dividend	-	-	4,792.09	5,841.46
	328.74	391.52	5,383.50	6,559.39

10. Short term borrowings

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Cash credit from banks (secured)	11,253.50	6,645.32
	11,253.50	6,645.32

Cash credit facilities from Citi Bank NA, Yes Bank Limited and Kotak Mahindra Bank Limited are repayable on demand and are secured by a first pari passu hypothecation charge on all current assets and a second charge on movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) and all of immovable properties situated at Railmajra, Punjab of the Company, both present and future.

Cash credit facilities from Indusind Bank Limited and HDFC Bank Limited are repayable on demand and are secured by a first pari passu hypothecation charge on all current assets of the Company, both present and future.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

11. Other current liabilities

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Trade payables	7,379.75	5,014.52
Other liabilities		
Current maturities of long-term borrowings (refer note 6)	2,283.22	2,310.59
Interest accrued but not due on borrowings	1.22	1.62
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	144.23	107.39
Others		
Lease equalisation reserve	10.24	-
Advance from Customers	226.33	97.54
Other Liabilities		
Security deposit received	100.88	82.40
Statutory dues payable	641.59	600.05
Capital creditors	21.83	98.12
Unexpired discount on forward contracts	47.43	37.85
	3,476.97	3,335.56
	10,856.72	8,350.08

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

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
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, 2014

12. Non - current investments

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
Trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries		
Unquoted equity instruments		
<i>Max Life Insurance Company Limited</i>		
1,381,621,014 (March 31, 2013: 1,381,621,014) Equity shares of Rs.10 each fully paid up	149,087.21	149,087.21
<i>Max Healthcare Institute Limited</i>		
281,392,766 (March 31, 2013: 281,392,766) Equity shares of Rs.10 each fully paid up	43,109.30	43,109.30
<i>Max Bupa Health Insurance Company Limited</i>		
495,060,000 (March 31, 2013: 372,960,000) Equity shares of Rs.10 each fully paid up	49,506.01	37,296.01
<i>Pharmax Corporation Limited</i>		
47,122,747 (March 31, 2013: 47,117,247) Equity shares of Re.1 each fully paid up	1,420.81	1,420.65
<i>Max Neeman Medical International Limited</i>		
4,166,813 (March 31, 2013: 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, 2013: 8,000,000) Equity shares of Rs. 10 each fully paid up	800.00	800.00
<i>Max Speciality Films Limited</i>		
49,500 (March 31, 2013: Nil) Equity shares of Rs. 10 each fully paid up	4.95	-
<i>Max UK Limited</i>		
299,742 (March 31, 2013: 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>		
2,361 (March 31, 2013: 38) Equity shares of Euro 500 each fully paid up	4,057.94	3,334.69
Less: provision for diminution	(4,057.94)	(3,334.69)
<i>Max Ateev Limited</i>		
31,443,600 (March 31, 2013: 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)	(3,144.36)
<i>Max Healthstaff International Limited</i>		
3,945,000 (March 31, 2013: 3,945,000) Equity shares of Rs. 10 each fully paid up	447.87	447.87
Less: provision for diminution	(447.87)	(447.87)
Unquoted preference instruments		
<i>Pharmax Corporation Limited</i>		
1,500,000 (March 31, 2013: 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>		
13,906,417 (March 31, 2013: 4,686,417) Zero Coupon Compulsorily Convertible Preference shares of Rs.100 each fully paid up	13,906.42	4,686.42
	259,751.38	238,316.27
Aggregate amount of unquoted investments	267,614.55	245,456.19
Aggregate provision for diminution in value of investments	(7,863.17)	(7,139.92)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

Notes:

- During the year, the company has acquired 49,500 equity shares of Rs. 10/- each amounting to Rs. 4.95 lacs of Max Speciality Films Limited ("MSF") and has become a 99% subsidiary of the Company.
- During the year, the Company has further invested Rs. 9,220.00 lacs (March 31, 2013: Rs. 4,686.42 lacs) in Compulsory Convertible Preference shares of Antara Senior Living Limited.
- During the year, the Company has further invested Rs. 12,210.00 lacs (March 31, 2013: Rs. 11,248.00 lacs) in its subsidiary Max Bupa Health Insurance Company Limited.
- Investment in Neeman Medical International BV of Rs. 723.25 lacs is on account of allotment of shares against share application money paid in earlier years. Further, the said share application money was provided for in the books on account of restructuring of international clinical research business as approved by the Board of Directors of the Company.
- The Company has made long-term strategic investments in various subsidiaries operating in the business of life insurance, healthcare, health insurance, clinical research, senior living etc. The subsidiaries in the business of health insurance and clinical research are into operating losses and have accumulated losses due to gestation phase & current business environment, these businesses will require some time to generate operating profits. In view of the gestation phase, long-term growth opportunities, management believes that there is no diminution other than temporary in nature in the value of these investments. The Company has made adequate provision in respect of investments where the diminution is other than temporary in nature in the value of investments.

13. Tangible assets

	(Rs. In Lacs)						
	Land (Freehold)	Building	Leasehold Improvements	Plant & Equipment	Furniture & Fixture	Office Equipments	Vehicles Total
Cost							
At April 1, 2012	337.15	5,883.00	889.83	35,462.30	311.69	1,038.38	44,482.53
Additions	-	108.95	135.76	422.54	5.60	86.07	1,007.45
Deletions/ Adjustments	-	-	-	(141.98)	(4.52)	(35.50)	(245.76)
At March 31, 2013	337.15	5,991.95	1,025.59	35,742.86	312.77	1,088.95	45,244.22
Additions	-	25.96	-	312.29	364.16	159.55	1,136.89
Deletions/ Adjustments	-	-	-	-	(0.30)	(16.47)	(198.27)
At March 31, 2014	337.15	6,017.91	1,025.59	36,055.15	676.63	1,232.03	46,182.84
Depreciation							
At April 1, 2012	-	962.22	623.81	9,779.45	192.82	456.67	12,175.65
Charge for the year	-	177.68	151.85	1,784.89	13.89	82.71	2,307.33
Deletions/ Adjustments	-	-	-	(137.20)	(3.11)	(29.29)	(199.59)
At March 31, 2013	-	1,139.90	775.66	11,427.14	203.60	510.09	14,283.39
Charge for the year	-	178.93	73.61	1,768.14	32.41	88.06	2,281.83
Deletions/ Adjustments	-	-	-	-	(0.06)	(4.23)	(93.12)
At March 31, 2014	-	1,318.83	849.27	13,195.28	235.95	593.92	16,472.10
Net Block							
At March 31, 2013	337.15	4,852.05	249.93	24,315.72	109.17	578.86	30,960.83
At March 31, 2014	337.15	4,699.08	176.32	22,859.87	440.68	638.11	29,710.74

14. Tangible assets

	(Rs. In Lacs)	
	Computer Software	Total
Gross Block		
At April 1, 2012	383.85	383.85
Additions	196.04	196.04
Deletions/ Adjustments	(10.00)	(10.00)
At March 31, 2013	569.89	569.89
Additions	77.45	77.45
Deletions/ Adjustments	-	-
At March 31, 2014	647.34	647.34
Amortization		
At April 1, 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
Charge for the year	80.17	80.17
Deletions/ Adjustments	-	-
At March 31, 2014	355.59	355.59
Net Block		
At March 31, 2013	294.47	294.47
At March 31, 2014	291.75	291.75

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

15. Loans and advances

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Capital advances				
Unsecured, considered good	1.71	23.98	-	-
A	1.71	23.98	-	-
Security deposits				
Unsecured, considered good	297.17	297.34	-	-
Doubtful	5.50	5.50	-	-
	302.67	302.84	-	-
Provision for doubtful security deposits	(5.50)	(5.50)	-	-
B	297.17	297.34	-	-
Loans and advances to related parties (refer note 34)				
Unsecured, considered good (unless stated otherwise)				
Advances recoverable in cash or kind				
Considered good	926.69	-	2,510.29	2,476.10
Considered doubtful	2,696.49	-	-	3,397.22
Security deposit	204.80	204.80	-	-
Inter corporate deposit	800.00	-	2,500.00	1,138.00
Share application money pending allotment	-	-	565.00	3,600.00
	4,627.98	204.80	5,575.29	10,611.32
Provision for doubtful advances	(2,696.49)	-	-	(3,397.22)
C	1,931.49	204.80	5,575.29	7,214.10
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	404.39	781.06
Doubtful	305.09	305.09	-	-
	305.09	305.09	404.39	781.06
Provision for doubtful advances	(305.09)	(305.09)	-	-
D	-	-	404.39	781.06
Other loans and advances (unsecured, considered good unless stated otherwise)				
Balances with statutory/government authorities	-	-	274.23	173.22
Prepaid expenses	22.50	18.64	277.30	191.23
Loans to employees	120.76	9.80	40.89	24.65
MAT Credit entitlement	1,251.80	484.80	2,547.00	3,314.00
Advance income tax (net of provisions)	1,043.24	936.66	-	-
E	2,438.30	1,449.90	3,139.42	3,703.10
Total (A+B+C+D+E)	4,668.67	1,976.02	9,119.10	11,698.26

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

16. Current Investments

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Current investments (valued at lower of cost)		
Quoted equity instruments	0.65	0.65
<i>ICICI Bank Limited</i>		
250 (March 31, 2013: 250) equity shares of Rs. 10 each fully paid up		
Unquoted mutual funds		
<i>Birla Sunlife Cash Plus Direct Plan Growth</i>		
912,418 (March 31, 2013: Nil) units of Face value Rs. 10/- per unit fully paid	1,875.00	-
<i>Birla Cash Plus- Institutional Premium - Growth</i>		
Nil (March 31, 2013: 4,207,161) units of Face value Rs. 1000/- per unit fully paid	-	7,402.37
<i>DSP Blackrock Liquidity Fund - Institutional Plan Growth</i>		
Nil (March 31, 2013: 393,770) units of Face value Rs. 1000/- per unit fully paid	-	6,190.86
<i>ICICI Prudential Liquid Super Institutional Plan - Growth</i>		
3,569,665 (March 31, 2013: 4,459,848) units of Face value Rs. 100/- per unit fully paid	5,801.97	7,248.83
<i>JP Morgan India Liquid Fund Direct Plan Growth</i>		
11,277,856 (March 31, 2013: Nil) units of Face value Rs. 10/- per unit fully paid	1,875.00	-
<i>Kotak Liquid (Institutional Premium) - Growth</i>		
62,118 (March 31, 2013: 337,103) units of Face value Rs. 1000/- per unit fully paid	1,384.12	7,511.39
<i>L&T Liquid Fund Direct Plan Growth</i>		
106,693 (March 31, 2013: Nil) units of Face value Rs. 1000/- per unit fully paid	1,875.00	-
<i>Reliance Liquid Fund Treasury Plan Direct Growth</i>		
60,026 (March 31, 2013: Nil) units of Face value Rs. 1000/- per unit fully paid	1,875.00	-
<i>TATA Liquid Super High Inv. Fund - Appreciation</i>		
Nil (March 31, 2013: 324,744) units of Face value Rs. 1000/- per unit fully paid	-	6,586.03
	14,686.74	34,940.13
Aggregate amount of quoted investments (Market value: Rs. 3.11 Lacs) (March 31, 2013: Rs. 2.61 Lacs)	0.65	0.65
Aggregate amount of unquoted investments	14,686.09	34,939.48

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

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Raw materials (including stock in transit Rs. 1,069.13 Lacs (March 31, 2013: Rs. 24.67 Lacs))	3,174.00	1,753.83
Packing materials	46.42	52.83
Stores and spares	1,650.76	1,430.12
Work in process	1,089.45	1,012.79
Finished goods (including in transit Rs. 518.72 Lacs (March 31, 2013: Rs. Nil))	654.64	243.78
	6,615.27	4,493.35

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

18. Trade receivables

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	130.68	28.06
Doubtful	-	-	37.75	214.61
	-	-	168.43	242.67
Provision for doubtful receivables	-	-	(37.75)	(214.61)
	-	-	130.68	28.06
Other receivables				
Unsecured, considered good	-	-	15,257.96	13,794.28
	-	-	15,388.64	13,822.34

19. Cash and bank balances

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents				
Balances with banks				
on current accounts	-	-	860.33	546.62
on cash credit accounts	-	-	-	72.50
on un-paid dividend accounts	-	-	144.23	107.39
Cheques/drafts on hand	-	-	212.85	38.79
Cash on hand	-	-	6.22	4.34
Stamps on hand	-	-	0.14	0.15
	-	-	1,223.77	769.79
Other bank balances				
Deposits with original maturity for more than 12 months	7.58	-	-	-
Amount disclosed under non-current assets (refer note 20)	(7.58)	-	-	-
	-	-	1,223.77	769.79

20. Other assets

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless stated otherwise				
Non-current bank balances				
Deposit with original maturity for more than 12 months (refer note 19)	7.58	-	-	-
Others				
Interest accrued on deposits	-	-	222.80	89.27
Option fee receivable	-	-	526.91	397.66
Export benefits receivables	-	-	89.56	-
Forward recoverable			292.33	174.38
	7.58	-	1,131.60	661.31

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

21. Revenue from operations

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of products		
Finished goods		
Bi-axially oriented polypropylene film	78,246.52	76,263.03
Soft leather finishing foil	448.98	464.91
	78,695.50	76,727.94
Other operating revenue		
Revenue from investment activities		
Dividend income on long term investments (refer note 21.3)	20,447.99	7,046.27
Interest income on		
Inter corporate deposits	134.94	144.82
Fixed deposits	14.50	230.28
Profit on sale of current investments	3,782.19	2,045.41
Profit on sale of non current investments in subsidiary	-	69,234.54
Option fees (refer note 21.1)	1,887.74	1,473.34
	26,267.36	80,174.66
Others		
Export benefits	89.56	-
Total Other operating revenue	26,356.92	80,174.66
Revenue from operations (gross)	105,052.42	156,902.60
Less: Excise duty (refer note 21.2)	5,460.62	5,386.20
Revenue from operation (net)	99,591.80	151,516.40

- 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. 5,460.62 Lacs (March 31, 2013: Rs. 5,386.20 Lacs) has been reduced from sales in statement of profit and loss and excise duty on (increase) / decrease in stock amounting to Rs. (14.12) Lacs (March 31, 2013: Rs. 24.89 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. 20,447.99 Lacs (March 31, 2013: Rs. 7,046.27 Lacs) of its share of interim dividend declared during the year and final dividend declared in the previous year by Max Life Insurance Company Ltd, a company's subsidiary.

22. Other Income

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income	165.80	78.44
Liabilities/provisions no longer required written back	13.83	93.29
Gain on foreign exchange fluctuation (net)	822.61	846.92
Scrap Sale	163.25	177.65
Miscellaneous income	84.53	59.45
	1,250.02	1,255.75

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

23. Cost of raw materials consumed

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Inventories at beginning of year	1,753.83	2,294.42
Add: Purchases	54,266.31	51,026.65
Less: inventories at the end of year	3,174.00	1,753.83
Cost of raw materials consumed	52,846.14	51,567.24
23.1 Details of raw materials consumed		
Polypropylene	48,006.58	45,777.99
Polypropylene compounds	3,849.13	4,625.97
Others	990.43	1,163.28
	52,846.14	51,567.24
23.2 Details of raw materials inventory		
Polypropylene	2,262.13	1,135.73
Polypropylene compounds	625.00	285.24
Others	286.87	332.86
	3,174.00	1,753.83

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

	(Rs. in Lacs)		
	For the year ended March 31, 2014	For the year ended March 31, 2013	(Increase) / Decrease
Inventories at end of year			
Work-in-process	1,089.45	1,012.79	(76.66)
Finished goods	654.64	243.78	(410.86)
	1,744.09	1,256.57	(487.52)
Inventories at beginning of the 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
Net (Increase)/ decrease in work-in-process and finished goods	(487.52)	78.93	
Details of inventory			
Work-in-process			
BOPP Film	1,002.95	922.58	
Soft leather finishing foil	86.50	90.21	
	1,089.45	1,012.79	
Finished goods			
BOPP Film	646.88	239.61	
Soft leather finishing foil	7.76	4.17	
	654.64	243.78	

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

25. Employee benefit expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, wages and bonuses	6,343.56	6,632.57
Contribution to provident and other funds	283.76	263.76
Employee stock option scheme (Refer note 30)	1,097.87	819.01
Gratuity expense	(6.55)	227.56
Staff welfare expenses	223.80	269.93
	7,942.44	8,212.83

25.1 Employee benefit expenses

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, 2014	As at March 31, 2013
Current service cost	90.82	94.63
Interest cost on benefit obligation	65.63	51.53
Expected return on plan assets	(31.46)	(31.09)
Net actuarial(gain) / loss recognized in the year	(131.54)	112.49
Past service cost	-	-
Net benefit expense	(6.55)	227.56
Actual return on plan assets	29.76	29.53

Balance sheet

Benefit asset/ liability

	(Rs. in Lacs)	
	Gratuity	
	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	828.63	830.86
Fair value of plan assets	360.97	340.23
Funded Status	(467.66)	(490.63)
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(467.66)	(490.63)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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

	(Rs. in Lacs)	
	Gratuity	
	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	830.86	599.16
Interest cost	65.63	51.53
Current service cost	90.82	94.63
Benefits paid by employer	(16.42)	-
Benefits paid through fund	(9.02)	(25.38)
Actuarial (gains) / losses on obligation	(133.24)	110.92
Closing defined benefit obligation	828.63	830.86

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

	(Rs. in Lacs)	
	Gratuity	
	As at March 31, 2014	As at March 31, 2013
Opening fair value of plan assets	340.23	336.08
Expected return	31.46	31.09
Benefits paid	(9.02)	(25.38)
Actuarial gains / (losses)	(1.70)	(1.56)
Closing fair value of plan assets	360.97	340.23

The Company expects to contribute Rs. 138.92 lacs (March 2013: Rs. 167.27 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:

	(Rs. in Lacs)	
	Gratuity	
	As at March 31, 2014	As at March 31, 2013
	%	%
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, 2014	As at March 31, 2013
Discount rate	9.10%	7.90%
Expected rate of return on assets	8.75%	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, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	828.63	830.86	599.16	543.20	465.36
Plan assets	360.97	340.23	336.08	340.58	53.14
Surplus / (deficit)	(467.66)	(490.63)	(263.08)	(202.62)	(412.22)
Experience adjustments on plan liabilities	16.03	(71.23)	(10.44)	(11.49)	(26.67)
Experience adjustments on plan assets	(1.70)	(1.56)	(0.86)	-	(1.33)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Company.

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.

The details of fund and plan asset position as at March 31, 2014 as per the actuarial valuation of active members are as follows:

	(Rs. in Lacs)	
	March 31, 2014	March 31, 2013
Plan assets at year end at fair value	22,260.80	19,119.27
Present value of defined benefit obligation at year end	22,263.15	18,944.06
Shortfall recognised in balance sheet	(2.35)	-
Active members as at year end (Nos)	18,618	18,548

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

	March 31, 2014	March 31, 2013
Discount rate for the term of the obligation	8.80%	8.95%
Average historic yield on the investment portfolio	8.92%	8.97%
Discount rate for the remaining term to maturity of the investment portfolio	8.80%	8.95%
Expected investment return	8.92%	8.97%
Guaranteed rate of return	8.75%	8.50%

26. Other expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumption of stores and spares	663.33	793.16
Consumption of packing materials	2,182.17	2,390.64
(Increase) / Decrease of excise duty on inventories	(14.12)	24.89
Power and fuel	4,923.63	5,033.21
Processing charges	34.54	34.36
Recruitment and training expenses	130.21	129.13
Rent	547.75	424.94
Insurance	219.17	237.92
Rates and taxes	151.59	104.12
Repairs and maintenance:		
Building	54.84	89.37
Plant and equipments	381.53	287.14
Others	722.36	652.54
Electricity and water	72.82	54.76
Printing and stationery	87.90	85.98
Travelling and conveyance	991.49	1,212.61
Communication	151.43	150.47
Legal and professional (refer note 26.1)	2,359.25	2,719.29
Directors' fee	17.40	22.10
Sales promotion	123.71	135.83
Commission to other than sole selling agents	318.38	218.77

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash discounts	762.46	807.90
Freight and forwarding expenses	2,683.38	2,974.75
Advertisement and publicity	256.55	909.45
Net loss on sale/disposal of fixed assets	37.45	17.77
Bad debts written off	16.29	0.86
Provision for diminution in non current investments in subsidiary	-	3,334.69
Provision for doubtful advances in subsidiary	22.52	839.70
Provision for doubtful debts	-	3.40
Stock written off	-	27.74
Charity and donation	47.27	31.42
Miscellaneous	61.60	85.24
	18,006.90	23,834.15

26.1 Payment to auditor (excluding service tax) (included in legal and professional)

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
As auditor:		
Audit fee	31.00	28.29
Other services (certification fees)	3.50	-
Reimbursement of expenses	2.01	1.58
	36.51	29.87

27. Depreciation and amortisation

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation of tangible assets	2,281.83	2,307.33
Amortization of intangible assets	80.17	79.60
	2,362.00	2,386.93

28. Finance Cost

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest	1,998.23	1,597.91
Bank charges	180.16	144.75
	2,178.39	1,742.66

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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

	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic EPS		
Profit/(loss) after tax (Rs. in Lacs)	18,516.04	56,147.80
Weighted average number of equity shares outstanding during the year (Nos.)	265,974,848	265,292,153
Basic Earnings Per Share (Rs.)	6.96	21.16
Dilutive EPS		
Equivalent weighted average number of employee stock options outstanding	1,345,376	1,698,422
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	267,320,224	266,990,575
Diluted Earnings Per Share (Rs.)	6.93	21.03

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, 2014		March 31, 2013	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,298,500	2.00	1,561,031	2.00
Granted during the Year	513,000	2.00	731,648	2.00
Forfeited during the year	(32,250)	-	(43,000)	-
Exercised during the year	(706,968)	2.00	(951,179)	2.00
Outstanding at the end of the year	1,072,282	2.00	1,298,500	2.00
Exercisable at the end of the year	59,000	2.00	400,000	2.00

For the period, the weighted average share price at the exercise date was Rs 213.06 (March 31, 2013: Rs 186.37)

The weighted average exercise price for stock options outstanding as at March 31, 2014 was Rs. 2/- per share (March 31, 2013: Rs 2/- per share).

Grant Date	For the year ended March 31, 2014		For the year ended March 31, 2013	
	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
January 1, 2010	-	-	400,000	-
October 8, 2011	148,350	2.55	197,800	3.55
May 1, 2012	31,500	1.84	63,000	2.84
June 1, 2012	-	-	43,000	3.17
August 18, 2012	197,800	3.39	247,250	4.39
August 18, 2012	34,296	2.39	45,728	3.39
November 8, 2012	73,336	3.39	91,670	4.39
November 8, 2012	15,000	2.39	20,000	3.39
November 8, 2012	5,000	-	-	-
December 12, 2012	25,000	-	149,000	0.70
February 8, 2013	29,000	-	29,000	0.86
April 1, 2013	38,000	3.00	-	-
August 13, 2013	162,000	0.37	-	-
August 19, 2013	313,000	4.39	-	-

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FOR THE YEAR ENDED MARCH 31, 2014

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, 2014			March 31, 2013					
Date of option granted	1-Apr-13	13-Aug-13	19-Aug-13	1-May-12	1-Jun-12	18-Aug-12	8-Nov-12	12-Dec-12	8-Feb-13
Stock Price Now (in Rupees)	223.40	186.85	180.85	197.95	185.05	183.95	242.95	240.70	244.45
Exercise Price (X) (in Rupees)	2	2	2	2	2	2	2	2	2
Expected Volatility (Standard Dev - Annual)	31.36%	31.36%	31.36%	26.99%	26.99%	26.99%	26.99%	26.99%	26.99%
Life of the options granted (Vesting and exercise period) in years	10.50	10.14	10.12	11.42	11.34	11.12	10.90	10.81	10.65
Expected Dividend	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average Risk- Free Interest Rate	8.08%	8.68%	9.99%	8.77%	8.51%	8.36%	8.31%	8.30%	7.97%
Weighted average fair value of options granted	222.54	186.02	180.12	197.22	184.29	183.16	242.14	239.88	243.59

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, 2014	For the year ended March 31, 2013
Net Profit as reported (Rs. in Lacs)	18,516.04	56,147.80
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	1,097.87	819.01
Less: Employee stock compensation under fair value method (Rs. in Lacs)	(1,103.32)	(820.72)
Proforma profit (Rs. in Lacs)	18,510.59	56,146.09
Earnings Per Share (Rupees)		
Basic		
- As reported	6.96	21.16
- Proforma	6.96	21.16
Diluted		
- As reported	6.93	21.03
- Proforma	6.93	21.03

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. 547.75 Lacs (Previous year Rs. 424.94 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 detail of total of future minimum lease payments under non-cancellable leases are as follows:

Particulars	(Rs. in Lacs)	
	March 31, 2014	March 31, 2013
Not later than one year	116.16	105.60
Later than one year and not later than five year	-	116.16
Later than five year	-	-
	116.16	221.76

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FOR THE YEAR ENDED MARCH 31, 2014

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.

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)	73,234.88	71,341.74	-	-	73,234.88	71,341.74
Income from investment activities	-	-	26,267.36	80,174.66	26,267.36	80,174.66
Export benefits	89.56	-	-	-	89.56	-
Total revenue from operations	73,324.44	71,341.74	26,267.36	80,174.66	99,591.80	151,516.40
Interest Income					165.80	78.44
Unallocated Income					(4.38)	4.85
Total Revenue					99,753.22	151,599.69
Result						
Segment result	3,369.29	2,027.44	26,244.83	75,188.25	29,614.12	77,215.69
Less: unallocated expense (net of unallocated income)					9,608.05	10,602.06
Operating profit					20,006.07	66,613.63
Interest income					165.80	78.44
Less: interest and financial expense					2,178.40	1,742.66
Profit before tax					17,993.47	64,949.41
Income tax					(522.57)	8,801.61
Profit from ordinary activities					18,516.04	56,147.80
Other information						
Segment assets	52,238.55	50,457.37	282,658.29	281,078.22	334,896.84	331,535.59
Unallocated assets					17,472.95	7,598.26
Total assets					352,369.79	339,133.85
Segment liabilities	6,984.90	4,591.85	97.32	50.09	7,082.22	4,641.94
Unallocated liabilities					26,654.30	25,898.18
Total liabilities					33,736.52	30,540.12
Cost to acquire tangible and intangible fixed asset						
Capital expenditure	524.09	903.14	-	-	524.09	903.14
Unallocated capital expenditure					9,263.72	1,488.00
Total Additions					9,787.81	2,391.14
Depreciation and amortisation expenses						
Depreciation	2,136.46	2,159.38	-	-	2,136.46	2,159.38
Unallocated depreciation					225.54	227.55
Total depreciation and amortisation expenses					2,362.00	2,386.93
Other non cash expenses						
Provision for diminution in value of investments and advances in subsidiaries	-	-	22.52	4,174.39	22.52	4,174.39
Employee stock expense scheme					1,097.87	819.01
Total other non cash expenses					1,120.39	4,993.40

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FOR THE YEAR ENDED MARCH 31, 2014

(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 revenue by geographical market, regardless of where the goods were produced.

Revenue by Geographical Market	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
India	72,730.71	126,917.33
Outside India	26,861.09	24,599.07
	99,591.80	151,516.40

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.

	(Rs. in Lacs)			
	Carrying amount of segment assets and intangible assets		Additions to tangible and intangible fixed assets	
	As at March 31, 2014	As at March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
India	327,572.53	325,660.46	524.09	903.14
Outside India	7,324.31	5,875.13	-	-
	334,896.84	331,535.59	524.09	903.14

33. Capital and other commitments

a) Capital Commitments

	(Rs. in Lacs)	
	March 31, 2014	March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	245.00	1,821.98
Less: Capital advances	1.71	23.98
Net capital commitment for acquisition of capital assets	243.29	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 17. Antara Purukul Senior Living Limited 18. Antara Gurgaon Senior Living Limited 19. Max Speciality Films Limited (w.e.f. May 30, 2013) 20. Max One Distribution and Services Limited (w.e.f. September 30, 2013) (Held through Max Neeman Medical International Limited)

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FOR THE YEAR ENDED MARCH 31, 2014

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. Piveta Estates 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

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		
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
Reimbursement of expenses (Received from)												
Max Life Insurance Company Limited	657.59	53.69	-	-	-	-	-	-	-	657.59	53.69	
Max Healthcare Institute Limited	17.67	7.87	-	-	-	-	-	-	-	17.67	7.87	
Pharmax Corporation Limited	110.00	0.18	-	-	-	-	-	-	-	110.00	0.18	
Max Bupa Health Insurance Company Limited	20.62	13.47	-	-	-	-	-	-	-	20.62	13.47	
Max Neeman Medical International Limited	13.50	14.71	-	-	-	-	-	-	-	13.50	14.71	
Hometrail Estates Private Limited	-	1.42	-	-	-	-	-	-	-	-	1.42	
Antara Senior Living Limited	9.44	-	-	-	-	-	-	-	-	9.44	-	
Antara Purukul Senior Living Limited	351.00	-	-	-	-	-	-	-	-	351.00	-	
Max Speciality Films Limited	0.43	-	-	-	-	-	-	-	-	0.43	-	
Max One Distribution and Services Limited	6.07	-	-	-	-	-	-	-	-	6.07	-	
Neeman Medical International NV	2.30	-	-	-	-	-	-	-	-	2.30	-	
Analjit Singh	-	-	67.02	-	-	-	-	-	-	67.02	-	
New Delhi House Services Limited	-	-	-	-	-	11.99	11.54	-	-	11.99	11.54	
Malsi Estates Limited	-	-	-	-	-	9.71	0.65	-	-	9.71	0.65	
Max India Foundation	-	-	-	-	-	0.46	0.55	-	-	0.46	0.55	
Piveta Estates Pvt Ltd	-	-	-	-	-	30.41	-	-	-	30.41	-	
Max Ventures Private Limited	-	-	-	-	-	-	1.16	-	-	-	1.16	
Reimbursement of expenses (Paid to)												
Pharmax Corporation Limited	244.02	311.59	-	-	-	-	-	-	-	244.02	311.59	
Max UK Limited	158.50	93.47	-	-	-	-	-	-	-	158.50	93.47	
Max Life Insurance Company Limited	45.59	20.07	-	-	-	-	-	-	-	45.59	20.07	
Max Healthcare Institute Limited	104.23	-	-	-	-	-	-	-	-	104.23	-	
Antara Purukul Senior Living Limited	2.11	-	-	-	-	-	-	-	-	2.11	-	
New Delhi House Services Limited	-	-	-	-	-	99.05	39.32	-	-	99.05	39.32	
Delhi Guest House P.Limited	-	-	-	-	-	37.24	23.61	-	-	37.24	23.61	
Max India Foundation	-	-	-	-	-	0.24	-	-	-	0.24	-	
Malsi Estates Limited	-	-	-	-	-	21.80	-	-	-	21.80	-	
Max Ventures Private Limited	-	-	-	-	-	-	15.54	-	-	-	15.54	
Services Received												
Healthcare Services												
Max Healthcare Institute Limited	2.61	15.57	-	-	-	-	-	-	-	2.61	15.57	

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FOR THE YEAR ENDED MARCH 31, 2014

(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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Insurance related												
Max Life Insurance Company Limited	14.30	17.03	-	-	-	-	-	-	-	-	14.30	17.03
Max Bupa Health Insurance Company Limited	76.11	39.71	-	-	-	-	-	-	-	-	76.11	39.71
Rent												
Pharmax Corporation Limited	130.59	155.53	-	-	-	-	-	-	-	-	130.59	155.53
Alps Hospital Ltd	2.18	2.42	-	-	-	-	-	-	-	-	2.18	2.42
Hometrial Estates Private Limited	9.97	9.05	-	-	-	-	-	-	-	-	9.97	9.05
Veer Singh	-	-	-	-	66.00	60.00	-	-	-	-	66.00	60.00
Delhi Guest House P.Limited	-	-	-	-	-	-	144.12	84.12	-	-	144.12	84.12
Lakeview Enterprises	-	-	-	-	-	-	39.60	36.00	-	-	39.60	36.00
Repair & Maintenance												
New Delhi House Services Limited	-	-	-	-	-	-	181.28	206.49	-	-	181.28	206.49
Director's Remuneration												
Analjit Singh	-	-	499.31	502.08	-	-	-	-	-	-	499.31	502.08
Rahul Khosla	-	-	849.92	1,042.98	-	-	-	-	-	-	849.92	1,042.98
Mohit Talwar	-	-	363.98	501.94	-	-	-	-	-	-	363.98	501.94
Donation Paid												
Max India Foundation	-	-	-	-	-	-	25.00	30.00	-	-	25.00	30.00
Company's contribution to Provident Fund Trust	-	-	-	-	-	-	-	-	187.23	175.32	187.23	175.32
Company's contribution to Gratuity Trust	-	-	-	-	-	-	-	-	10.07	227.56	10.07	227.56
Company's contribution to Superannuation Trust	-	-	-	-	-	-	-	-	41.26	36.62	41.26	36.62
Provision for Diminution												
Max Ateev Limited.	1.52	5.91	-	-	-	-	-	-	-	-	1.52	5.91
Max Healthstaff International Limited.	16.39	17.96	-	-	-	-	-	-	-	-	16.39	17.96
Neeman Medical International BV	4.61	4,150.50	-	-	-	-	-	-	-	-	4.61	4,150.50
Loans given												
Max Healthstaff International Limited.	16.39	18.97	-	-	-	-	-	-	-	-	16.39	18.97
Alps Hospitals Ltd	-	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Max Neeman Medical International Limited	200.00	-	-	-	-	-	-	-	-	-	200.00	-
Max Speciality Films Limited	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
Max Ateev Limited.	1.52	5.92	-	-	-	-	-	-	-	-	1.52	5.92
Loans received back												
Pharmax Corporation Limited	338.00	-	-	-	-	-	-	-	-	-	338.00	-
Alps Hospitals Ltd	-	700.00	-	-	-	-	-	-	-	-	-	700.00
Security deposit given												
Delhi Guest House P.Limited	-	-	-	-	-	-	-	36.00	-	-	-	36.00
Veer Singh	-	-	-	-	-	27.90	-	-	-	-	-	27.90
Lakeview Enterprises	-	-	-	-	-	-	-	18.00	-	-	-	18.00
Sale of fixed assets												
Max Healthcare Institute Limited.	1.11	-	-	-	-	-	-	-	-	-	1.11	-
Antara Senior Living Limited	6.17	-	-	-	-	-	-	-	-	-	6.17	-
Purchase of fixed assets												
Piveta Estates Pvt Ltd	-	-	-	-	-	-	7,320.00	-	-	-	7,320.00	-
Interest income												
Alps Hospitals Ltd	96.00	99.19	-	-	-	-	-	-	-	-	96.00	99.19
Max Speciality Films Limited	3.56	-	-	-	-	-	-	-	-	-	3.56	-
Pharmax Corporation Limited.	35.38	45.63	-	-	-	-	-	-	-	-	35.38	45.63
Investment in equity shares												
Max Life Insurance Company Limited	-	31,632.28	-	-	-	-	-	-	-	-	-	31,632.28
Max Healthcare Institute Limited.	-	3,571.43	-	-	-	-	-	-	-	-	-	3,571.43

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(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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Antara Senior Living Limited	-	800.00	-	-	-	-	-	-	-	-	-	800.00
Pharmax Corporation Limited	0.17	-	-	-	-	-	-	-	-	-	0.17	-
Max Speciality Films Limited	4.95	-	-	-	-	-	-	-	-	-	4.95	-
Max Bupa Health Insurance Company Limited.	12,210.00	11,248.00	-	-	-	-	-	-	-	-	12,210.00	11,248.00
Share application money converted into equity												
Neeman Medical International BV	723.25	-	-	-	-	-	-	-	-	-	723.25	-
Antara Senior Living Limited	3,600.00	-	-	-	-	-	-	-	-	-	3,600.00	-
Investment in preference shares												
Antara Senior Living Limited	5,620.00	4,686.42	-	-	-	-	-	-	-	-	5,620.00	4,686.42
Share application money given												
Antara Senior Living Limited	565.00	3,600.00	-	-	-	-	-	-	-	-	565.00	3,600.00
Balance outstanding as at the year end												
Corporate Guarantee												
Max Healthcare Institute Limited.	16,825.43	42,295.00	-	-	-	-	-	-	-	-	16,825.43	42,295.00
Antara Purukul Senior Living Limited	4,360.00	-	-	-	-	-	-	-	-	-	4,360.00	-
Loans and Advances Given												
Max Ateev Limited	691.33	689.81	-	-	-	-	-	-	-	-	691.33	689.81
Max Life Insurance Company Limited	632.25	91.63	-	-	-	-	-	-	-	-	632.25	91.63
Max Healthcare Institute Limited	1,502.16	1,606.18	-	-	-	-	-	-	-	-	1,502.16	1,606.18
Pharmax Corporation Limited	119.88	458.80	-	-	-	-	-	-	-	-	119.88	458.80
Max Bupa Health Insurance Company Limited	2.48	12.59	-	-	-	-	-	-	-	-	2.48	12.59
Max Neeman Medical International Limited	926.70	763.00	-	-	-	-	-	-	-	-	926.70	763.00
Neeman Medical International NV	97.18	94.88	-	-	-	-	-	-	-	-	97.18	94.88
Max Healthstaff International Limited	1,907.98	1,891.59	-	-	-	-	-	-	-	-	1,907.98	1,891.59
Neeman Medical International BV	-	723.25	-	-	-	-	-	-	-	-	-	723.25
Antara Senior Living Limited	581.79	3,600.00	-	-	-	-	-	-	-	-	581.79	3,600.00
Antara Purukul Senior Living Limited	357.17	-	-	-	-	-	-	-	-	-	357.17	-
Alps Hospital Limited	799.96	800.00	-	-	-	-	-	-	-	-	799.96	800.00
Max Speciality Films Limited	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
Hometrail Estates Private Limited	0.39	0.39	-	-	-	-	-	-	-	-	0.39	0.39
Delhi Guest House P.Limited	-	-	-	-	-	-	36.00	36.00	-	-	36.00	36.00
Veer Singh	-	-	-	-	30.00	30.00	-	-	-	-	30.00	30.00
Lakeview Enterprises	-	-	-	-	-	-	18.00	18.00	-	-	18.00	18.00
Max India Foundation	-	-	-	-	-	-	0.56	0.47	-	-	0.56	0.47
Provision made against above												
Max Ateev Limited	(691.33)	(689.81)	-	-	-	-	-	-	-	-	(691.33)	(689.81)
Max Healthstaff International Limited	(1,907.98)	(1,891.59)	-	-	-	-	-	-	-	-	(1,907.98)	(1,891.59)
Neeman Medical International NV	(97.18)	(92.57)	-	-	-	-	-	-	-	-	(97.18)	(92.57)
Neeman Medical International BV	-	(723.25)	-	-	-	-	-	-	-	-	-	(723.25)
Interest receivable												
Alps Hospital Ltd	175.67	89.27	-	-	-	-	-	-	-	-	175.67	89.27
Max Speciality Films Limited	3.21	-	-	-	-	-	-	-	-	-	3.21	-
Amount Payable												
New Delhi House Services Limited	-	-	-	-	-	-	(4.72)	(1.53)	-	-	(4.72)	(1.53)
Alps Hospital Ltd	-	(2.39)	-	-	-	-	-	-	-	-	-	(2.39)
Max UK Limited	(97.32)	(47.70)	-	-	-	-	-	-	-	-	(97.32)	(47.70)
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	149,087.21	-	-	-	-	-	-	-	-	149,087.21	149,087.21
Max Healthcare Institute Limited.	43,109.30	43,109.30	-	-	-	-	-	-	-	-	43,109.30	43,109.30
Max Bupa Health Insurance Company Limited	49,506.02	37,296.01	-	-	-	-	-	-	-	-	49,506.02	37,296.01

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

	(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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Antara Senior Living Limited	800.00	800.00	-	-	-	-	-	-	-	-	800.00	800.00
Pharmax Corporation Limited	1,420.81	1,420.65	-	-	-	-	-	-	-	-	1,420.81	1,420.65
Max Neeman Medical International Limited	416.68	416.68	-	-	-	-	-	-	-	-	416.68	416.68
Max Speciality Films Limited	4.95	-	-	-	-	-	-	-	-	-	4.95	-
Max Healthstaff International Limited	447.87	447.87	-	-	-	-	-	-	-	-	447.87	447.87
Neeman Medical International BV	4,057.94	3,334.69	-	-	-	-	-	-	-	-	4,057.94	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	(4,057.94)	(3,334.69)	-	-	-	-	-	-	-	-	(4,057.94)	(3,334.69)
Max UK Limited	(213.00)	(213.00)	-	-	-	-	-	-	-	-	(213.00)	(213.00)
Investment in Preference Share Capital												
Antara Senior Living Limited	13,906.42	4,686.42	-	-	-	-	-	-	-	-	13,906.42	4,686.42
Pharmax Corporation Limited	1,500.00	1,500.00	-	-	-	-	-	-	-	-	1,500.00	1,500.00

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

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening Balance	-	17,562.14
Utilizations:		
Investment in subsidiary companies	-	17,562.14
Closing balance	-	-

36. Contingent Liabilities not provided for

S. No.	Particulars	(Rs. in Lacs)	
		As at March 31, 2014	As at March 31, 2013
i.	Corporate guarantee given to financial institutions / banks in respect of financial assistance availed by subsidiaries of the Company. (Refer note (a))		
-	Export-Import Bank of India	3,450.00	4,650.00
-	Housing Development Finance Corporation Limited	-	14,689.20
-	Infrastructure Development Finance Company Limited	4,360.00	-
ii.	Claims against the Company not acknowledged as debts (Refer note (b))		
-	Excise Duty Demands	2,732.31	2,129.18
-	Custom Duty Demands	384.82	373.68
-	Service Tax Demands	225.36	223.08
-	Entry Tax	2,877.34	1,198.84
iii.	Liability on account of discounting of bills	685.43	576.15
iv.	Letters of credit outstanding with various banks in favour of domestic and foreign suppliers for supply of raw materials and capital goods	334.55	370.68

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

		(Rs. in Lacs)	
S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
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))	87.57	76.65
vi.	Put option liability of 11.25% Optionally Partially convertible preference shares allotted by a subsidiary (Refer note (d))	13,375.43	22,955.80
vii.	Litigation against the Company on Company Law matters	Refer note (f)	
viii.	Income tax cases (note e and f)		
viii.(a)	Disallowances made during assessments for the assessment years 1999-00 to 2011-12*	229.11	-
viii.(b)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961, which are pending disposal for: 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	628.02	628.02
viii.(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 (g)	

* The matters for AY 1999-00 to AY 2008-09 are currently pending with Hon'ble Punjab & Haryana High Court. The remaining years are pending disposal at the CIT (Appeals) level. The Tax department had originally raised a demand of Rs.734.81 lacs on the disallowances made for AY 1999-00 to 2011-12.

** The penalty matters for AY 2002-03 to 2005-06 are currently pending with the Hon'ble Income Tax Appellate Tribunal, Amritsar. The remaining years AY 1992-93, AY 1993-94 and AY 2009-10 are pending disposal at the CIT (Appeals) level.

Note:

- Guarantees given by the Company on behalf of subsidiaries are not considered as prejudicial to the interest of the Company as it provides opportunities for growth and increase in operations.
- 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.
- 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.
- 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. 6,546.87 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.
- On an inspection carried out by the Ministry of Corporate Affairs in the year 2006, certain technical offences were alleged by the Inspection Officer based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petitions against the prosecution proceedings with the Hon'ble High Court of Punjab & Haryana. The High Court stayed the proceedings and listed the case for arguments. The amount of liability/fine or penalty on account of the above is currently unascertainable.
- 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.
- Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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)
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). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.			

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

S.No.	Assessment Year	Brief Description	Pending Before
		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. The CIT(Appeals), vide order dated November 18, 2013, had quashed the assessment framed by the Assessing Officer, holding that the gain arising from sale of shares of HMTL be treated as long term capital gains and the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. As a consequence, the demand stood cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	

37. Derivative Instruments and Un hedged Foreign Currency Exposure

a) Particulars of forward contract

Particulars of Derivatives	As at March 31, 2014	As at March 31, 2013	Purpose
Forward Contracts (Buy) outstanding at Balance Sheet Date (in Lacs)	USD 8.18 (INR 499.89)	USD 8.08 (INR 441.60)	To hedge the liability against outstanding trade payables.
Forward Contracts (Sell) outstanding at Balance Sheet date (in Lacs)	USD 36.22 (INR 2,141.91) EURO 28.98 (INR 2,344.17) GBP 1.25 (INR 122.58)	USD 41.31 (INR 2,225.61) EURO 29.11 (INR 1,999.01) GBP 5.44 (INR 442.16)	To hedge the outstanding trade receivables.

b) Particulars of Unhedged Foreign Currency Exposure

Particulars	As at March 31, 2014			As at March 31, 2013		
	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)	1.71	84.35	144.24	1.59	70.39	111.92
Import trade payables (GBP)	-	-	-	0.84	83.34	70.01
Import trade payables (USD)	23.60	61.05	1,440.78	8.09	54.67	442.28
Export trade receivables (USD)	12.79	59.14	756.40	11.45	53.88	616.93
Export trade receivables (EURO)	16.84	80.89	1,362.19	6.09	68.68	418.26
Export trade receivables (GBP)	4.22	97.77	412.59	2.13	81.28	173.13
Investments	-	-	4,270.94	-	-	4,270.94

38.0 Value of Imports calculated on CIF Basis

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw materials	9,858.23	10,498.84
Components and spares parts	301.44	445.51
Capital goods	246.17	299.12
	10,405.84	11,243.47

39.0 Expenditure in Foreign Currency

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Legal and professional	628.07	471.73
Salary	112.07	112.72
Commission	231.51	84.76
Others	301.86	323.49
Total	1,273.51	992.70

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

40.0 Details of loans and advances to firms / companies As required under clause 32 of the listing agreement

Name	As at March 31, 2014		As at March 31, 2013	
	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
Alps Hospital Limited	800.00	800.00	800.00	1,500.00
Max Speciality Films Limited	2,500.00	2,500.00	-	-

41.0 Imported and Indigenous raw materials and spare parts consumed

Materials	For the year ended March 31, 2014		For the year ended March 31, 2013	
	% of Consumption	Value (Rs. in Lacs)	% of Consumption	Value (Rs. in Lacs)
Raw Materials				
- Imported	20.48	10,824.83	22.49	11,577.26
- Indigenous	79.52	42,021.31	77.51	39,989.98
	100.00	52,846.14	100.00	51,567.24
Store and Spares				
- Imported	22.83	151.43	31.65	251.01
- Indigenous	77.17	511.90	68.35	542.15
	100.00	663.33	100.00	793.16

42.0 Earnings in Foreign Currency (Accrual Basis)

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Exports on FOB basis	26,051.42	23,773.35
Total	26,051.42	23,773.35

43.0 Consequent to the approval of the Board of the Directors of the Company on May 29, 2013, to re-structure Max Speciality Films Division ('MSF Division'), the Company has transferred the MSF Division as a going concern and on a slump sale basis to its 99% owned subsidiary, Max Speciality Films Limited on April 1, 2014.

44.0 During the year, the Company has recovered on cost basis expenses amounting to Rs. 1,089.00 Lacs incurred by it for providing functional support to its subsidiaries.

45.0 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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

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

Rahul Khosla
(Managing Director)

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

Rahul Ahuja
(Group Financial Controller)

V. Krishnan
(Company Secretary)

Place : Gurgaon
Date : May 28, 2014

Place : New Delhi
Date : May 28, 2014

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 31.03.2014 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.	31.03.2014	138,16,21,014 Equity Shares of Rs. 10 each	71.05%	30,971.77	3,814.09	NIL	NIL	Not Applicable
Max Bupa Health Insurance Company Ltd.	31.03.2014	49,50,60,000 Equity Shares of Rs. 10 each	74.00%	(9,832.48)	(29,158.48)	NIL	NIL	Not Applicable
Max Healthcare Institute Ltd.	31.03.2014	28,13,92,766 Equity Shares of Rs. 10 each	65.86%	(2,130.57)	(14,296.69)	NIL	NIL	Not Applicable
Max Medical Services Ltd. (Note 1)	31.03.2014	3,41,42,535 Equity Shares of Rs. 10 each	65.86%	-	(2,832.38)	NIL	NIL	Not Applicable
Alps Hospital Ltd. (Note 2)	31.03.2014	24,50,000 Equity Shares of Rs. 10 each	65.86%	(55.98)	(2,732.52)	NIL	NIL	Not Applicable
Hometrail Estate Pvt. Ltd. (Note 1)	31.03.2014	1,24,10,000 Equity Shares of Rs. 10 each	65.86%	(435.65)	(2,402.47)	NIL	NIL	Not Applicable
Hometrail Buildtech Pvt. Ltd. (Note 1)	31.03.2014	11,01,000 Equity Shares of Rs. 10 each	65.86%	(1,627.46)	(2,639.80)	NIL	NIL	Not Applicable
Antara Senior Living Ltd.	31.03.2014	800,000 Equity Shares of Rs. 10 each	100.00%	(847.86)	(171.38)	NIL	NIL	Not Applicable
Antara Purukul Senior Living Ltd. (Note 3)	31.03.2014	82,19,000 Equity Shares of Rs. 10 each	100.00%	(41.50)	3.44	NIL	NIL	Not Applicable
Antara Gurgaon Senior Living Ltd. (Note 4)	31.03.2014	50,000 Equity Shares of Rs. 10 each	100.00%	(0.32)	NA	NIL	NIL	Not Applicable
Max Neeman Medical International Ltd.	31.03.2014	41,66,813 Equity Shares of Rs. 10 each	100.00%	(198.96)	(135.73)	NIL	NIL	Not Applicable
Max One Distribution and Services Ltd. (Note 5)	31.03.2014	20,00,000 Equity Shares of Rs. 10 each	100.00%	(172.53)	NA	NIL	NIL	Not Applicable
Pharmax Corporation Ltd.	31.03.2014	4,71,22,747 Equity Shares of Rs. 1 each	85.21%	151.16	240.10	NIL	NIL	Not Applicable
Max Ateev Ltd.	31.03.2014	3,14,43,600 Equity Shares of Rs. 10 each	100.00%	(1.44)	(3,822.23)	NIL	NIL	Not Applicable
Max Healthstaff International Ltd.	31.03.2014	3,945,000 Equity Shares of Rs. 10 each	100.00%	(17.11)	(2,271.50)	NIL	NIL	Not Applicable
Max Speciality Films Ltd. (Note 6)	31.03.2014	49,500 Equity Shares of Rs. 10 each	99.00%	(6.25)	NA	NIL	NIL	Not Applicable
Overseas:								
Neeman Medical International B.V.	31.03.2014	2,361 Ordinary Shares of Euro 500 each	100.00%	(1.87)	(1,363.78)	NIL	NIL	Not Applicable
Neeman Medical International N.V. (Note 7)	31.03.2014	125 Ordinary Shares of Euro 500 each	100.00%	2.26	(12,107.87)	NIL	NIL	Not Applicable
Max Neeman Medical International Inc., USA (Note 8)	31.03.2014	325 Shares having no par value (Note 8)	100.00%	13.54	(3,572.14)	NIL	NIL	Not Applicable
Max UK Ltd., UK	31.03.2014	2,99,742 Ordinary Shares of GBP 1 each	100.00%	9.00	(129.79)	NIL	NIL	Not Applicable

Notes:

1. Held through Max Healthcare Institute Limited
2. Held through Max Medical Services Limited
3. Held through Antara Senior Living Limited
4. Held through Antara Senior Living Limited, subsidiary w.e.f. November 5, 2012
5. Held through Max Neeman Medical International Limited, Subsidiary w.e.f. September 30, 2013
6. Subsidiary w.e.f. May 30, 2013. 1% held through Pharmax Corporation Limited
7. Held through Neeman Medical International BV, Netherlands
8. Held through Neeman Medical International NV, Netherlands

New Delhi
August 13, 2014

For and on behalf of the Board of Directors

Analjit Singh
Chairman



**MAX INDIA LIMITED
CONSOLIDATED**



INDEPENDENT AUDITOR'S 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 and joint ventures, which comprise the consolidated Balance Sheet as at March 31, 2014, 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, 2014;
- (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 Matters:

- 1) We did not audit total assets of Rs. 65,792 lacs as at March 31, 2014, total revenues of Rs. 26,405 Lacs and net cash out flows amounting to Rs. 1,772 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 relates 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.
- 2) We did not audit total assets of Rs. 1,160 Lacs as at March 31, 2014, total revenues of Rs. 25 Lacs and net cash outflows amounting to Rs. 22 Lacs for the year then ended, included in the accompanying consolidated financial statements in respect of joint venture, whose financial statements and other financial information have been unaudited and based on management certified accounts. Our opinion, in so far as it relates to the affairs of such joint venture is based solely on the management certified accounts. Our opinion is not qualified in respect of this matter.
- 3) The auditors of Max Life Insurance Company Limited ('MLIC') and Max Bupa Health Insurance Company Limited ('Max Bupa'), subsidiary companies, have reported that the actuarial valuation of liabilities of MLIC and Max Bupa for policies in force is the responsibility of MLIC and Max Bupa's Appointed Actuaries ('the appointed actuary'). The actuarial valuation of these liabilities for policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2014 has been duly certified by the appointed actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority (IRDA) and the Institute of Actuaries of India in concurrence with IRDA. MLIC and Max Bupa auditors have relied on the appointed actuary's certificate in this regard for forming their opinion on the valuation of liabilities for policies in force and for policies, in respect of which premium have been discontinued but liability exists on financial statements of MLIC and Max Bupa.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Manoj Kumar Gupta

Partner

Membership Number: 83906

Place of Signature: Gurgaon

Date: May 28, 2014

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2014

		(Rs. in Lacs)	
	Notes	As at March 31, 2014	As at March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	4	5,324.55	5,310.41
Reserves and surplus	5	293,087.15	284,974.57
		298,411.70	290,284.98
Preference shares	6	6,546.87	12,500.00
Minority interest		82,052.89	73,496.64
Non-current liabilities			
Long-term borrowings	7	43,534.63	37,820.27
Deferred tax liabilities (net)	8	1,477.78	1,902.48
Trade payables	9	6,281.05	7,170.52
Other long-term liabilities	9	7,743.15	5,134.05
Long-term provisions	10	7,760.46	9,764.62
Policyholders' liabilities	11	1,898,059.49	1,605,528.73
Funds for future appropriations - participating policies		99,863.81	67,872.33
		2,064,720.37	1,735,193.00
Current liabilities			
Short-term borrowings	12	21,616.26	21,195.72
Trade payables	13	87,304.53	80,546.82
Other current liabilities	13	55,369.38	65,445.57
Short-term provisions	10	28,543.48	24,930.83
Policyholders' liabilities	11	267,172.97	168,806.42
		460,006.62	360,925.36
TOTAL		2,911,738.45	2,472,399.99
Assets			
Non-current assets			
Fixed assets			
Tangible assets	14	120,271.20	120,078.14
Intangible assets	15	7,555.65	6,789.91
Capital work-in- progress		20,756.45	8,374.81
Intangible assets under development		865.98	854.00
Goodwill on consolidation		31,418.86	32,867.21
Non-current investments	16	2,311,058.93	1,888,056.37
Long-term loans and advances	17	39,685.88	33,067.16
Trade receivables	18	4,158.63	8,461.38
Other non-current assets	19	760.66	23.19
		2,536,532.24	2,098,572.17
Current assets			
Current investments	20	202,300.41	221,068.91
Fixed assets held for sale	14	-	117.04
Inventories	21	8,147.48	6,132.95
Trade receivables	18	65,812.68	64,775.10
Cash and bank balances	22	39,446.52	36,210.51
Short-term loans and advances	17	22,395.34	15,715.54
Other current assets	19	37,103.78	29,807.76
		375,206.21	373,827.81
TOTAL		2,911,738.45	2,472,399.99
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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

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

Rahul Khosla
(Managing Director)

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

Rahul Ahuja
(Group Financial Controller)

V. Krishnan
(Company Secretary)

Place : Gurgaon
Date : May 28, 2014

Place : New Delhi
Date : May 28, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

		(Rs. in Lacs)	
	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Income			
Revenue from operations (gross)	23	1,168,094.05	1,061,584.73
Less: excise duty		5,460.62	5,386.20
Revenue from operations (net)		1,162,633.43	1,056,198.53
Other income	24	5,692.64	6,162.78
Total revenue (I)		1,168,326.07	1,062,361.31
Expenses			
Cost of raw materials consumed	25	52,846.14	51,567.24
Purchase of pharmacy and pharmaceuticals supplies		32,720.34	28,888.87
(Increase)/ decrease in inventories of work-in-progress, finished goods and traded goods	26	(376.27)	(59.86)
Change in policy reserves	27	422,888.79	305,074.94
Employee benefits expense	28	95,678.80	88,005.35
Other expenses	29	514,008.60	467,621.61
Depreciation and amortisation	30	13,790.84	13,679.47
Finance costs	31	9,321.00	8,445.37
Total expenses (II)		1,140,878.24	963,222.99
Profit before tax		27,447.83	99,138.32
Tax expense			
Current tax		6,924.56	18,041.22
Less: MAT Credit Entitlement		-	(3,802.02)
Less: Tax related to previous years (refer note 40)		-	(771.50)
Deferred tax		(424.71)	717.54
Total tax expense		6,499.85	14,185.24
Profit after tax		20,947.98	84,953.08
Minority Interest		(7,002.53)	(6,540.76)
Profit after tax (after adjusting minority interest)		13,945.45	78,412.32
Earnings per equity share	32		
[Nominal value of shares Rs.2 (Previous year Rs.2)]			
Basic (Rs.)		5.21	29.48
Diluted (Rs.)		5.18	29.29
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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

per Manoj Kumar Gupta
 Partner
 Membership Number: 83906

Rahul Khosla
 (Managing Director)

N. C. Singhal
 (Director)

Ashwani Windlass
 (Director)

Rahul Ahuja
 (Group Financial Controller)

V. Krishnan
 (Company Secretary)

Place : Gurgaon
 Date : May 28, 2014

Place : New Delhi
 Date : May 28, 2014

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flow from operating activities		
Net Profit / (loss) before tax	27,447.83	99,138.32
Non cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation / amortisation	13,790.84	13,679.47
Interest expense	7,760.03	6,897.85
Interest income	(122,686.18)	(98,764.20)
Amortisation of discount/(premium) on investments	(5,464.70)	(7,750.42)
Dividend income from investments	(12,387.38)	(9,105.93)
Net (profit) / loss on sale of fixed assets	318.34	92.74
Net (profit) / loss on sale of investments	(30,731.38)	(111,069.79)
Unrealised (gain) / loss on investments	(77,707.52)	(12,775.60)
Fixed assets written off	-	90.86
Stock written off	-	27.74
Doubtful advances written off	119.43	114.83
Provision for doubtful debts and advances	418.42	684.94
Goodwill written off	-	528.75
Liability/ provisions no longer required written back	(99.14)	(265.19)
Employee stock option expense	2,567.05	953.16
Unrealised foreign exchange (gain) / loss	(12.55)	(20.48)
Change in policyholder reserves	422,888.79	305,074.94
Change in reserves for unexpired risk	5,911.38	5,394.76
Operating profit before working capital changes	232,133.26	192,926.75
Movement in working capital :		
Increase/ (decrease) in long-term trade payables	(889.47)	939.86
Increase/ (decrease) in short-term trade payables	6,856.84	2,797.55
Increase/ (decrease) in long-term provisions	33.22	452.69
Increase/ (decrease) in short-term provisions	724.05	19,459.96
Increase/ (decrease) in other current liabilities	(5,634.39)	10,882.63
Increase/ (decrease) in other long-term liabilities	2,609.10	2,781.81
Decrease / (increase) in long-term trade receivables	4,302.75	163.08
Decrease / (increase) in short-term trade receivables	(1,110.87)	(15,218.87)
Decrease / (increase) in inventories	(2,014.53)	183.04
Decrease / (increase) in long-term loans and advances	(4,165.23)	(7,168.05)
Decrease / (increase) in short-term loans and advances	(6,596.65)	(2,186.93)
Decrease / (increase) in other current assets	(586.63)	213.79
Cash generated from/(used in) operations	225,661.45	206,227.31
Direct taxes paid (net of refunds)	(7,878.04)	(17,496.18)
Net cash flow from /(used in) operating activities (A)	217,783.41	188,731.13
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(30,722.40)	(25,873.93)
Proceeds from sale of fixed assets	223.58	772.52
Purchase of investments in subsidiary	(21.19)	(35,204.20)
Proceeds from investments in subsidiary	-	98,444.98
Proceeds from investments in joint venture	-	820.36
Purchase of investments	(15,043,777.26)	(6,581,424.18)
Proceeds from sale of investments	14,753,446.81	6,259,048.98
Investment in deposits (having original maturity of more than three months) and margin money	-	(10,722.05)
Redemption in deposits (having original maturity of more than three months) and margin money	320.71	14,093.30
Interest received	115,976.79	91,318.04
Dividend received	12,387.38	9,105.93
Net cash flow from /(used in) investing activities (B)	(192,165.58)	(179,620.25)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flow from financing activities		
Issue of shares by subsidiary to minority	7,849.78	3,952.00
ESOPs exercised	14.14	19.03
Share issue expenses	(53.00)	-
Proceeds from long -term borrowings	10,742.27	6,678.84
Repayment of long -term borrowings	(8,610.62)	(7,091.25)
Net proceeds from short -term borrowings	420.54	13,103.21
Interest paid	(7,824.03)	(6,885.04)
Dividend paid on equity shares	(10,637.88)	(26,552.02)
Dividend paid to minority shareholders	(8,333.44)	-
Tax on equity dividend paid	(4,891.40)	(5,240.06)
Net cash flow from / (used in) financing activities (C)	(21,323.64)	(22,015.29)
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	4,294.19	(12,904.41)
Cash and cash equivalents at the beginning of the year	34,038.72	46,943.13
Cash and cash equivalents at the end of the year	38,332.91	34,038.72
Components of cash and cash equivalent		(Rs. in Lacs)
	As at March 31, 2014	As at March 31, 2013
Cash on hand	1,488.98	1,708.77
Cheques/drafts on hand	6,503.45	5,264.31
With banks -		
on current account	29,858.85	25,688.96
on deposit account	-	1,000.00
on cash credit accounts	-	72.50
on dividend accounts*	144.23	107.39
on escrow accounts**	287.00	188.74
Stamps in hand	50.40	8.05
Total cash and cash equivalents	38,332.91	34,038.72

*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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

Place : Gurgaon
Date : May 28, 2014

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

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

Place : New Delhi
Date : May 28, 2014

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

V. Krishnan
(Company Secretary)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs, 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) read with General Circular 15/2013 dated 13 September 2013 and General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs, 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, 2014	Proportion of ownership as at March 31, 2013
1	Max Life Insurance Company Limited	India	71.05%	71.05%
2	Max Healthcare Institute Limited	India	65.86%	71.17%
3	Max Medical Services Limited (i)	India	100.00%	100.00%
4	Hometrail Estate Private Limited (i)	India	100.00%	100.00%
5	Hometrail Buildtech Private Limited (i)	India	100.00%	100.00%
6	Alps Hospital Limited (ii)	India	100.00%	100.00%
7	Max Bupa Health Insurance Company Limited	India	74.00%	74.00%
8	Pharmax Corporation Limited	India	85.21%	85.20%
9	Max Ateev Limited	India	100.00%	100.00%
10	Max HealthStaff International Limited	India	100.00%	100.00%
11	Max Speciality Films Limited (iii)	India	99.00%	-
12	Max Neeman Medical International Limited	India	100.00%	100.00%
13	Max One Distribution and Services Limited (iv)	India	100.00%	-
14	Antara Senior Living Limited	India	100.00%	100.00%
15	Antara Purukul Senior Living Limited (v)	India	100.00%	100.00%
16	Antara Gurgaon Senior Living Limited (vi)	India	100.00%	-
17	Neeman Medical International BV	Netherlands	100.00%	100.00%
18	Neeman Medical International NV (vii)	Netherlands	100.00%	100.00%
19	Max Neeman Medical International Inc.(viii)	United States of America	100.00%	100.00%
20	Max UK Limited	United Kingdom	100.00%	100.00%

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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, 2014	Proportion of ownership as at March 31, 2013
I	Forum I Aviation Limited (ix)	India	16.67%	14.29%

Notes:

- (i) Held through Max Healthcare Institute Limited
- (ii) Held through Max Medical Services Limited
- (iii) Subsidiary w.e.f. May 30, 2013. 1% held through Pharmax Corporation Limited
- (iv) Held through Max Neeman Medical International Limited, Subsidiary w.e.f. September 30, 2013
- (v) Held through Antara Senior Living Limited
- (vi) Held through Antara Senior Living Limited, subsidiary w.e.f. November 5, 2012
- (vii) Held through Neeman Medical International BV, Netherlands
- (viii) Held through Neeman Medical International NV, Netherlands
- (ix) Joint Venture of Pharmax Corporation Limited

3. Summary of significant accounting policies

3.1 Change in accounting policy

Valuation of Investments

Max Life Insurance Company Limited (MLIC), used to value listed shares at fair value, being lowest of last quoted closing price on National Stock Exchange (NSE) or BSE Ltd (BSE). In accordance with IRDA circular No IRDA/F&I/INV/CIR/213/11/2013 dated October 30, 2013, MLIC has changed its accounting policy for valuation of listed shares. In accordance with the revised policy, MLIC values 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 Ltd (BSE).

Had the group continued to use the earlier policy for valuation of listed shares, the linked policy liabilities would have been lower by Rs. 752.37 Lacs, fair value change account for non linked policyholder and shareholder would have been lower by Rs. 54.00 Lacs and Rs. 18.45 Lacs respectively and the value of listed shares would have been lower by Rs. 824.82 Lacs. This has no impact on statement of profit and loss.

Dividend Income

Max Life Insurance Company Limited (MLIC), used to recognize dividend income for linked business, when the right to receive dividend is established. The Company has changed its accounting policy for recognition of dividend income for linked business during the year. In accordance with the revised policy, dividend income, in respect of linked business, is recognised on the ex-dividend date.

Had the group continued to use the earlier policy for valuation for recognition of dividend income, the dividend income for the year would have been lower by Rs 37.02 Lacs. This has no impact on statement of profit and loss.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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
- the availability of adequate resources to complete the development and to use the asset
- 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

When the grant or subsidy relates a 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

Other businesses:

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 as amended 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, and redeemable preference shares are considered as 'held to maturity' and measured at historical cost subject to amortization. The premium/discount, if any, on purchase of debt securities including money market instruments is recognized and amortized in the revenue account/profit and loss account, 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 the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the BSE Ltd (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.

Rights are valued at fair value, being last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on Bombay Stock Exchange (BSE). Unlisted rights are valued at a price computed as a difference between offer price and valuation price of the parent security.

Reverse repos are valued at cost. 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 Ltd (CRISIL). Debt securities other than Government Securities are valued on the basis of values generated by bond valuer based on matrix released by the CRISIL Limited 'CRISIL' on daily basis.

Listed shares are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the BSE Ltd (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.

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FOR THE YEAR ENDED MARCH 31, 2014

Reverse repos are valued at cost. 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.

Rights are valued at fair value, last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on Bombay Stock Exchange (BSE). Unlisted rights are valued at a price computed as a difference between offer price and valuation price of the parent security.

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. Transfers of investments between unit linked funds are effected at prevailing market price. No transfer of assets (investments) between different policyholders' funds shall be allowed.

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 amortized cost/acquisition cost in case of debt/equity securities of such investment is reduced to its fair value and the impairment loss is recognised in the Revenue/Profit and Loss account. However, at the Balance Sheet date if there is any indication among debt securities, that a previously recognized 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 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.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 when due in accordance with the terms and conditions mentioned in the policies.

Income earned on investments

Other than Linked Business

Interest income from investments is recognized on accrual basis. Amortization of premium/accretion of discount on debt securities including money market instruments is recognized over the maturity period on its intrinsic yield. Dividend income is recognized when the right to receive dividend is established. Realized gains/loss on debt securities is the difference between the sale consideration and the amortized cost computed on weighted average basis on the date of sale. Sale consideration for the purpose of realized 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, the profit/loss on actual sale of investment includes the accumulated changes in the fair value, previously recognized under "Fair Value Change Account". Unrealized gains/losses due to change in fair value of listed equity shares and mutual fund units are credited / debited to the 'Fair Value Change Account'.

Linked Business

Interest income from investments is recognized on an accrual basis. Amortization of premium/accretion of discount on debt securities with a residual maturity upto 182 days and money market instruments is recognized uniformly over the remaining maturity period. Dividend income is recognized on the ex-dividend date.

Realized gain/loss 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 realized gain/loss excludes interest accrued till transaction settlement date and is net of brokerage and statutory levies, if any. Unrealized gains and losses are recognised in the respective fund's 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.

Commission on Reinsurance Premium

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

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.

NOTES TO FINANCIAL STATEMENTS

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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.

Export benefits

Export benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB), duty draw back and advance licence scheme are accounted for on accrual basis. Export benefits under DEPB & duty draw back are considered as other operating income.

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 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. 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.

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

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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 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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.

(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.

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FOR THE YEAR ENDED MARCH 31, 2014

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.

Liability 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. Liability, 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.

(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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(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, 2014	As at March 31, 2013
Authorised shares (Nos.)			
460,000,000 (March 31, 2013: 460,000,000) equity shares of Rs. 2/- each		9,200.00	9,200.00
800,000 (March 31, 2013: 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.)			
266,227,257 (March 31, 2013: 265,520,289) equity shares of Rs. 2/- each fully paid up		5,324.55	5,310.41
		5,324.55	5,310.41

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

	March 31, 2014		March 31, 2013	
	No. of shares	Rs. In Lacs	No. of shares	Rs. In Lacs
Equity Shares				
At the beginning of the year	265,520,289	5,310.41	264,569,110	5,291.38
Issued during the period - ESOP	706,968	14.14	951,179	19.03
Outstanding at the end of the year	266,227,257	5,324.55	265,520,289	5,310.41

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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, 2014		March 31, 2013	
	Face Value (Rs.)	Dividend per share	Face Value (Rs.)	Dividend per share
- Interim dividend	2.00	1.80	2.00	10.00
- Final dividend	2.00	1.80	2.00	2.20

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, 2014		March 31, 2013	
	No. of shares	% held	No. of shares	% held
Equity shares				
- Xenok Limited	24,079,700	9.05%	24,079,700	9.07%
- GS Mace Holdings Limited	17,196,381	6.46%	17,196,381	6.48%
- Reliance Capital Trustee Co. Ltd	14,051,763	5.28%	15,193,663	5.72%
- Maxopp Investments Limited	18,844,919	7.08%	18,844,919	7.10%
- Liquid Investment and Trading Company Pvt. Ltd	23,818,876	8.95%	23,185,244	8.73%
- Dynavest India Pvt. Ltd	14,931,167	5.61%	13,661,167	5.15%

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 33.

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 1,790,936 shares (March 31, 2013: 1,371,733 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

5. Reserves and surplus

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Capital Reserve	50.00	50.00
Closing Balance	50.00	50.00
Securities Premium Account		
Balance as per last financial statements	209,309.31	207,307.53
Add: transferred from stock option outstanding	1,508.95	2,001.78
Closing Balance	210,818.26	209,309.31
Employee Stock Option Outstanding		
Gross employee stock compensation for options granted in earlier years	2,654.81	10,807.10
Add : gross compensation for options issued during the year	943.39	1,509.14
Less : transferred to securities premium on exercise of stock options	(1,508.95)	(2,001.78)
Less : stock options forfeited during the year	(58.83)	(78.43)
Less : stock options reversed during the year	-	(7,581.22)
	2,030.42	2,654.81
Less: deferred employee stock compensation	963.80	1,177.11
Closing Balance	1,066.62	1,477.70
Foreign Currency Translation Reserve		
Balance as per last financial statements	(194.04)	(189.74)
Increase/(decrease) during the year	32.89	(4.30)
Closing Balance	(161.15)	(194.04)
General Reserve		
Balance as per last financial statements	14,045.69	7,891.69
Add: amount transferred from surplus balance in the statement of profit and loss	4,369.29	6,154.00
Closing Balance	18,414.98	14,045.69
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	60,285.91	27,715.26
Add : Profit for the year	13,945.45	78,412.32
Add : Adjustment for change in minority and cost of control	(194.24)	396.42
Add : Gain on dilution of controlling interest*	6,837.94	-
Add : Reversal of provision of dividend on preference shares on redemption	672.98	-
Add : Reversal of provision of tax on preference dividend	106.96	-
Less : Reversal of share of minority in provision of preference dividend	(203.06)	-
Less : Appropriations		
Interim dividend on equity shares (amount per share Rs. 1.80 (March 31, 2013: Rs. 10.00)	(4,787.27)	(26,552.02)
Proposed final dividend on equity shares (amount per share Rs. 1.80 (March 31, 2013: Rs. 2.20)	(4,792.09)	(5,841.46)
Final dividend of earlier year	(9.15)	-
Preference dividend	(130.94)	(250.00)
Corporate dividend tax	(4,517.06)	(7,524.37)
Transfer to General reserve	(4,369.29)	(6,154.00)
Share of minority interest in preference dividend	52.30	83.76
	(18,553.50)	(46,238.09)
Net Surplus in the statement of profit and loss	62,898.44	60,285.91
Total reserves and surplus	293,087.15	284,974.57

The Board of Directors at its meeting held on May 28, 2014, has recommended a final dividend @90% (i.e Rs. 1.80 per equity share having par value of Rs. 2/- each), aggregating Rs. 4,792.09 lacs, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

* During the year, International Finance Corporation and Life Healthcare (Pty) Limited has further invested in equity share capital of one of the subsidiary of the company, namely Max Healthcare Institute Limited resulting in dilution of the Company's holding from 71.17% to 65.86%. As a result of these transactions, the group has accounted for Rs. 6,837.94 Lacs as gain on dilution of controlling interest and accordingly goodwill of Rs. 1,365.24 Lacs has been derecognised.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

6. Preference shares

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
65,468,747 (March 31, 2013: 125,000,000), 2% cumulative partially convertible preference shares of Rs. 10/- each (issued by Max Healthcare Institute Limited, a subsidiary company)	6,546.87	12,500.00
	6,546.87	12,500.00

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

	March 31, 2014		March 31, 2013	
	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	125,000,000	12,500.00
Less: Converted during the year	(59,531,253)	(5,953.13)	-	-
Outstanding at the end of the year	65,468,747	6,546.87	125,000,000	12,500.00

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

654,687,470 preference shares outstanding in Max Healthcare Institute Limited (MHIL) represents 2% Cumulative Optionally Partially Convertible Preference Shares issued to International Finance Corporation, USA (IFC) on July 28, 2007 under a tripartite subscription agreement with Max India Limited, further amended by conversion and amendment agreement to subscription agreement dated September 30, 2013 as per terms and condition as stated below:-

- Dividend rate of 2% cumulative in nature is payable until date of redemption or date of purchase or conversion into equity shares, whichever is earlier. The earliest date of redemption or purchase is July 28, 2015 except in case of an equity issuance by MHIL.
- The preference shares have been issued to generate a 'Guaranteed internal rate of return' (GIRR) of 11.25% which is inclusive of 2% dividend rate and premium on redemption.
- The preference shareholders also have an option to convert a portion of preference shares into equity shares at fair market value, subject to a maximum of 7.5% equity stake in MHIL upon such conversion.
- The preference shareholders also have a put option which entitles them a right to exercise the option in respect of said preference shares on Max India Limited or any of its Affiliates starting July 28, 2015 or in case of an equity issuance by the company up to the extent of equity issuance by MHIL.

During the year, the MHIL has provided GIRR at 9.25% aggregating to Rs. 5,950.73 Lacs as at March 31, 2014 (March 31, 2013: Rs. 9,029.30 lacs) while dividend of 2% has been provided as preference dividend in the groups consolidated financial statements.

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

Name of the Shareholder	March 31, 2014		March 31, 2013	
	No. of shares	% held	No. of shares	% held
Cumulative Convertible Preference Shares of Rs. 10 each International Finance Corporation	65,468,747	100%	125,000,000	100%

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

7. Long term borrowings

	(Rs. in Lacs)			
	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Term Loans (Secured)				
From banks	9,397.60	9,784.68	2,409.97	2,289.49
From financial institutions	20,802.28	14,809.50	1,422.07	4,529.70
From non-banking financial companies	12,070.45	12,069.02	464.31	307.74
Deferred Payment Liabilities (Unsecured)				
Deferred Payment Liabilities	-	166.51	268.14	1,037.77
Financial Lease Obligation (Secured)	937.75	655.76	235.80	221.90
Vehicle Loans (Secured)	326.55	334.80	227.62	224.02
	43,534.63	37,820.27	5,027.91	8,610.62
The above amount includes				
Secured borrowings	43,534.63	37,653.76	4,759.77	7,572.85
Unsecured borrowings	-	166.51	268.14	1,037.77
Amount disclosed under the head "other current liabilities" (note 13)	-	-	(5,027.91)	(8,610.62)
	43,534.63	37,820.27	-	-

7.1 Term loans from banks

Max India Limited ("MIL")

- Term loan from Kotak Mahindra Bank Limited amounting to Rs. 1500.00 Lacs (March 31, 2013: Rs. 2,000.00 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) and immovable properties situated at Railmajra, Punjab and second pari passu charge on all existing and future current assets of MIL. 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. 3,553.50 Lacs (March 31, 2013: Rs. 4,738.01 Lacs) is secured by a first pari passu charge on the all movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) of the Company and first pari passu charge on immovable properties situated at Railmajra, Punjab. Further the loan is secured by a second pari passu charge on the current assets of MIL, both present and future. The loan is Repayable in 20 equal quarterly installment of Rs. 296.13 Lacs each commencing from April 1, 2012.
- Term loan from Yes Bank Limited amounting to Rs. 1,485.29 Lacs (March 31, 2013: Rs. 1,980.38 Lacs) is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) and immovable properties situated at Railmajra, Punjab and second pari passu charge on the current assets of MIL, both present and future. The Loan is repayable in 20 equal quarterly installment of Rs. 123.77 Lacs each commencing from April 1, 2012.

Max Healthcare Institute Limited ("MHIL")

Loan of Rs. 5,108.53 Lacs (March 31, 2013: Rs. 3,108.53 Lacs) from ICICI Bank Limited repayable in 36 quarterly instalments from June 2014 is secured by way of:

- Exclusive charge over the immovable property located at Shalimar Bagh.
- 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 MHIL.
- 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.
- First pari passu charge on the whole of movable fixed assets of Max Medical Services Limited (MMS).
- Pledge of MHIL's 26% shareholding in its subsidiary, namely MMS and pledge of MMS's 26% shareholding in Alps Hospital Limited.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

Forum I Aviation

Term loan from HDFC Bank Ltd amounting to Rs. 160.25 Lacs (March 31, 2013: Rs. 247.25 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.

7.2 Term loans from financial institutions

Max Healthcare Institute Limited ("MHIL")

- (i) Rs. 3,450.00 Lacs (March 31, 2013: Rs. 4,650.00 Lacs) from Export Import Bank of India repayable in 15 half yearly instalments from December 20, 2008.
- (ii) Rs. Nil (March 31, 2013: Rs. 2,629.20 Lacs) from Housing Developing Finance Corporation Limited repayable in 14 half yearly instalments from December 16, 2007.
- (iii) Rs. Nil (March 31, 2013: Rs. 4,560.00 Lacs) from Housing Developing Finance Corporation Limited repayable in 72 half yearly instalments from April 15, 2010.
- (iv) Rs. Nil (March 31, 2013: Rs. 7,500.00 Lacs) from Housing Developing Finance Corporation Limited repayable in 20 quarterly instalments from June 15, 2013.
- (v) Rs. 14,414.35 Lacs (March 31, 2013: Rs. Nil) from ICICI Bank Limited repayable in 36 quarterly installments from February, 2015.

The above loans are secured by following:

- (a) 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 MHIL and its subsidiaries namely Max Medical Services Limited .
- (b) First pari passu charge on all book debts, operating cash flows, receivables, revenue of what-so-ever nature and wherever arising of MHIL , present and future (subject to a prior charge in favour of working capital lenders restricted to working capital limits of Rs.7,500 Lacs in aggregate).
- (c) Pledge of MHIL's 26% shareholding in its subsidiary, namely MMS and pledge of MMS's 26% shareholding in Alps Hospital Limited.
- (d) The term loan at (i) above is secured by a Corporate guarantee by MIL.
- (e) The term loans at (i) & (v) above are secured by equitable mortgage of MHIL's immovable property at Plot no 1 , Press Enclave Road, Saket, New Delhi

Antara Purukul Senior Living Limited ("APSL")

Term Loan from Infrastructure Development Finance Company Limited of Rs. 4,360.00 Lacs (March 31, 2013: Rs. Nil) is repayable in 4 quarterly instalment commencing from June 15, 2016. The loan is secured by:

- (i) A first exclusive equitable mortgage of the immovable properties of APSL both present and future.
- (ii) A first exclusive charge by way of hypothecation of entire moveable property (excluding vehicles) of APSL both present and future including moveable plant and machinery, machinery spares, tools & accessories, furniture & fixtures and all other moveable properties of whatsoever nature.
- (iii) A first charge on entire cashflows, receivables, book debts and revenues of APSL of whatsoever nature (excluding pledge of Fixed Deposit Receipt of Rs. 620 lakhs (including accrued interest) in favour of HDFC Bank Ltd for securing bank guarantee in favor of Mussorie Dehradun Development Authority), and wherever arising both present and future.
- (iv) A first exclusive charge on the entire intangible assets of APSL including but not limited to goodwill and uncalled capital, both present and future.
- (v) A first exclusive charge by way of hypothecation/ mortgage/ assignment, as the case may be of - (i) all the rights, title, interest, benefits, claims and demands whatsoever of APSL in the Project Documents, duly acknowledged and consented by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; (ii) subject to Applicable Law, all the rights, title, interest, benefits, claims and demands whatsoever of the Company in the Clearances, and (iii) all the rights, title, interest, benefits, claims and demands whatsoever of APSL in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents.
- (vi) A first exclusive charge on the Escrow Account, Debt Service Reserve and any other reserve and other bank accounts of APSL wherever maintained.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

- (vii) Corporate guarantee by MIL which will come into effect if (i) APSL is not able to meet the projected numbers of leases or cash collections milestones as per its business plan submitted to the lender or (ii) APSL fails to maintain the Debt Service Reserve for ensuing one month's payment of interest and repayment principal amount of the loan.

7.3 Term loan from non-banking financial companies

Max Healthcare Institute Limited ("MHIL")

Term loan of Rs. 1,141.54 Lacs (March 31, 2013: Rs. 1,351.97 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. 5,753.02 Lacs (March 31, 2013: Rs. 5,523.72 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. 500.00 Lacs in aggregate).
 - (iv) First charge on all intangibles.
 - (v) Corporate guarantee by MHIL.
- b. Term loan from SREI Equipment Finance Private Limited of Rs. 286.42 Lacs (March 31, 2013: Rs. 338.03 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. 5,100.15 Lacs (March 31, 2013: Rs. 4,863.72 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 MHIL.
- b. Term loan from SREI Equipment Finance Private Limited of Rs. 253.63 Lacs (March 31, 2013: Rs. 299.32 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 foreign vendors for acquisition of capital assets over 31 to 35 months.

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

7.6 Vehicle Loan

Vehicle Loans Rs. 554.17 Lacs (March 31, 2013 Rs. 558.82 Lacs) are secured by way of hypothecation of respective vehicles. The loans are repayable in 1 to 5 Years.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

8. Deferred tax liabilities

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	2,899.09	4,112.68
Gross deferred tax liability	2,899.09	4,112.68
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	519.97	485.54
Provision for diminution in value of investments	-	313.90
Provision for doubtful debts and advances	15.41	1,410.76
Unabsorbed depreciation	885.93	-
Gross deferred tax assets	1,421.31	2,210.20
Net deferred tax liability	1,477.78	1,902.48

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.

9. Other long term liabilities

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Trade payables	6,281.05	7,170.52
Other liabilities		
Advances from policyholders	5,179.98	3,211.35
Advances from customers	1,052.02	-
Lease equalisation reserve	1,511.15	1,922.70
	7,743.15	5,134.05
	14,024.20	12,304.57

10. Provisions

	(Rs. in Lacs)			
	Long - term		Short - term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits				
Provision for leave benefits	-	-	3,991.48	3,537.69
Provision for gratuity (note 28.1)	753.11	721.74	680.28	295.52
Provision for employee stock options	15.43	13.58	35.59	150.10
Other provisions				
Provision for reserve for unexpired risk	-	-	16,636.42	10,725.04
Provision for guaranteed IRR on CCPS (note 6.2)	5,964.91	9,029.30	-	-
Provision for dividend on preference shares (note 6.2)	877.82	-	-	1,419.86
Proposed final dividend	-	-	4,792.09	5,841.46
Corporate dividend tax	149.19	-	2,313.50	2,943.99
Provision for income tax (net of advance tax)	-	-	84.07	7.91
Provision for wealth tax	-	-	10.05	9.26
	7,760.46	9,764.62	28,543.48	24,930.83

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

11. Policyholders' liabilities

	(Rs. in Lacs)			
	Non Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Opening balance	1,605,528.73	1,376,165.26	168,806.42	113,250.30
Add : Change in valuation of liability against life policies in force (net)	292,530.76	229,363.47	59,264.48	25,927.81
Add : Policyholder bonus provided	-	-	39,102.07	29,628.31
Closing balance	1,898,059.49	1,605,528.73	267,172.97	168,806.42

12. Short term borrowings

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Loans repayable on demand		
Cash credit from banks (secured)	15,916.26	10,584.36
Short term loan from banks (unsecured)	5,700.00	10,000.00
Deposits		
Inter-corporate deposits repayable on demand (unsecured)	-	611.36
	21,616.26	21,195.72
The above amount includes		
Secured borrowings	15,916.26	10,584.36
Unsecured borrowings	5,700.00	10,611.36
	21,616.26	21,195.72

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, 2014	As at March 31, 2013
Trade payables	87,304.53	80,546.82
Other liabilities		
Current maturities of long-term borrowings (note 7)	4,792.11	8,388.72
Current maturity of finance lease obligation (note 7)	235.80	221.90
Interest accrued but not due on borrowings	96.26	160.26
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	144.23	107.39
Advance from customers and policyholders	20,386.34	15,791.29
Claims outstanding (includes claims pending investigation)	4,654.97	3,823.89
Unclaimed amount - policyholders	15,673.96	13,710.56
Payable to policyholder	30.65	11,981.54
Other liabilities		
Security deposit received	286.53	246.27
Statutory dues payable	5,726.21	6,446.02
Unexpired discount on forward contracts	47.43	37.85
Capital creditors	2,707.21	3,502.30
Concessional fee payable	307.99	142.92
Contractual obligations of others	97.99	149.66
Lease equalisation reserve	181.70	33.00
Others	-	702.00
	55,369.38	65,445.57
	142,673.91	145,992.39

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 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	-	-	(20.08)	(668.80)	(843.19)	(1,088.34)	(1,280.79)	(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	35,327.15	19,805.32	81,207.56	7,952.32	22,124.32	2,116.71	178,483.53
Additions	2,523.79	-	363.72	1,381.06	3,098.40	634.03	2,795.56	635.69	11,432.25
Deletions/ Adjustments	-	-	56.79	(374.25)	(1,238.94)	(184.22)	(1,310.93)	(383.39)	(3,434.94)
At 31 March 2014	6,216.32	6,257.62	35,747.66	20,812.13	83,067.02	8,402.13	23,608.95	2,369.01	186,480.84
Depreciation									
At April 1 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	-	-	(4.16)	(391.27)	(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	-	-	2,843.01	11,062.75	23,828.61	3,548.85	16,492.91	629.26	58,405.39
Charge for the year	-	-	707.97	1,483.77	5,485.43	931.15	1,865.70	327.00	10,801.02
Deletions/ Adjustments	-	-	8.01	(163.70)	(1,276.25)	(134.70)	(1,218.18)	(211.95)	(2,996.77)
At 31 March 2014	-	-	3,558.99	12,382.82	28,037.79	4,345.30	17,140.43	744.31	66,209.64
Net Block									
At 31 March 2013	3,692.53	6,257.62	32,484.14	8,742.57	57,378.95	4,403.47	5,631.41	1,487.45	120,078.14
At 31 March 2014	6,216.32	6,257.62	32,188.67	8,429.31	55,029.23	4,056.83	6,468.52	1,624.70	120,271.20

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, 2013: 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, 2013: Rs 1.82 Lacs).

- 14.2** The borrowing cost capitalised during the year ended March 31, 2014 was Rs. Nil (March 31, 2013: Rs. 117.00 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

14.3 The following assets given on an operating lease:

	(Rs. in Lacs)							
	Building		Plant & Equipment		Furniture & Fixtures		Office Equipment	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Gross Block	361.54	354.78	9,808.28	9,907.53	374.00	396.00	304.00	418.00
Depreciation charge for the year	5.86	5.73	688.70	662.51	22.00	21.00	25.00	24.00
Accumulated depreciation	64.27	58.41	3,855.99	3,246.09	205.00	202.00	155.00	240.00
Net book value	297.27	296.37	5,952.29	6,661.44	169.00	194.00	149.00	178.00

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

	(Rs. in Lacs)	
	March 31, 2014	March 31, 2013
Gross Block	1,958.35	1,440.35
Depreciation charge for the year	108.00	93.78
Accumulated depreciation	231.46	124.46
Net book value	1,726.89	1,315.89

15. Intangible Assets

	(Rs. in Lacs)		
	Technical Know how	Computer Software	Total
Gross Block			
At April 1 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
Additions	-	3,765.00	3,765.00
Deletions/ Adjustments	-	(100.32)	(100.32)
At 31 March 2014	57.29	23,498.96	23,556.25
Amortization			
At April 1 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
Charge for the year	-	2,989.82	2,989.82
Deletions/ Adjustments	-	(90.88)	(90.88)
At 31 March 2014	57.29	15,943.31	16,000.60
Net Block			
At 31 March 2013	-	6,789.91	6,789.91
At 31 March 2014	-	7,555.65	7,555.65

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

16. Non- current investments

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Non-trade investments (valued at cost unless stated otherwise)		
Life Insurance Business:		
Equity instruments (quoted)	719,207.18	652,050.75
Preference shares (quoted)	101.75	-
Bonds (quoted)	149,380.74	147,376.03
Government and trust securities(quoted)	904,566.88	549,192.90
Term deposits (unquoted)	3,848.00	8,350.00
Investment in infrastructure & social sector (quoted)	374,830.72	389,145.87
Other approved securities (quoted)	148,883.05	133,126.66
	2,300,818.32	1,879,242.21
Health Insurance Business:		
Bonds(quoted)	1,501.24	1,998.56
Government and trust securities(quoted)	8,203.49	3,423.35
Term deposits (unquoted)	37.07	1,892.89
Investment in infrastructure & social sector (quoted)	498.81	1,499.36
	10,240.61	8,814.16
	2,311,058.93	1,888,056.37
Aggregate amount of quoted investments (Market value: Rs. 2,266,642.20 Lacs; March 31, 2013: Rs. 1,881,672.13 Lacs)	2,307,173.86	1,877,813.48
Aggregate amount of unquoted investments	3,885.07	10,242.89

17. Loans and Advances

	(Rs. in Lacs)			
	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Capital Advances				
Unsecured, considered good	4,255.95	1,802.46	-	-
A	4,255.95	1,802.46	-	-
Security Deposits				
Unsecured, considered good	13,028.80	11,173.46	962.28	370.78
Doubtful	14.40	5.50	-	-
	13,043.20	11,178.96	962.28	370.78
Provision for doubtful security deposit	(14.40)	(5.50)	-	-
B	13,028.80	11,173.46	962.28	370.78
Advances recoverable in cash or in kind				
Unsecured, considered good	-	313.00	12,331.02	7,342.88
Doubtful	305.09	305.09	340.97	564.94
	305.09	618.09	12,671.99	7,907.82
Provision for Doubtful Advances	(305.09)	(305.09)	(340.97)	(564.94)
C	-	313.00	12,331.02	7,342.88
Intercompany deposits				
Unsecured, considered good	10,179.23	12,192.57	-	-
D	10,179.23	12,192.57	-	-
Loan to policyholders				
Secured, considered good	4,156.14	2,927.02	12.30	33.96
E	4,156.14	2,927.02	12.30	33.96
Other loans and advances (unsecured, considered good unless stated otherwise)				
Balances with statutory/government authorities	-	-	3,467.76	1,988.54
Prepaid Expenses	2,604.72	117.01	1,975.48	2,631.46
Loans to Employees	120.77	9.80	41.22	33.92
MAT Credit Entitlement	1,294.08	544.74	2,547.00	3,314.00
Advance income tax (net of provisions)	4,046.19	3,987.10	1,058.28	-
F	8,065.76	4,658.65	9,089.74	7,967.92
Total (A+B+C+D+E+F)	39,685.88	33,067.16	22,395.34	15,715.54

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

18. Trade Receivables

(Rs. in Lacs)				
	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
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	3,247.15	2,873.75
Doubtful	-	-	2,029.28	1,808.01
	-	4,047.38	5,276.43	4,681.76
Provision for doubtful receivables	-	-	(2,029.28)	(1,808.01)
A	-	4,047.38	3,247.15	2,873.75
Other receivables				
Unsecured, considered good	4,158.63	4,414.00	62,565.53	61,901.35
Doubtful	-	-	501.43	636.86
	4,158.63	4,414.00	63,066.96	62,538.21
Provision for doubtful receivables	-	-	(501.43)	(636.86)
B	4,158.63	4,414.00	62,565.53	61,901.35
Total (A+B)	4,158.63	8,461.38	65,812.68	64,775.10

19. Other Assets

(Rs. in Lacs)				
	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless stated otherwise Non-current bank balances (under note 22)				
Marginal money deposit	760.66	23.19	-	-
Others				
Interest accrued on fixed deposits	-	-	100.27	178.60
Interest accrued on investments	-	-	35,280.23	28,466.33
Interest accrued on loans	-	-	-	26.18
Unbilled revenue	-	-	683.55	564.61
Option fee receivable	-	-	526.91	397.66
Export benefits receivables	-	-	220.49	-
Forward Recoverable	-	-	292.33	174.38
	760.66	23.19	37,103.78	29,807.76

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

20. Current Investments

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Current investments		
Life Insurance Business:		
Investment in infrastructure & social sector (quoted)	14,857.40	18,775.27
Government and trust securities(quoted)	15,525.24	8,019.64
Bonds(quoted)	12,713.71	20,974.96
Term deposits (unquoted)	8,618.13	46,090.76
Unit in mutual funds (quoted)	33,482.70	23,439.16
Certificate of deposit (quoted)	53,952.29	11,743.94
Commercial paper (quoted)	-	4,935.93
Reverse Repo	7,000.89	9,983.37
Others	16,377.00	23,953.03
	162,527.36	167,916.06
Health Insurance Business:		
Investment in infrastructure & social sector (quoted)	4,484.92	2,495.44
Government and trust securities(quoted)	4,862.48	3,459.50
Bonds(quoted)	2,500.79	2,139.96
Term deposits (unquoted)	8,518.57	2,850.36
Other approved securities (quoted)	-	1,493.25
Unit in mutual funds (quoted)	1,233.80	2,350.37
Certificate of deposit (quoted)	1,845.40	2,372.56
	23,445.96	17,161.44
Other Business (valued at lower of cost and fair value, unless stated otherwise)		
Quoted equity instruments		
ICICI Bank Limited	0.65	0.65
250 (March 31, 2013: 250) equity shares of Rs.10 each fully paid up		
Unquoted mtual funds		
Max India Limited		
Birla Sunlife Cash Plus Direct Plan Growth		
912,418 (March 31, 2013: Nil) units of Face value Rs. 10/- per unit fully paid	1,875.00	-
Birla Cash Plus- Institutional Premium - Growth		
Nil (March 31, 2013: 4,207,161) units of Face value Rs. 1000/- per unit fully paid	-	7,402.37
DSP Blackrock Liquidity Fund - Institutional Plan Growth		
Nil (March 31, 2013: 393,770) units of Face value Rs. 1000/- per unit fully paid	-	6,190.86
ICICI Prudential Liquid Super Institutional Plan - Growth		
3,569,665 (March 31, 2013: 4,459,848) units of Face value Rs. 100/- per unit fully paid	5,801.97	7,248.83
JP Morgan India Liquid Fund Direct Plan Growth		
11,277,856 (March 31, 2013: Nil) units of Face value Rs. 10/- per unit fully paid	1,875.00	-
Kotak Liquid (Institutional Premium) - Growth		
62,118 (March 31, 2013: 337,103) units of Face value Rs. 1000/- per unit fully paid	1,384.12	7,511.39
L&T Liquid Fund Direct Plan Growth		
106,693 (March 31, 2013: Nil) units of Face value Rs. 1000/- per unit fully paid	1,875.00	-
Reliance Liquid Fund Treasury Plan Direct Growth		
60,026 (March 31, 2013: Nil) units of Face value Rs. 1000/- per unit fully paid	1,875.00	-
TATA Liquid Super High Inv. Fund - Appreciation		
Nil (March 31, 2013: 324,744) units of Face value Rs. 1000/- per unit fully paid	-	6,586.03
Pharmax Corporation Limited		
Tata Liquid Fund Direct Plan Growth		
2,388 (March 31, 2013: 32,257) units of Face value of Rs. 1000/- per unit fully paid	52.34	688.84
Max Neeman Medical International Limited		
Kotak Mahindra Mutual Fund		

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
275,873 (March 31, 2013 : 258,387) units of Rs. 10.0798 each	27.81	26.04
Forum I Aviation Limited		
<i>DSP BlackRock Liquidity Fund - Direct Plan - Growth</i>		
725,021 (March 31, 2013: 702,046) units of Rs. 10/- each	8.58	11.40
Antara Senior Living Limited		
<i>DSP BlackRock Liquidity Fund - Direct Plan - Growth</i>		
31,331 (March 31, 2013: 19,407) units of Rs. 1,000/- each	573.05	325.00
Antara Purukul Senior Living Limited		
<i>DSP BlackRock Liquidity Fund - Direct Plan - Growth</i>		
53,427 (March 31, 2013: Nil) units of Rs. 1,000/- each	978.57	-
	16,327.09	35,991.41
	202,300.41	221,068.91
Aggregate amount of quoted investments (Market value: Rs. 145,548.37 Lacs) March 31, 2013: Rs. 100,204.07 Lacs)	145,459.38	102,200.63
Aggregate amount of unquoted investments	56,841.03	118,868.28

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

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Raw materials (including stock in transit Rs. 1,069.13 Lacs (March 31, 2013: Rs. 24.67 Lacs))	3,174.00	1,753.83
Packing material	46.42	52.83
Stores and spares	1,663.46	1,438.96
Work in process	1,089.45	1,012.79
Finished goods (including in transit Rs. 518.72 Lacs (March 31, 2013: Rs. Nil))	654.64	243.78
Traded goods		
- Pharmacy and pharmaceuticals supplies	1,519.51	1,630.76
	8,147.48	6,132.95

22. Cash and Bank Balances

	(Rs. in Lacs)			
	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents				
Balances with banks				
on current accounts	-	-	29,858.85	25,688.96
on cash credit accounts	-	-	-	72.50
on dividend accounts	-	-	144.23	107.39
on escrow accounts	-	-	287.00	188.74
Deposits with original maturity of less than three months	-	-	-	1,000.00
Cheques/drafts on hand	-	-	6,503.45	5,264.31
Cash on hand	-	-	1,488.98	1,708.77
Stamps on hand	-	-	50.40	8.05
	-	-	38,332.91	34,038.72
Other Bank Balances				
Deposits with original maturity for more than 3 months but less than 12 months			481.57	437.13
Margin money deposits	760.66	23.19	632.04	1,734.66
	760.66	23.19	1,113.61	2,171.79
Amount of non current assets disclosed under other current assets (note 19)	760.66	23.19		
	-	-	39,446.52	36,210.51

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

Margin money deposits given as security

Rs. 5.27 Lacs (March 31, 2013: Rs. 2.75 Lacs) to secure bank guarantee given to sales tax authorities.

Rs. 397.52 Lacs (March 31, 2013: Rs. 366.86 Lacs) to secure debt service reserve a/c requirement of L & T Infrastructure Finance Company Limited./ IDFC Ltd

Rs. Nil (March 31, 2013: Rs. 420.00 Lacs) to secure short term borrowing from Yes Bank Limited.

Rs. 121.54 Lacs (March 31, 2013: Rs. 112.45 Lacs) to secure performance bank guarantee in favour of Government of Punjab.

Rs. 674.77 Lacs (March 31, 2013: Rs. 620.50 Lacs) to secure performance bank guarantee in favour of Government of Uttarakhand.

Rs. 48.40 Lacs (March 31, 2013: Rs. 46.00 Lacs) to secure performance bank guarantee issued to customer.

Rs. 100.74 Lacs (March 31, 2013: Rs. 174.28 Lacs) to secure letter of credit.

Rs. 44.46 Lacs (March 31, 2013: Rs. 5.00 Lacs) to secure performance bank guarantee in favour of Government Authorities

23. Revenue from operations

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of products		
Finished goods		
BOPP Film	78,246.52	76,263.03
Soft leather finishing foil	448.98	464.91
Traded goods		
Pharmacy and pharmaceuticals supplies	16,380.15	17,485.27
	95,075.65	94,213.21
Sale of services		
Life insurance premium (net)	721,135.64	656,970.84
Health insurance premium (net)	23,562.32	11,826.32
Healthcare services	75,927.63	56,359.38
Clinical research	2,070.44	2,334.73
Lease rentals	1,565.87	1,721.39
	824,261.90	729,212.66
Other Operating revenue		
Revenue from investment activities		
Dividend income	12,385.62	9,092.63
Interest income on		
Government securities	86,136.93	68,562.89
Bonds	31,742.97	24,635.09
Fixed deposits	2,258.07	2,085.87
Others	436.78	1,291.47
Amortisation of discount/(premium)	5,464.70	7,750.42
Profit on sale of investments	30,646.61	110,250.25
Unrealised gain on investments	77,707.52	12,775.60
Option fees	1,887.74	1,473.34
	248,666.94	237,917.56
Other		
Export benefits	89.56	241.30
Total Other operating revenue	248,756.50	238,158.86
Revenue from operations (gross)	1,168,094.05	1,061,584.73
Less: Excise duty	5,460.62	5,386.20
Revenue from operations (net)	1,162,633.43	1,056,198.53

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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. 5,460.62 Lacs (March 31, 2013: Rs. 5,386.20 Lacs) has been reduced from sales in statement of profit and loss and excise duty on (increase) / decrease in stock amounting to Rs. (14.12) Lacs (March 31, 2013: Rs. 24.89 Lacs) has been considered as expense in note 29 of financial statements.

24. Other Income

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Dividend income on current investment	1.76	13.30
Interest income on		
Loans to other healthcare service providers	1,363.76	1,508.06
Fixed deposits	417.78	225.95
Others	329.89	454.87
Profit on sale of current investments	-	114.09
Profit on sale of long term investments	84.77	705.45
Liabilities/provisions no longer required written back	99.14	265.19
Policy reinstatement charges	1,417.60	754.89
Gain on foreign exchange fluctuation (net)	674.43	719.60
Scrap sales	173.69	201.13
Income from deferred credit	712.79	701.77
Other non operating income	417.03	498.48
	5,692.64	6,162.78

25. Cost of raw materials consumed

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Inventories at beginning of year	1,753.83	2,294.42
Add: Purchases	54,266.31	51,026.65
Less: inventories at the end of year	3,174.00	1,753.83
Cost of raw materials consumed	52,846.14	51,567.24
25.1 Details of raw materials consumed		
Polypropylene	48,006.58	45,387.99
Polypropylene compounds	3,849.13	4,625.97
Others	990.43	1,553.28
	52,846.14	51,567.24
25.2 Details of raw materials inventory		
Polypropylene	2,262.13	1,217.14
Polypropylene compounds	625.00	229.76
Others	286.87	306.93
	3,174.00	1,753.83

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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

	(Rs. in Lacs)		
	For the year ended March 31, 2014	For the year ended March 31, 2013	(Increase) /decrease
Inventories at end of year			
Work-in-process	1,089.45	1,012.79	(76.66)
Finished goods	654.64	243.78	(410.86)
Traded goods			
Pharmacy and pharmaceuticals supplies	1,519.51	1,630.76	111.25
	3,263.60	2,887.33	(376.27)
Inventories at beginning of the 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)
Net (Increase)/ decrease in work-in-progress, finished goods and traded goods	(376.27)	(59.86)	
Details of inventory			
Work-in-process			
BOPP Film	1,002.95	922.58	
Soft leather finishing foil	86.50	90.21	
	1,089.45	1,012.79	
Finished goods			
BOPP Film	646.88	239.61	
Soft leather finishing foil	7.76	4.17	
	654.64	243.78	
Traded goods			
Pharmacy and pharmaceuticals supplies	1,519.51	1,630.76	
	1,519.51	1,630.76	

27. Change in policy reserves

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Change in policy reserves	390,897.28	279,643.72
Transfer to/from Fund for future appropriations-participating policies	31,991.51	25,431.22
	422,888.79	305,074.94

28. Employee benefit expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, wages and bonus	86,784.04	80,428.94
Contribution to provident and other funds	3,159.32	2,818.97
Employee stock option scheme (note 33)	2,567.05	953.16
Gratuity expense (note 28.1)	593.91	928.62
Staff welfare expenses	2,574.48	2,875.66
	95,678.80	88,005.35

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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, 2014	March 31, 2013
Current service cost	652.53	570.27
Interest cost on benefit obligation	270.71	222.57
Expected return on plan assets	(201.78)	(193.62)
Net actuarial (gain) / loss recognized in the year	(127.55)	322.58
Past service cost	-	6.82
Net benefit expense	593.91	928.62
Actual return on plan assets	21.00	16.44

Balance sheet

Benefit asset/ liability

	(Rs. in Lacs)	
	Gratuity	
	March 31, 2014	March 31, 2013
Defined benefit obligation	3,693.83	3,340.29
Fair value of plan assets	2,260.44	2,323.03
Funded Status	(1,433.39)	(1,017.26)
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(1,433.39)	(1,017.26)

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

	(Rs. in Lacs)	
	Gratuity	
	March 31, 2014	March 31, 2013
Opening defined benefit obligation	3,340.29	2,565.34
Interest cost	270.71	222.57
Current service cost	652.53	570.27
Past service cost	-	6.82
Benefits paid by fund	(375.40)	(355.30)
Benefits paid by employer	(125.67)	-
Actuarial (gains) / losses on obligation	(68.63)	330.59
Closing defined benefit obligation	3,693.83	3,340.29

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

	(Rs. in Lacs)	
	Gratuity	
	March 31, 2014	March 31, 2013
Opening fair value of plan assets	2,323.03	2,169.01
Expected return	201.78	193.62
Contributions by employer	52.11	307.69
Benefits paid	(375.40)	(355.30)
Actuarial gains / (losses)	58.92	8.01
Closing fair value of plan assets	2,260.44	2,323.03

The Company expects to contribute Rs. 722.88 Lacs (March 31, 2013: Rs. 437.24 Lacs) to gratuity fund in next year.

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FOR THE YEAR ENDED MARCH 31, 2014

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

	Gratuity	
	March 31, 2014	March 31, 2013
	%	%
Life Insurance Corporation of India	8	8
Max Life Insurance Company Ltd.	92	92

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

	Gratuity	
	March 31, 2014	March 31, 2013
Discount rate	7.80%-9.10%	7.75%-8.25%
Expected rate of return on assets	8.75%-10.75%	8.70%-9.64%
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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	3,693.83	3,340.29	2,565.34	2,304.50	1,905.59
Plan assets	2,260.44	2,323.03	2,169.01	2,134.83	1,544.94
Surplus / (deficit)	(1,433.39)	(1,017.26)	(396.33)	(169.67)	(360.65)
Experience adjustments on plan liabilities	143.21	(58.42)	(76.09)	(30.13)	(37.22)
Experience adjustments on plan assets	32.67	8.01	(92.17)	36.53	111.46

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 interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Company.

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.

The details of fund and plan asset position as at March 31, 2014 as per the actuarial valuation of active members are as follows:

	(Rs. in Lacs)	
	March 31, 2014	March 31, 2013
Plan assets at year end at fair value	22,260.80	19,119.27
Present value of defined benefit obligation at year end	22,263.15	18,944.06
Shortfall recognised in balance sheet	(2.35)	-
Active members as at year end (Nos)	18,618	18,548

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FOR THE YEAR ENDED MARCH 31, 2014

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

	March 31, 2014	March 31, 2013
Discount rate for the term of the obligation	8.80%	8.95%
Average historic yield on the investment portfolio	8.92%	8.97%
Discount rate for the remaining term to maturity of the investment portfolio	8.80%	8.95%
Expected investment return	8.92%	8.97%
Guaranteed rate of return	8.75%	8.50%

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 2,452.53 Lacs (March 31, 2013: Rs 2,755.72 Lacs)

29. Other expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumption of stores and spares	663.89	793.16
Consumption of packing materials	2,182.17	2,390.64
(Increase)/decrease of excise duty on inventories	(14.12)	24.89
Power and fuel	10,398.52	9,643.23
Processing charges	34.54	34.36
Policy issuance cost	12,701.17	11,439.78
Agents' commission for insurance business	71,068.80	62,689.37
Claims and other benefits payout	306,801.44	275,298.64
Recruitment and training expenses	7,481.81	7,935.14
Outside lab investigation	214.02	197.76
Patient catering expenses	1,138.57	913.67
Professional and Consultancy Fees	20,668.99	15,667.83
Rent	10,084.99	10,236.69
Insurance	1,214.75	625.86
Rates and taxes	8,184.05	9,093.78
Repairs and maintenance:		
Building	694.01	455.01
Plant and equipments	1,709.88	1,337.12
Others	10,996.62	10,902.75
Printing and stationery	2,102.27	1,504.61
Travelling and conveyance	7,349.98	7,271.66
Communication	4,074.89	4,391.30
Legal and professional	11,119.60	10,731.61
Directors' fee	29.87	35.75
Commission to other than sole selling agents	318.38	233.53
Cash discounts	762.46	807.91
Freight and forwarding expenses	3,715.99	2,974.75
Branding, advertisement and publicity	16,625.05	17,085.48
Provision for doubtful debts and advances	418.42	684.94
Net loss on sale/disposal of fixed assets	318.34	92.74
Doubtful advances written off	119.43	114.83
Provision for diminution in investments	2.38	-
Goodwill written off	-	528.75
Fixed assets written off	-	90.86
Stock written off	-	27.74
Charity and donation	381.47	594.64
Miscellaneous expenses	445.97	770.83
	514,008.60	467,621.61

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30. Depreciation and amortization expense

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation of tangible assets	10,801.02	10,996.55
Amortization of intangible assets	2,989.82	2,682.92
	13,790.84	13,679.47

31. Finance Cost

	(Rs. in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest	7,760.03	6,897.85
Bank Charges	1,560.97	1,547.52
	9,321.00	8,445.37

32. Earnings per share (EPS)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic EPS		
Profit after tax (after adjusting minority interest) (Rs. in Lacs)	13,945.45	78,412.32
Less: dividends on convertible preference shares & tax thereon	100.89	206.79
Net profit for calculation of basic EPS	13,844.56	78,205.53
Weighted average number of equity shares outstanding during the year (Nos.)	265,974,848	265,292,153
Basic Earnings Per Share (Rs.)	5.21	29.48
Dilutive EPS		
Equivalent weighted average number of employee stock options outstanding	1,345,376	1,698,422
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	267,320,224	266,990,575
Diluted Earnings Per Share (Rs.)	5.18	29.29

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 receive 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, 2014		March 31, 2013	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,298,500	2.00	1,561,031	2.00
Granted during the Year	513,000	2.00	731,648	2.00
Forfeited during the year	(32,250)	-	(43,000)	-
Exercised during the year	(706,968)	2.00	(951,179)	2.00
Outstanding at the end of the year	1,072,282	2.00	1,298,500	2.00
Exercisable at the end of the year	59,000	2.00	400,000	2.00

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

For the period, the weighted average share price at the exercise date was Rs 213.06 (March 31, 2013: Rs 186.37)

The weighted average exercise price for stock options outstanding as at March 31, 2014 was Rs 2/- per share (March 31, 2013 Rs 2/- per share).

Grant Date	For the year ended March 31, 2014		For the year ended March 31, 2013	
	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
January 1, 2010	-	-	400,000	-
October 8, 2011	148,350	2.55	197,800	3.55
May 1, 2012	31,500	1.84	63,000	2.84
June 1, 2012	-	-	43,000	3.17
August 18, 2012	197,800	3.39	247,250	4.39
August 18, 2012	34,296	2.39	45,728	3.39
November 8, 2012	73,336	3.39	91,670	4.39
November 8, 2012	15,000	2.39	20,000	3.39
November 8, 2012	5,000	-	-	-
December 12, 2012	25,000	-	149,000	0.70
February 8, 2013	29,000	-	29,000	0.86
April 1, 2013	38,000	3.00	-	-
August 13, 2013	162,000	0.37	-	-
August 19, 2013	313,000	4.39	-	-

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, 2014			March 31, 2013					
	1-Apr-13	13-Aug-13	19-Aug-13	1-May-12	1-Jun-12	18-Aug-12	8-Nov-12	12-Dec-12	8-Feb-13
Date of option granted	223.40	186.85	180.85	197.95	185.05	183.95	242.95	240.7	244.45
Stock Price Now (in Rupees)	2	2	2	2	2	2	2	2	2
Exercise Price (X) (in Rupees)	31.36%	31.36%	31.36%	26.99%	26.99%	26.99%	26.99%	26.99%	26.99%
Expected Volatility (Standard Dev - Annual)	10.50	10.14	10.12	11.42	11.34	11.12	10.90	10.81	10.65
Life of the options granted (Vesting and exercise period) in years	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected Dividend	8.08%	8.68%	9.99%	8.77%	8.51%	8.36%	8.31%	8.30%	7.97%
Average Risk- Free Interest Rate	222.54	186.02	180.12	197.22	184.29	183.16	242.14	239.88	243.59
Weighted average fair value of options granted									

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

Particulars	March 31, 2014		March 31, 2013	
	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
Granted during the Year	-	-	-	-
Forfeited during the year	-	-	(1,150,000)	10
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Weighted average fair value of options granted on the date of grant is Rs 10 (March 31, 2013: Rs. 10).

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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

Particulars	March 31, 2014		March 31, 2013	
	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
Granted during the Year	-	-	-	-
Forfeited during the year	-	-	(21,915,000)	31.09
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Weighted average fair value of options granted on the date of grant is Rs. Nil (March 31, 2013: Rs. Nil).

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”) (Cash settled):

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, 2014		March 31, 2013	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	23,283,000	-	-	-
Granted during the Year	-	-	23,773,000	29.97
Forfeited during the year	(2,043,000)	29.97	(490,000)	29.97
Exercised during the year	(153,000)	29.97	-	-
Outstanding at the end of the year	21,087,000	29.97	23,283,000	29.97
Exercisable at the end of the year	132,300	29.97	23,283,000	29.97

Weighted average fair value of options granted on the date of grant is Rs. Nil (March 31, 2013: Rs. 13.35)

Grant Date	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
October 30, 2006	-	-	-	-
September 1, 2009	-	-	-	-
September 1, 2009	-	-	-	-
September 1, 2010	-	-	-	-
September 1, 2010	-	-	-	-
August 1, 2012	21,087,000	1.25	23,283,000	1.77

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

Particulars	March 31, 2014	March 31, 2013
Risk-free interest rate	8.25%-9.15%	7.64%-7.8%
Expected life	0.25-8.34 Years	0.33-3.25 Years
Expected Volatility	16.50%	12.26%
Expected dividend yield	1.48%	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

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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 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 determined by remuneration committee subject to minimum par value of shares (Rs. 10/-). 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 has valued Employee Stock Option outstanding as at year end presuming all the employees will exercise their option in favour of Cash Settlement or equity settlement.

The details of activity under the Scheme are summarized below:

Particulars	March 31, 2014		March 31, 2013	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	1,275,000	19.12	1,425,000	19.74
Granted during the Year	900,000	31.67	-	-
Forfeited during the year	-	-	(150,000)	25.00
Exercised during the year	(805,000)	16.61	-	-
Outstanding at the end of the year	1,370,000	28.83	1,275,000	19.12
Exercisable at the end of the year	155,000	25.00	655,000	13.55

The weighted average share price for the period over which stock options were exercised was Rs. 35.45 per share. Weighted average fair value of options granted on the date of grant is Rs. 31.67 per share (March 31, 2013: Rs. Nil per share).

Grant Date	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
7-Dec-09	-	-	500,000	0.68
1-Mar-12	620,000	2.35	775,000	2.87
1-Oct-12	600,000	2.84	-	-
22-Jul-13	150,000	3.31	-	-

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, 2014		March 31, 2013
	April 1, 2013	July 22, 2013	
A. Stock Price Now (in Rupees)	37.36	37.36	*
B. Exercise Price (X) (in Rupees)	30.00	40.00	*
C. Expected Volatility (Standard Dev - Annual)	29%	29%	*
D. Historical Volatility	NIL	NIL	*
E. Life of the options granted (Vesting and exercise period) in years	2.84 Years	3.31 Years	*
F. Expected Dividend	Nil	Nil	*
G. Average Risk- Free Interest Rate	9%	9%	*
H. Expected Dividend Rate	Nil	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.

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:

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Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit after tax and minority interest as reported (Rs. in Lacs)	13,945.45	78,412.32
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	2,567.05	953.16
Less: Employee stock compensation under fair value method (Rs. in Lacs)	(2,718.95)	(1,233.72)
Proforma profit (Rs. in Lacs)	13,793.55	78,131.76
Earnings Per Share		
Basic (Rs.)		
- As reported	5.21	29.48
- Proforma	5.19	29.45
Diluted (Rs.)		
- As reported	5.18	29.29
- Proforma	5.16	29.26

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:

	(Rs. in Lacs)			
	March 31, 2014		March 31, 2013	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	333.55	236.05	296.07	222.20
After one year but not more than five years	1,107.68	686.10	986.64	655.46
More than five years	277.00	251.40	-	-
Present value of minimum lease payments	1,718.23	1,173.55	1,282.71	877.66

34.2 Operating lease: group as lessee

Lease rentals recognized in the statement of profit and loss for the year is Rs. 10,084.99 Lacs (March 31, 2013: Rs. 10,236.69 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, 2014	March 31, 2013
Not later than one year	2,428.60	2,940.98
Later than one year and not later than five year	10,268.56	11,294.00
Later than five year	15,171.03	26,096.77
Total	27,868.19	40,331.75

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:

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Operating Lease

Income from lease rentals recognized for the year is Rs. 1,442.46 Lacs (March 31, 2013: Rs. 1,581.39 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. 123.41 Lacs (March 31, 2013: Rs. 140.00 Lacs) represents cancellable lease agreement for lease of building.

35. Capitalisation of Expenditure

Particulars	(Rs. in Lacs)	
	March 31, 2014	March 31, 2013
Opening Balances	4,613.19	934.00
Add:		
Rent	-	165.00
Salaries, wages and bonus	830.23	572.75
Travel and Communication	70.03	156.61
Insurance Expenses	-	3.00
Interest Expenses	534.14	20.00
Legal & Professional	1,505.35	3,816.16
Miscellaneous Expenses	151.60	43.89
Project Overheads	1,419.86	256.78
Power and Fuel	-	23.00
Total	9,124.40	5,991.19
Less: Capitalised during the year	(102.00)	(1,378.00)
Preoperative expenses pending capitalisation	9,022.40	4,613.19

36. Interest in a joint venture

The Group also holds 16.67% (March 31, 2013: 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:

	(Rs. in Lacs)	
	Forum I Aviation Limited	
	March 31, 2014	March 31, 2013
Current assets	101.67	129.13
Non current assets	1,069.24	867.28
Current liabilities	(148.59)	(60.00)
Non Current liabilities	(232.05)	(326.17)
Equity	790.27	610.24
Revenue	533.69	525.48
Depreciation	(57.06)	(48.93)
Employee benefit expenses	(70.35)	(55.04)
Other Expenses	(302.01)	(322.11)
Profit/(Loss) before tax	104.27	99.40
Tax expense	(25.95)	(44.77)
Profit/(Loss) after tax	78.32	54.63

The Group share in post acquisition reserves of Forum I Aviation Limited is Rs 258.49 lacs (March 31, 2013: Rs. 155.23 lacs).

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37. Segment Information

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 Contract 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, 2014

37.3 Segment Information

Primary Segments	(Rs. in Lacs)											
	Speciality Plastic Products		Healthcare business		Business Investments		Life Insurance business		Health Insurance business		Clinical Research Business	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
a. Segment Revenue from												
Sales to external customers	73,234.88	71,341.74	16,380.15	17,485.27	-	-	-	-	-	-	-	-
Service Income	-	-	77,370.09	57,940.76	-	-	721,135.50	656,970.85	23,562.32	11,826.32	2,070.44	2,334.73
Service/Interest Income from inter segments	-	-	3,250.07	5,220.36	20,547.55	7,145.46	45.28	59.16	147.13	1,010.87	250.49	283.80
Income from investment activities	-	-	-	-	-	-	240,366.12	151,870.72	2,581.02	2,033.72	-	-
Export benefits	89.56	-	-	241.30	-	-	-	-	-	-	-	-
Total Segment Revenue	73,324.44	71,341.74	97,000.31	80,887.69	26,267.35	91,158.58	961,546.90	808,900.73	26,290.47	14,870.91	2,320.93	2,618.53
Less: Inter segment revenue	-	-	3,250.07	5,220.36	20,547.55	7,145.46	45.28	59.16	147.13	1,010.87	250.49	283.80
Revenue from operations	73,324.44	71,341.74	93,750.24	75,667.33	5,719.80	84,013.12	961,501.62	808,841.57	26,143.34	13,860.04	2,070.44	2,334.73
b. Segments Results												
Interest Income	3,369.29	2,027.44	(1,712.61)	(5,669.01)	5,719.80	82,771.53	50,721.40	48,039.11	(13,141.79)	(11,470.13)	(84.39)	(165.98)
Sub-total												
Less:												
Unallocated Expenses (Net of unallocated income)												
Interest Expenses												
Profit before tax												
Provision for taxation (includes provision for Deferred Tax)												
Profit after tax												
Minority Interest												
Profit after tax (after adjusted minority interest)												
c. Carrying amount of segment assets	52,238.55	50,457.37	124,333.23	129,530.12	15,221.24	35,337.79	2,597,883.68	2,169,614.26	42,412.48	31,474.31	2,259.95	2,243.59
Add: Unallocated assets												
Goodwill												
Total Assets												
d. Segment Liabilities	6,984.90	4,591.85	24,306.12	26,210.43	-	-	2,383,157.77	1,965,678.34	28,132.16	20,432.30	856.98	878.07
Add: Unallocated liabilities												
Total Liabilities												
e. Cost to acquire tangible and intangible fixed assets	524.09	903.14	4,328.01	7,509.21	-	-	4,052.28	6,006.55	2,148.82	911.81	11.87	66.41
Unallocated												
Total Addition												
f. Depreciation and amortisation expenses	2,136.46	2,159.38	5,544.89	5,199.49	-	-	4,569.52	5,025.21	1,022.87	895.91	50.46	52.17
Unallocated depreciation & amortization												
Total depreciation and amortization												
g. Non-cash expenses other than depreciation and amortisation	-	-	45.98	75.15	-	-	1,423.20	59.00	-	-	-	-
Unallocated non cash expenses												
Total												

Secondary Segment

	(Rs. in Lacs)					
	India			Outside India		
	2014	2013	2012	2014	2013	2012
a. Revenue from external customers	1,134,187.07	1,029,898.64	28,446.36	28,446.36	26,299.89	1,162,633.43
b. Carrying amount of segment assets by location of assets	2,854,965.53	2,430,382.18	7,897.68	7,897.68	6,956.95	2,437,339.13
c. Cost to acquire tangible and intangible fixed assets by location of assets	18,327.16	23,777.42	-	-	-	18,327.16

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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. Neelu Analjit Singh (Wife of Mr. Analjit Singh) 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 Piveta Estates Pvt Limited Vana Retreat Pvt Limited Veeras Kitchen Pvt Limited Solace Hotels and Hospitality Services Pvt. Ltd. Studio 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:

	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		(Rs. in Lacs) Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Reimbursement of expenses / service on behalf of related party								
Malsi Estates Ltd	-	-	-	-	48.38	14.21	48.38	14.21
Max Ventures Pvt Ltd	-	-	-	-	35.32	133.18	35.32	133.18
Max India Foundation	-	-	-	-	114.48	0.68	114.48	0.68
Piveta Estates Pvt Ltd	-	-	-	-	37.97	-	37.97	-
Vana Retreat Pvt Ltd	-	-	-	-	41.44	-	41.44	-
Studio Urban Space consultants Pvt Ltd	-	-	-	-	38.46	-	38.46	-
Veeras Kitchen Pvt Ltd	-	-	-	-	3.19	-	3.19	-
New Delhi House Services Ltd	-	-	-	-	22.54	12.43	22.54	12.43
Analjit Singh	67.02	-	-	-	-	-	67.02	-
Director's remuneration								
Analjit Singh	499.31	502.08	-	-	-	-	499.31	502.08
Rahul Khosla	849.92	1,042.98	-	-	-	-	849.92	1,042.98
Mohit Talwar	363.98	501.94	-	-	-	-	363.98	501.94
Salary paid								
Piya Singh	-	-	-	7.92	-	-	-	7.92

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FOR THE YEAR ENDED MARCH 31, 2014

	(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	
	2014	2013	2014	2013	2014	2013	2014	2013
Reimbursement of expenses / service by related party								
Delhi Guest Houses Pvt Ltd	-	-	-	-	37.24	23.61	37.24	23.61
New Delhi House Services Ltd	-	-	-	-	686.75	594.50	686.75	594.50
Malsi Estates Ltd	-	-	-	-	22.92	-	22.92	-
Max India Foundation	-	-	-	-	4.91	5.01	4.91	5.01
Max Ventures Pvt Ltd	-	-	-	-	137.73	352.62	137.73	352.62
Vana Retreat Pvt Ltd	-	-	-	-	12.21	-	12.21	-
Studio Urban Space Consultants Pvt Ltd	-	-	-	-	94.60	67.42	94.60	67.42
Rent paid								
Veer Singh	-	-	66.00	60.00	-	-	66.00	60.00
Delhi Guest Houses Pvt Ltd	-	-	-	-	144.12	84.12	144.12	84.12
Lakeview Enterprises	-	-	-	-	39.60	36.00	39.60	36.00
Malsi Estates Ltd	-	-	-	-	797.00	787.05	797.00	787.05
Donation paid								
Max India Foundation	-	-	-	-	335.00	255.00	335.00	255.00
Interest paid								
Medicare Investments Ltd	-	-	-	-	0.33	13.50	0.33	13.50
Maxopp Investments Ltd	-	-	-	-	0.18	7.43	0.18	7.43
Capital advance received								
Analjit Singh	288.29	-	-	-	-	-	288.29	-
Repayment of loans taken								
Medicare Investments Ltd	-	-	-	-	100.00	-	100.00	-
Maxopp Investments Ltd	-	-	-	-	55.00	-	55.00	-
Deposits and 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
Lakeview Enterprises	-	-	-	-	-	18.00	-	18.00
Solace Hotels and Hospitality Services Pvt. Ltd.	-	-	-	-	-	353.76	-	353.76
Company's contribution towards retirements & superannuation funds								
Max India Ltd Employee's PF Trust	-	-	-	-	2,277.00	2,357.25	2,277.00	2,357.25
Max India Ltd Superannuation Fund	-	-	-	-	41.26	36.62	41.26	36.62
Max India Ltd Gratuity Fund	-	-	-	-	10.07	227.56	10.07	227.56
Purchase of fixed assets								
Piveta Estates Pvt Ltd	-	-	-	-	14,030.00	-	14,030.00	-
Neelu Analjit Singh	-	-	2,413.00	-	-	-	2,413.00	-
Balance Outstanding at the end of year:								
Amount payable								
New Delhi House Services Ltd	-	-	-	-	(133.93)	(27.04)	(133.93)	(27.04)
Malsi Estates Ltd	-	-	-	-	(166.39)	(149.91)	(166.39)	(149.91)
Max Ventures Pvt Ltd	-	-	-	-	(56.98)	(66.00)	(56.98)	(66.00)
Veeras Kitchen Pvt Ltd	-	-	-	-	(1.91)	-	(1.91)	-
Amount receivable								
Veer Singh	-	-	30.00	30.00	-	-	30.00	30.00
Lakeview Enterprises	-	-	-	-	18.00	18.00	18.00	18.00
Max India Foundation	-	-	-	-	14.70	18.71	14.70	18.71
Solace Hotels and Hospitality Services Pvt. Ltd.	-	-	-	-	-	353.76	-	353.76
Delhi Guest Houses Pvt Ltd	-	-	-	-	36.00	36.00	36.00	36.00
Studio Urban Space Consultants Pvt Ltd	-	-	-	-	12.35	-	12.35	-
Vana Retreat Pvt Ltd	-	-	-	-	1.69	-	1.69	-
Piveta Estates Pvt Ltd	-	-	-	-	7.74	-	7.74	-

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FOR THE YEAR ENDED MARCH 31, 2014

					(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	
	2014	2013	2014	2013	2014	2013	2014	2013
Loans & advances taken								
Medicare Investment Ltd	-	-	-	-	-	(100.00)	-	(100.00)
Maxopp Investment Ltd	-	-	-	-	-	(55.00)	-	(55.00)

39. Capital and Other Commitments

a. Capital Commitments

	(Rs. in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	13,670.76	5,139.08
Less: Capital advances	4,255.95	1,802.46
Net capital commitment for acquisition of capital assets	9,414.81	3,336.62

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

		(Rs. in Lacs)	
S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
i.	Corporate guarantee given to financial institutions / banks on behalf of others. (Refer note (a))		
	- Export-Import Bank of India	1,840.00	2,241.00
	- Housing Development Finance Corporation Limited	2,900.00	4,625.00
	- Infrastructure Development Finance Company Limited	4,360.00	-
	- IndusInd Bank Limited	5,833.00	5,000.00
	- Yes Bank Limited	4,478.00	-
ii.	Claims against the Company not acknowledged as debts (Refer note (b))		
	- Excise Duty Demands	2,732.31	2,129.18
	- Custom Duty Demands	384.82	373.68
	- Service Tax Demands (refer note (d) below)	18,231.20	11,931.90
	- Sales Tax	219.00	292.00
	- Legal claims	2,859.00	1,973.27
	- Entry Tax	2,877.34	1,198.84
	- Potential liability in respect of repudiated policyholders claims	748.40	456.88
iii.	Liability on account of discounting of bills	685.43	576.15
iv.	Letters of credit outstanding with various banks in favour of domestic and foreign suppliers for supply of raw materials and capital goods	334.55	370.68

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FOR THE YEAR ENDED MARCH 31, 2014

		(Rs. in Lacs)	
S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
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))	87.57	76.65
vi.	Litigation against the Company on Company Law matters	refer note (e)	
vii.	Income Tax cases (note (f) and (i))		
vii.(a)	Demand on account of disallowances made during income tax assessments and withholding taxes for various years (note (g))	282.84	25.73
vii.(b)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961, which are pending disposal for:	628.02	628.02
	1. Assessment years 1992-93 to 1993-94 - 33.42 Lacs		
	2. Assessment years 2002-03 to 2005-06 - 586.44 Lacs (note (h))		
	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 vii (c) below	

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, April 22, 2013 and April 16, 2014. 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. On an inspection carried out by the Ministry of Corporate Affairs in the year 2006, certain technical offences were alleged by the Inspection Officer based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petitions against the prosecution proceedings with the Hon'ble High Court of Punjab & Haryana. The High Court stayed the proceedings and listed the case for arguments. The amount of liability/fine or penalty on account of the above is currently unascertainable.
- f. 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.
- g. The matters for MIL for AY 1999-00 to AY 2008-09 are currently pending with Hon'ble Punjab & Haryana High Court. The remaining years are pending disposal at the CIT(Appeals) level. The Tax department had originally raised a demand of Rs.734.81 lacs on the disallowances made for AY 1999-00 to 2011-12.
- h. The penalty matters for MIL for AY 2002-03 to 2005-06 are currently pending with the Hon'ble Income Tax Appellate Tribunal, Amritsar. The remaining years AY 1992-93, AY 1993-94 and AY 2009-10 are pending disposal at the CIT(Appeals) level.
- 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)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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	<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). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.</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 stay of demand on May 27, 2013. The CIT (Appeals), vide order dated November 18, 2013, had quashed the assessment framed by the Assessing Officer, holding that the gain arising from sale of shares of HMTL be treated as long term capital gains and the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. As a consequence, the demand stood cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.</p>	CIT(A)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

i) 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, 2013: Rs. 6,684.09 Lacs) to Rs. 6,482.08 Lacs (March 31, 2013: Rs. 6,482.08 Lacs) by making disallowance of Rs. 202.01 Lacs (March 31, 2013: 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, 2013: Rs. 7,408.37 Lacs) to Rs. 7,331.92 Lacs (March 31, 2013: Rs. 7,331.92 Lacs) and from Rs. 7,563.42 Lacs (March 31, 2013: Rs. 7,563.42 Lacs) to Rs. 7,285.17 Lacs (March 31, 2013: 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, 2013: Rs. 9,427.20 Lacs) to Rs. 9,199.80 Lacs (March 31, 2013: 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, 2013: Rs. 5,805.44 Lacs) to Rs. 5,414.09 Lacs (March 31, 2013: 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. CIT (Appeals) has passed the order confirming the demand to the extent of 25%. Appeal against the order has been filed with Income Tax Appellate Tribunal by the Department. 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 for provision for FBT, Rs. 132.13 Lacs for provision for bad & doubtful debts & Rs. 241.51 Lacs for donation paid. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2010-11, the returned income has been increased from Rs. 4,005.06 Lacs to Rs. 5,684.41 Lacs by making disallowance of Rs. 710.43 Lacs on account of loss on sale of investment, Rs. 21.60 Lacs for provision for Bad debts, Rs. 250 Lacs for donation paid, Rs. 695.65 Lacs for Short deduction and payment of TDS and Rs. 1.67 Lacs for Penalties/Fine paid & Share issue expenses. 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, 2013: 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 of 0.80% (March 31, 2013: 0.80%) for the participating products and 1.80% (March 31, 2013: 1.80%) for the major non-participating products.

Gross unit growth rate of 7.75% (March 31, 2013: 7.75%) has been used which was further reduced by a margin of adverse deviation of 1.80% (March 31, 2013: 1.30% pa). For unit-linked products where there is a premium related addition bonus payable, the margin of adverse deviation MAD for unit linked fund growth rate has been used as 2.50% (March 31, 2013 :2.50%).

(b) Mortality:

The base table used is the Indian Assured Lives Mortality 06-08 (March 31, 2013: IALM 94-96) as prescribed by the IRDA which is then adjusted to take into account observed experience. For major participating life products, the assumption in year 1 is 145% of the base table (March 31, 2013: 130%) whereas the long term mortality assumption converges to 77% (March 31, 2013: 70%) of the base table until age 65 and 100% (March 31, 2013: 70%) of base table beyond age 65. The mortality assumption for the major unit-linked products is 90% (March 31, 2013: 80%) of the base table in year 1 and 80% (March 31, 2013: 70%) of the base table until age 65 and 100% (March 31, 2013: 70%) of base table beyond age 65. In general, the assumptions in the initial years have been increased to reflect anti-selection but those in the later years have been retained. The assumptions have been increased by a margin for adverse deviation of 10% (March 31, 2013: 10%) for participating business and, 20%- 25% (March 31, 2013: 25%) for the non-participating, unit linked and health business.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

(c) Morbidity:

The IAI has recommended the CIBT93 study of UK for morbidity incident rates, due to lack of any published Indian experience. Proportions of 95% to 300% (March 31, 2013: 95% to 300%) of these tables have been used which were further increased by a margin for adverse deviation of 25% (March 31, 2013: 25%)

(d) Expenses:

The maintenance expense assumptions are based on the current expense levels of the company. For prudence, assumptions don't allow for future expected savings in expenses. The assumptions were increased by margins for adverse deviation of 10% (March 31, 2013: 10%) for participating policies and 10% (March 31, 2013: 10%) for non-participating, health and unit-linked policies.

(e) Inflation:

An assumption of 6.5% pa (March 31, 2013: 6.5% pa) for expense inflation has been used.

(f) Commission:

It is based on the actual commission rates paid.

(g) Lapses:

Lapse assumptions for valuation purposes in general are set at levels below the current experience.

These rates were further reduced by margins for adverse deviation of 20% (March 31, 2013: 20%) for participating policies, 50% (March 31, 2013: 50%) for non-participating and unit-linked policies and 20% (March 31, 2013: 20%) for health plans.

(h) Free look cancellation:

Provisions are made for the additional payments that are required to be made in the event of cancellation during the free look period. The free look cancellation assumption is 3.5% (March 31, 2013: 2.5%) for participating plans, 3% (March 31, 2013: 2.5%) for non-participating plans and 4.5% (March 31, 2013: 3.5%) for the unit-linked business. The assumptions were increased by margins for adverse deviation of 20% (March 31, 2013: 20%) for participating and non-participating policies; and, 50% (March 31, 2013: 50%) for unit-linked policies.

(i) Future bonuses:

Provision is made for future bonuses based on estimated expected bonus payouts consistent with the valuation assumptions and policyholders' reasonable expectations.

(j) Linked Liabilities:

Liabilities under unit-linked policies comprise of a unit liability representing the fund value of in-force policies, the amount payable to discontinued policies; and, a non-unit liability for meeting future claims and expenses in excess of future charges. In respect of the fund value and the amount payable for the discontinued policies 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.

42. Derivative Instruments and Unhedged Foreign Currency Exposure

a) Particulars of forward contract

Particulars of Derivatives	As at March 31, 2014	As at March 31, 2013	Purpose
Forward Contracts (Buy) outstanding at Balance Sheet Date (in Lacs)	USD 8.18 (INR 499.89)	USD 8.08 (INR 441.60)	To hedge the liability against outstanding trade payables.
Forward Contracts (Sell) outstanding at Balance Sheet date (in Lacs)	USD 36.22 (INR 2,141.91)	USD 41.31 (INR 2,225.61)	To hedge the outstanding trade receivables.
	EURO 28.98 (INR 2,344.17)	EURO 29.11 (INR 1,999.01)	
	GBP 1.25 (INR 122.58)	GBP 5.44 (INR 442.16)	

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

b) Particulars of Unhedged Foreign Currency Exposure

Particulars	As at March 31, 2014			As at March 31, 2013		
	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)	1.81	84.35	152.67	2.06	70.39	145.00
Import trade payables (GBP)	0.28	99.85	27.96	0.84	83.34	70.01
Import trade payables (USD)	28.56	61.05	1,743.59	26.95	54.67	1,473.36
Import trade payables (YEN)	0.66	58.83	0.39	35.75	59	21.09
Export trade receivables (USD)	12.79	59.14	756.40	11.45	53.88	616.93
Export trade receivables (EURO)	16.84	80.89	1,362.19	6.09	68.68	418.26
Export trade receivables (GBP)	4.22	97.77	412.59	2.13	81.28	173.13

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. Consequent to the approval of the Board of the Directors of the Company on May 29, 2013, to re-structure Max Speciality Films Division ('MSF Division'), the Company has transferred the MSF Division as a going concern on a slump sale basis to its 99% owned subsidiary, Max Speciality Films Limited on April 1, 2014.
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
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

Place : Gurgaon
Date : May 28, 2014

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

Rahul Khosla
(Managing Director)

Rahul Ahuja
(Group Financial Controller)

Place : New Delhi
Date : May 28, 2014

N. C. Singhal
(Director)

Ashwani Windlass
(Director)

V. Krishnan
(Company Secretary)

Statement pursuant to exemption received under Section 212 (b) of the Companies Act, 1956 relating to subsidiary companies for the year ended March 31, 2014

	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 Ltd.	Antara Gurgaon Senior Living Ltd.	Max Neeman Medical International Ltd.	Max One Distribution and Services Ltd.	Pharmax Corporation Ltd.	Max Ateev Ltd.	Max Healthstaff International Ltd.	Neeman Medical International B.V.	Neeman Medical International Inc., USA	Max Neeman Medical UK Ltd.	
a	Share Capital	194,469.12	66,900.00	49,275.00	3,414.00	2,245.00	1,241.00	3,101.00	14,706.42	821.90	5.00	416.68	200.00	2,053.06	3,144.36	394.50	731.51	707.76	366.08
b	Reserves and Surplus	8,164.17	(52,690.47)	23,673.00	4,040.00	(2,987.00)	916.68	(1,792.51)	(1,023.76)	(15.56)	(0.43)	(334.69)	(172.53)	459.20	(3,823.67)	(2,288.61)	(733.32)	(855.53)	(4,615.48)
c	Total Assets	2,606,104.19	42,420.32	127,319.00	15,284.00	5,652.00	13,302.48	9,522.16	14,588.50	19,506.64	5.08	2,236.83	153.86	2,895.98	13.14	39.26	0.54	0.21	159.84
d	Total Liabilities	2,403,470.90	28,210.79	54,371.00	7,830.00	6,394.00	11,144.80	8,213.66	905.85	18,700.30	0.51	2,154.84	126.39	383.73	692.45	1,933.36	2,35	147.99	4,409.25
e	Details of Investments (Other than investment in subsidiaries)	2,045,787.78	33,694.43	-	-	-	-	-	573.05	978.56	-	27.81	-	529.28	-	-	-	-	-
f	Turnover and Other Income	963,323.26	26,387.35	74,062.00	5,071.00	7,141.00	12,578.00	2,757.25	42.72	18.56	-	2,148.98	14.25	588.47	-	5.90	0.23	4.87	252.10
g	Profit before Taxation	50,307.30	(13,287.13)	(3,235.00)	36.00	(85.00)	(661.48)	(2,471.09)	(844.80)	(38.86)	(0.32)	(98.61)	(172.53)	302.32	(1.44)	(17.11)	(1.87)	2.26	13.54
h	Provision for Taxation	6,715.79	-	-	36.00	-	-	-	3.06	2.64	-	100.36	-	124.93	-	-	-	-	2.21
i	Profit after Taxation	43,591.51	(13,287.13)	(3,235.00)	-	(85.00)	(661.48)	(2,471.09)	(847.86)	(41.50)	(0.32)	(198.96)	(172.53)	177.39	(1.44)	(17.11)	(1.87)	2.26	13.54
j	Proposed Dividend	13,612.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note - In respect of foreign subsidiaries:

- i) Item No. (a) are translated at historical rates
- ii) Item Nos. (b) to (e) and (i) are translated at exchange rates as on 31st March, 2014 as follows: Pound Sterling = Rs. 99.2097 and US Dollars = Rs. 59.6463
- iii) Item Nos. (f) to (j) are translated at annual average exchange rates as follows: Pound Sterling = Rs. 96.0188 and US Dollars = Rs. 60.3551



**NOTICE AND
PROXY FORM**



MAX INDIA LIMITED

(CIN: L24223PB1988PLC008031)

Registered Office: Bhai Mohan Singh Nagar, Railmaja, Tehsil Balachaur,
District Nawanshahr, Punjab – 144 0533

Tel : 011 42598000 fax : 011 26324126 www.Maxindia.com

E-mail : rshukla@maxindia.com; investorhelpline@maxindia.com

NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting (AGM) of Max India Limited ('the Company') will be held on Tuesday, September 30, 2014 at 1200 hrs., at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmaja, Tehsil Balachaur, District Nawanshahr, Punjab-144 533 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare final dividend and confirm the interim dividend of Rs. 1.80/- per equity share, already paid for the year ended March 31, 2014.
3. To appoint a director in place of Mr. Ashwani Windlass (holding DIN:00042686), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Sanjeev Mehra (holding DIN:02195545), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Mr. Mohit Talwar (holding DIN: 02394694), who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a director in place of Mr. Anuroop Singh (holding DIN:00078812), who retires by rotation and being eligible offers himself for re-appointment.
7. Appointment of Statutory Auditors of the Company:

To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. 301003E) be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company to be held in the year 2015 at such remuneration plus service tax, out of pocket expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Business:

8. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rajesh Khanna (holding DIN: 00032562), be and is hereby appointed as an **Independent Director** of the Company to hold office for five consecutive years with effect from September 30, 2014."

9. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. N.C. Singhal (holding DIN:00004916), be and is hereby appointed as an **Independent Director** of the Company to hold office with effect from September 30, 2014 up to August 10, 2016."

10. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Aman Mehta (holding DIN:00009364), be and is hereby appointed as an **Independent Director** of the Company to hold office for five consecutive years with effect from September 30, 2014."

11. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Prof. Dipankar Gupta (holding DIN:05213140), be and is hereby appointed as an **Independent Director** of the Company to hold office for five consecutive years with effect from September 30, 2014."

12. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies

NOTICE

Act, 2013, Mr. Ashok Kacker (holding DIN:01647408), be and is hereby appointed as an **Independent Director** of the Company to hold office for five consecutive years with effect from September 30, 2014.”

13. To consider and if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 181 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act 2013 (‘the Act’), approval of the Shareholders of the Company be and is hereby accorded to the Board of Directors to contribute and/or subscribe, in any financial year, from time to time, to any body, institute, society, person, Trust or Fund for any charitable or other purposes not directly related to the business of the Company or for the welfare of its employees up to a total amount of Rs.2,00,00,000/- (Rupees Two crore only) or five per cent of the average net profits as determined in accordance with the provisions of Section 198 of the Act, during the three financial years immediately preceding, whichever is greater.”

14. To consider and if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution**:

“RESOLVED THAT in partial modification of the Special resolutions passed by the Shareholders in their Annual General Meetings held on September 30, 2003 and September 27, 2011 and subject to such approvals, consents, sanctions and permissions of the appropriate authorities as may be required under the applicable provisions of the Companies Act, 2013, SEBI guidelines including the SEBI (ESOS & ESPS) Guidelines, 1999 and any other applicable legislation for the time being in force, and subject further to such conditions and modifications as may be prescribed in granting such approvals by the Stock Exchanges, consent of the shareholders of the Company be and is hereby accorded to amend the ‘Max Employee Stock Plan – 2003 (‘the Plan’) as under:

- (i) to grant upto 1,33,14,787 Stock Options, equivalent to 5% of existing paid up share capital of the Company; and
- (ii) to permit the Nomination and Remuneration Committee of the Board (‘NR Committee’) to decide on the Exercise Price per option, as the NR Committee may determine, from time to time in accordance with the provisions of applicable law, provided the Exercise Price shall not be below the face value of the equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the NR Committee be and is hereby authorized to take all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable for the aforesaid purpose and that all other terms and conditions of the Special Resolutions passed by the shareholders of the

Company in the Annual General Meetings held on September 30, 2003 and September 27, 2011 will remain unaltered.”

By Order of the Board
For **Max India Limited**

New Delhi
August 13, 2014

V. Krishnan
Company Secretary
Membership No.FCS -6527

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab-144 533 at least 48 hours before the commencement of the meeting. A format of proxy is enclosed.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act 2013 (‘the Act’) in respect of item 7 to 14 is annexed hereto and forms part of this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 16, 2014 to Tuesday, September 30, 2014 (both days inclusive).
5. The final dividend on equity shares as recommended by the Board of Directors of the Company for the financial year 2013-14 when declared at the AGM will be paid by October 15, 2014 to those members (holding shares in physical form), whose names appear in the Register of Members of the Company on September 30, 2014. In respect of shares held in electronic form, the dividend will be paid to the beneficial owners of shares as on closing hours of business on September 15, 2014 as per the details furnished by respective depositories for this purpose.
6. Members are requested to send all their correspondence directly to Mas Services Limited, Registrar & Share Transfer Agent of the Company at T-34, 2nd Floor, Okhla Industrial Area Phase II, New Delhi – 110 020. Tel-011-26387281-83, Fax-011-26387384; E-mail: info@masserv.com or mas_serv@yahoo.com
7. Members/Proxies for Members should bring the attendance slip duly filled-in for attending the meeting.
8. Members/Proxies for Members holding shares in dematerialized form should also bring their latest Statement of Account held with the concerned depository participant for attending the meeting.

9. The documents referred to in the proposed resolutions are open for inspection at the Registered Office of the Company during working hours between 9.30 a.m. and 1.00 p.m., except on holidays.
10. Members are hereby informed that dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205 (A) & 205 (C) of the Act and the corresponding applicable provisions under the Act, and rules made there under. Accordingly, the Final Dividend declared by the Company on September 24, 2013 and the Interim dividend declared by the Company on November 8, 2013, would be transferred to the Investor Education & Protection Fund within the statutory period.
11. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the depositories/ Mas Services Limited, the Registrar and Share Transfer Agent, to ensure that the annual report and other documents reaches them in their preferred email.

The members holding shares in physical form are further requested to convert their shareholding from Physical form to Demat form with a Depository Participant of their choice. Holding share in demat form has following advantages:

- i. **Freedom from physical storage**
- ii. **Elimination of chances of theft, mutilation, defacement.**
- iii. **Easy to sell and realize sale proceeds and/or dividend in the bank account linked with the Depository.**
- iv. **Contribution to the 'Green Initiative'**
12. The face value of the shares has been split from Rs. 10/- each to Rs. 2/- each in the year 2007. Those members, who have not exchanged their old share certificates, are requested to surrender their old share certificates to the Share Transfer Agent to be exchanged with new share certificates.
13. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL on all resolutions set forth in this Notice.

The instructions and other information relating to E-voting are as under:

(a) In case of Shareholders receiving e-mail from NSDL:

- i. Open e-mail and open PDF file viz; MAX e-Voting.pdf with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the URL: www.evoting.nsdl.com.
- iii. Click on "Shareholder" – "Login"
- iv. Put user ID and password as initial password noted in step (i) above. Click on "Login".
- v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- vii. Select EVEN (E-Voting Event Number) of Max India Limited.
- viii. Once you enter the number, the Cast Vote page will open. Now you are ready for e-voting.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified subsequently. Voting has to be done for each item of the Notice separately for each demat accounts/ folios.
- x. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- xi. Corporate/Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: sanjaygrover7@gmail.com and/or maxindia.

NOTICE

scrutinizer@gmail.com with a copy marked to **evoting@nsdl.co.in**.

(b) In case of shareholders other than in (a) above

- i. Initial password is provided in the Attendance slip as below :

EVEN (EVOTING EVENT NUMBER)	USER ID	PASSWORD/ PIN

- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (x) as mentioned in (a) above, to cast vote.

- (c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting User Manual for Shareholders, available at the download section of www.evoting.nsdl.com.
- (d) If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting your vote.
- (e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(f) Other Information :

1. The e-voting period commences from Wednesday, September 24, 2014 at 9:00 am and ends on Friday, September 26, 2014 at 5:00 pm. E-voting shall not be allowed beyond said time.
2. During aforesaid period, the members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being Friday, August 29, 2014, may cast their vote by electronic means in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. Further, the members who have cast their vote electronically shall not vote by way of poll at the AGM.
3. The Board of Directors has appointed Mr. Sanjay Grover, a Practicing Company Secretary (CP No. 3850) having his office at B-88, 1st Floor, Defence Colony, New Delhi- 110024, as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
4. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the

e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

5. The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
6. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company i.e. www.maxindia.com within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.
7. Electronic copy of the Notice of the AGM of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email ID's are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of AGM of the Company, *inter-alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

14. Re-appointment of Directors:

At this Annual General Meeting, Mr. Ashwani Windlass, Mr. Sanjeev Mehra, Mr. Mohit Talwar and Mr. Anuroop Singh retire by rotation and are being eligible offer themselves for re-appointment.

The information as required under Clause 49 of the Listing Agreements on Corporate Governance, in respect of the Directors who have offered themselves for re-election is furnished hereunder:

Mr. Ashwani Windlass

Date of Birth: July 2, 1956

Mr. Ashwani Windlass is a leading strategy, telecom and technology professional, currently engaged in advisory role at the Board/CEO level, after over three decades of wide and top management experience with an outstanding track record of value creation. He focuses on strategy, M&As & telecom.

Mr. Windlass is a university topper with a Gold Medal in his B.Com (Bachelors of Commerce) and B.J.(Bachelors in

Journalism). He obtained his MBA from Faculty of Management Studies, University of Delhi.

He currently serves as a non-executive Director on the Board of Max India Limited and non-executive Vice Chairman of Max Ventures Private Limited. He also serves on the Boards of HT Media Ventures Limited, Vodafone India Limited and Antara Senior Living Limited. He also holds the positions of The Faculty of Management Studies (FMS), University of Delhi as member, and Trustee to LRG Foundation, Neeman Family Foundation and Neeman Family PVT Foundation.

Mr. Windlass has been the Founder Managing Director of Hutchison Max Telecom (since rechristened as Vodafone) and Vice Chairman & Managing Director of Reliance Telecom Limited, part of India's largest industrial conglomerate where he conceptualized and established their strategic entry into telecom.

In his distinguished executive career, he established and managed several new green field ventures in particular across telecom and technology sectors. These included setting up and managing Joint Ventures in India with world's leading corporations – Hutchison Group, Hong Kong; British Telecom UK, Comsat Corporation, USA, Avnet USA and Royal Gist Brocades, Holland; Elf Atochem (Total Group), France, MGRM Technologies Inc., USA apart from strategic relationships with AT&T, Motorola & Siemens.

As a member of the founding executive team of Max India Limited since 1981, Mr. Windlass held various key management positions in the area of Corporate Affairs, Finance and Strategy, apart from conceptualizing, building and spearheading the group's foray into Electronics and Telecom Services. At the age of 38, he was appointed Joint CEO of the Group and the CEO of the Telecom Group. He also guided the group through some key strategic and innovative business initiatives.

He has contributed regular editorial columns in the leading Indian publications like Times of India, Economic Times, Business Standard & Indian Express.

Mr. Windlass is the Chairman of the Stakeholders Relationship Committee and Investment & Finance Committee of the Company and Audit Committee of Hindustan Media Ventures Limited. He is also a member of the Audit Committee, Nomination and Remuneration Committee, CSR Committee and Risk & Compliance Review Committee of the Company. Mr. Windlass holds 1,58,700 equity shares of the Company as on date.

Mr. Sanjeev Mehra

Date of Birth: January 9, 1959

Mr. Sanjeev Mehra is a Managing Director in the Principal Investment Area (PIA) and serves as Vice Chairman of the global

private equity business. Prior to assuming his current role, he was co-head of the Americas private equity business. Mr. Mehra is a member of the Merchant Banking Division (MBD) Client and Business Standards Committee, the MBD Risk Committee and the firm's US Retirement Investment Committee. He also serves on PIA's Investment Committee and heads PIA's Sub-Ops Committee. He previously served on the Firmwide Business Practices Committee. Mr. Mehra joined Goldman Sachs in 1986 in the Corporate Finance Department within the Investment Banking Division. After completing a one-year mobility in Fixed Income Capital Markets, he joined PIA in 1990. He started and led the firm's private equity business in India from 2006 to 2010. He was named Managing Director in 1996 and partner in 1998.

Mr. Sanjeev Mehra serves on the boards of ARAMARK Corporation, Interline Brands, Max India Limited, Sigma Electric, SunGard Data Systems and TVS Logistics Services Ltd. He also serves on the Board of Trustees of Oakham School in England and The Doon School in India and serves as Chairman of the Board of Trustees of Brunswick School. Mr. Mehra is a member of Investment & Finance Committee of the Company. Mr. Mehra is a fellow of the Foreign Policy Association, a member of the Council on Foreign Relations and a member of the Committee of Undergraduate Resources (COUR) of Harvard College. He earned an MBA from Harvard Business School in 1986 and a BA from Harvard College in 1982. Mr. Sanjeev Mehra is not holding any shares in the Company as on date.

Mr. Mohit Talwar

Date of Birth: September 17, 1959

Mr. Mohit Talwar is a post graduate from St. Stephen's College and completed his management studies in Hospitality from the Oberoi School. Mr. Talwar brings a wealth of experience of over 34 years in Corporate Finance and Investment Banking. He spent 24 years in Wholesale Banking in Standard Chartered, ANZ Grindlays and Bank of Nova Scotia. Prior to this, he spent almost 6 years with the Oberoi Group.

Mr. Talwar has been with Max India for six years and has played a pivotal role in growing the business and transforming Max Group and its joint ventures into a profitable, billion-dollar enterprise. By leveraging his strong relationships with institutional investors, hedge funds, banks and private equity firms, and successfully leading several complex Corporate Finance and financial structuring deals for the group, he has ensured adequate investment and liquidity for Max India group operations. Mr. Talwar is the Chairman of Max Speciality Films Limited and a member on the Board of Max Bupa Health Insurance Company Limited, Antara Senior Living Limited, Pharmax Corporation Limited, Max Medical Services Limited and Max Healthstaff International Limited. Further, Mr. Talwar is a member of Stakeholders Relationship Committee and

NOTICE

the Investment & Finance Committee of the Company, Audit Committee of Pharmax Corporation Limited and Nomination and Remuneration Committee of Max Speciality Films Limited. Mr. Talwar is holding 77,492 equity shares of the Company as on date.

Mr. Anuroop Singh

Date of Birth: September 9, 1953

Mr. Anuroop Singh is the Vice Chairman of the Company effective April 23, 2009. Mr. Anuroop Singh was the CEO & Managing Director of Max New York Life, which he led since its inception in 2000 till December 31, 2004. Mr. Anuroop Singh was the former India Country Head and Middle East and South Asia regional head for ANZ Grindlays Bank. He was the Country General Manager for retail banking at Bank of America for five years. He worked for 15 years in various positions with American Express, establishing the bank in several countries. He worked with A.F. Ferguson and Co., a leading firm of public accountants in India as a Management Consultant for two years. He also worked overseas with Ernst & Young.

Mr. Anuroop Singh is a Chartered Accountant with over three decades of experience in the financial services sector including two decades as Chief Executive for various businesses. Mr. Anuroop Singh is the Director and Vice Chairman of Max Life Insurance Company Limited, and Director and Chairman Max Bupa Health Insurance Company Limited. Mr. Anuroop Singh is holding 25,000 equity shares in the Company as on date.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013 ('the Act'), the following explanatory statement sets out all material facts relating to the business mentioned under item no. 7 to 14.

Item No. 7

This explanatory statement is provided through strictly not required as per Section 102 of the Act for item no. 7.

In terms of extant provisions of the Act, the statutory auditors can be appointed for a two consecutive terms of not more than 5 years each and that the tenure of auditors before the enactment of the Act shall be taken into account in determining such term.

M/s S. R. Batliboi & Co., LLP, Chartered Accountants, are associated with the Company as Statutory Auditors from last 4 (four) years. Their previous tenure, in this regard, shall be taken into account for calculating the period of five consecutive years in accordance with the Rule 6(i) of the Companies (Audit and Auditors) Rules, 2014. Further, Section 139 of the Act requires every Company to appoint Statutory Auditors for the term of 5 (five) consecutive years.

Your Directors therefore recommend the appointment of M/s. S. R. Batliboi & Co., LLP, Chartered Accountants as the statutory auditors of the Company for a period of one year as they have already completed four years, for your approval.

None of the Directors, Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at item No. 7 of this Notice.

Item nos. 8 to 12

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered with Stock Exchanges, appointed Mr. Rajesh Khanna, Mr. N.C. Singhal, Mr. Aman Mehta, Prof. Dipankar Gupta and Mr. Ashok Kacker as Independent Directors at various times, in compliance of the requirements of the clause.

Pursuant to provisions of Section 149 of the Act, every listed company having the promoter as the Non Executive Chairman is required to have at least one-half of the total number of directors as Independent Directors, who are not liable to retire by rotation.

The Board of Directors of your Company recommended the appointment of these directors as independent directors for a term of five years from September 30, 2014, except for Mr. N.C. Singhal, who would retire on August 10, 2016, in terms of the Articles of Association of the Company.

Mr. Rajesh Khanna, Mr. N.C. Singhal, Mr. Aman Mehta, Prof. Dipankar Gupta and Mr. Ashok Kacker have given a declaration to the Board that they meet the criteria of Independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Directors and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is recommended for your approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of the Independent Directors proposed to be appointed at the AGM is given below:

Mr. Rajesh Khanna

Date of Birth : December 24, 1965

Mr. Rajesh Khanna is the founder & CEO of Arka Capital Advisors Pvt Ltd., and is an investor in various companies. Previously, he served as a Managing Director and India Head of Warburg Pincus, a global private equity investment firm, and was a member of its global Executive Management Group. Mr. Khanna received an MBA from

the Indian Institute of Management, Ahmedabad and is a Chartered Accountant.

Mr. Rajesh Khanna is currently on the Boards of Max India Limited, Max Life Insurance Company Limited, Arka Capital Advisors Private Limited and Ashu Khanna Consultancy Private Limited. He is a member of the Equity Investment Committee of Piramal Fund Management Pvt Ltd and is a member of the Advisory Board of Kae Capital. Mr. Khanna is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee, CSR Committee and Risk and Compliance Review Committee of the Company; and a member of the Investment Committee and Human Resources, Compensation and Organization Committee of Max Life Insurance Company Limited. Mr. Rajesh Khanna holds 25,000 shares in the Company as on date.

Mr. N.C. Singhal

Date of Birth August 10, 1936

Mr. N.C. Singhal was the founder Chief Executive Officer, designated as the Vice-Chairman & Managing Director of the erstwhile SCICI Limited (formerly known as The Shipping Credit & Investment Corporation of India Limited), since December 1986 till August 1996.

Before moving over to the SCICI, Mr. Singhal was a senior executive of The Industrial Credit & Investment Corporation of India Limited (since renamed as ICICI Limited), for 15 years from 1971 to 1986 and of the Oil & Natural Gas Commission, from 1958 to 1971.

Mr. Singhal was deputed by the Government of India as a Banking Expert to the Industrial Development Bank of Afghanistan, Kabul, during 1974–75, as part of the World Bank sponsored programme for setting up the Bank. He was also engaged as a Consultant and Management Specialist with the Asian Development Bank, Manila. Currently, he is a member of Advisory Board of several industrial houses and institutions. Mr. Singhal has done MA (Economics), MSc. (Statistics), PGDPA.

Mr. Singhal is holding Directorship in Deepak Fertilizers & Petrochemicals Corporation Limited, Birla Sun Life Asset Management Company Limited, Tolani Shipping Limited, SCI Forbes Limited, Binani Industries Limited, Amal Limited, Capital First Limited, Samalpatti Power Company Private Limited, Essar Bulk Terminal Limited, Essar Ports Limited and Essar Shipping Limited. Mr. Singhal is the Chairman of the Audit Committee of Max India Limited, Deepak Fertilizers & Petrochemicals Corporation Limited, Tolani Shipping Company Limited and Amal Limited and a member of Audit Committee of Binani Industries Limited, Samalpatti Power Company Private Limited and Capital First Limited. Mr. Singhal is the Chairman of Remuneration Committee of Samalpatti Power Company Private Limited, and is a member of Nomination and Remuneration Committee of Max India Limited, Birla Sun Life Asset Management Company Limited, Binani Industries Limited, Tolani

Shipping Company Limited, and Capital First Limited. Mr. Singhal is the Chairman of Share Transfer Committee of Amal Limited and a member Stakeholders Relationship Committee of Max India Limited and Binani Industries Limited. Mr. Singhal is also a member of Nomination Committee of Capital First Limited and a member of CSR Committee and Risk and Compliance Review Committee of Max India Limited. Mr. Singhal holds 53,500 equity shares of the Company as of date of this notice.

Mr. Aman Mehta

Date of Birth : September 1, 1946

Mr. Aman Mehta, after graduating from Delhi University with an economics degree in 1967, joined the Bombay office of Mercantile Bank Limited, a wholly owned subsidiary of The Hong Kong and Shanghai Banking Corporation Limited.

Following training in the Bank's London office, Mr. Mehta returned to the Group's operations in India. Since 1969, he has held a number of assignments throughout the Bank, including appointments in Operations, Credit, Branch and Area Management and Merchant Banking. In 1985, he was appointed Manager Corporate Planning at The Hong Kong and Shanghai Banking Corporation's headquarters in Hong Kong. In January 1988, he moved to Riyadh to take up the post of Managing Director of The Saudi British Bank, a 40 percent owned associate of The Hong Kong and Shanghai Banking Corporation.

In May 1991, Mr. Mehta was appointed Group General Manager and, following a brief strategic planning assignment in North America, he was appointed General Manager International in February 1992 with responsibility for overseas subsidiaries.

In January 1993, Mr. Mehta took up the appointment of Chairman and Chief Executive Officer of HSBA USA Inc., the New York-based arm of HSBC Holdings plc set up to exercise oversight of Group companies in the Americas, before being appointed in November 1995 as Deputy Chairman of HSBC Bank Middle East, based in Dubai with responsibility for the Group's operations in the Middle East region.

Mr. Mehta was re-appointed General Manager International of The Hong Kong and Shanghai Banking Corporation in February 1998, Executive Director International in May 1998 and Chief Executive Officer in January 1999. Mr. Mehta also became Chairman of HSBC Bank Malaysia Berhad on January 1, 1999, and a Director of HSBC Bank Australia Limited.

Mr. Mehta is a member of the Governing Board of the Indian School of Business, Hyderabad and of the Indian Council for Research on International Economic Relations, New Delhi. He is also a Member of the Advisory Council of INSEAD, France.

Mr. Mehta is holding directorship in Wockhardt Pharmaceuticals Limited, PCCW Limited, Jet Airways Limited, Vedanta Resources Plc., UK, Tata Consultancy Services Limited, Godrej Consumer Products

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Limited and Cairn India Limited. Mr. Mehta is the Chairman of the Audit Committee of Jet Airways Limited, Vedanta Resources Plc., UK, PCCW Limited, Cairn India Limited, Tata Consultancy Services Limited and member of the Audit Committee of Wockhardt Pharmaceuticals Limited, Godrej Consumer Products Limited. Mr. Mehta is a member of the Shareholders/Investor Grievance Committee of Wockhardt Pharmaceuticals Limited. Mr. Mehta is the Chairman of the Remuneration Committee of Tata Consultancy Services Limited and also a member of the Remuneration Committee of Jet Airways Limited, Vedanta Resources Plc., UK, Godrej Consumer Products Limited and Cairn India Limited. Mr. Mehta is also Chairman of Nomination Committee of PCCW Limited, and member of HR Committee of Godrej Consumer Products Limited. Mr. Mehta is also a member of Nomination and Remuneration Committee, CSR Committee and Risk and Compliance Review Committee of Max India Limited. Mr. Mehta holds 29,000 equity shares in the Company as of date of this notice.

Prof. Dipankar Gupta

Date of Birth: October 11, 1949

Prof. Dipankar Gupta, joined Jawaharlal Nehru University (JNU) in 1980 as a faculty member. In July 2009, he voluntarily retired from the position as Professor, Centre for the Study of Social Systems, JNU, after nearly thirty years in this university. In between, for a brief period between 1993-95, he was also Professor in the Department of Sociology, University of Delhi. From 2008-2010, he was a member of National Security Advisory Board.

Dr. Gupta has been Visiting Professor to several universities. He was the Leverhulme Professor in London School of Economics, Fulbright Professor in University of Massachusetts, Visiting Professor in the University of Toronto, University of Strasbourg, University of Hull, Queens University, Belfast and to the Institute for the Study of Politics (Sciences-Po) in Paris and Lille. In 2007, he was Woodrow Wilson Fellow in Woodrow Wilson Centre in Washington DC.

Dr. Dipankar Gupta has authored and edited 19 books. In 2009 his book, "The Caged Phoenix: Can India Fly?" was published by Penguin, India. It was then re-published by Stanford University Press in 2010. His book, Justice before Reconciliation: Towards a New Normal in Post-Riot Mumbai and Ahmedabad was published by Routledge, India in 2011. His latest book, Revolution from Above: India's Future and the Citizen Elite was published recently.

Till 2007, he was co-editor of *Contributions to Indian Sociology*. In 1998, he started the Business Ethics and Integrity Division of KPMG, India which he led till 2003. From 2004 till 2007, he withdrew from the front line and served as Senior Advisor in KPMG. During this entire period, he personally audited or oversaw the audits of hundreds of companies, big and small, and also crafted Business Ethics and Business System Manuals for big corporate enterprises, both national and transnational. India's first ever *Business Ethics Survey* was also conducted under his supervision in 2000. In 2010, Dr. Gupta was awarded Chevalier De L'Ordre des Arts et des Lettres (Knight

of the Order of Arts and Letters) by the French Government. Dr. Gupta is a Director of Reserve Bank of India, National Bank for Rural Development (NABARD), Fight Hunger Foundation and Bali Housing Private Limited. Dr. Gupta is a member of CSR Committee and Risk and Compliance Review Committee of Max India Limited. Dr. Gupta is not holding any shares in the Company as of date of this notice.

Mr. Ashok Kacker

Date of Birth : March 11, 1951

Mr. Ashok Kacker has more than 3 decades of experience of working in the Government as an Indian Revenue Service (IRS – Income Tax) Officer of the 1974 batch. After seeking voluntary retirement from Government in 2007 (while working as a Chief Commissioner of Income Tax), he is currently involved in providing financial consultancy services. During his long years with the Government, he has held important senior positions both in several Executive capacities as well as in policy formulation roles.

His vast experience in the Government spans across several fields like Administration, Assessment of Corporate and large Industrial houses, Property valuation and compulsory acquisition of properties, Investigation of accounts and Prosecution. In a career spanning almost four decades, he has acquired skill level in the analysis and study of Balance sheets, corporate structures, International Taxation, Amalgamations, Mergers & Acquisitions. In addition, he also possesses good knowledge of the Tax arbitration and settlement of cases with tax demands having worked in the Income Tax Settlement Commission. He has a keen eye in the field of finance with specialized knowledge of Capital and Financial Markets. He has also interacted with International Agencies like USAID (United States Aid for International Development) and Canadian AID.

Service experience with the Government also includes a stint as Executive Director for 6 years (1995-2001) with Securities Exchange Board of India (SEBI), where he had direct responsibilities in various positions of Administration and Stock Exchange regulation apart from other regulatory responsibilities. He possesses an excellent knowledge of Government establishment matters and has coordinated with the State and Central Government and allied agencies from time to time. Besides the above, Kacker has long years of experience of dealing with other regulatory agencies like FEMA, Enforcement Directorate, Directorate of Revenue Intelligence etc.

He has served as a nominee on various Government committees in the past. He was a director on the board of the Delhi Stock Exchange and the UP stock Exchange from 1995-2001. During this period, he was singularly successful in taking transparency in Stock Exchange Administration to newer heights, thereby increasing the confidence of the small investors in the domestic capital market. He was the member secretary of the P.K. Kaul Committee setup by SEBI to determine the role and the responsibilities of the Trustees in the area of Asset Management. During 1998-2001, he was appointed as the SEBI nominee on the Committee setup by the Ministry of

Corporate Affairs to protect the interest of the investors. He was also a member of the Committee set up by SEBI on Corporate Governance.

In this direction, he is currently actively involved in the preparation of a vision document for establishing an INDIAN INSTITUTE OF INDEPENDENT DIRECTORS through a joint participation of Government of India and Corporate India.

He holds a Masters degree in Physics from the University of Allahabad, where he topped the faculty in 1972.

He is also the member on the Governing Board of the Umrao Institute of Medical Science and Research Trust at Thane (Mumbai). He is the Managing Partner and Founder of A.K. Advisors and Consultants, an Advisory Company in area of Financial Services located at Mumbai.

Mr. Ashok Kacker is presently the Group Advisor / Consultant with the India Bulls Group of Companies. He is also the Group President of the Company. Apart from the above Mr. Ashok Kacker holds Directorships in Indiabulls Asset Management Co. Ltd, (Wholesale Director), Indiabulls Industrial Infrastructure Limited, Indiabulls Venture Capital Management Company Limited, Salins Commodities Private Limited, Golden Green Golf and Resorts Limited and Inventive Green Technology Solutions Private Limited and partner of AK Advisors and Consultants. Mr. Kacker is a member of Audit Committee, CSR Committee and Risk and Compliance Review Committee of the Company. Mr. Kacker is not holding any shares in the Company as of date of this Notice.

Your Directors, therefore, recommend the resolutions set out at item no. 8 to 12 for your approval.

None of the Directors, Key Managerial Personnel (KMP) or relatives of directors and KMP, is concerned or interested in the Resolutions at item Nos 8 to 12 except Mr. Rajesh Khanna, Mr. N.C. Singhal, Mr. Aman Mehta Dr. Dipankar Gupta and Mr. Ashok Kacker as they are interested in passing the resolutions concerning their respective appointments.

Item no. 13

The shareholders of the Company had authorized the Board of Directors of the Company under Section 293 (1) (e) of the Companies Act, 1956 for making contributions and/or subscribe, in any financial year for charitable or other purposes, not directly related to the business of the Company or for the welfare of its employees up to an amount of rupees two crore or five per cent of the average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding whichever is greater.

In terms of Section 181 of the Act, prior permission of the shareholders is required for such contribution in case any amount

the aggregate of which, in any financial year exceed five per cent of its average net profits for the three immediately preceding financial years. Your Directors seek enabling approval from the shareholders under the provisions of the Act in lieu of the approval accorded earlier by the shareholders under the provisions of the Companies Act, 1956.

None of the Directors, Key Managerial Personnel (KMP) or relatives of directors and KMP, is concerned or interested in the Resolution at item No 13.

Your Directors therefore recommend the resolution set out at item no. 13 of the this notice, for your approval.

Item no. 14

The Shareholders of the Company in their meeting held on September 30, 2003 approved Employee Stock Option Plan – 2003 ('the Plan') of the Company with the objective of granting Stock Options to employees to ensure sustained commitment and highest levels of motivation. Initially the Plan was valid for a period of ten years. The shareholders in their Annual General Meeting held on September 27, 2011, extended the validity of the Plan for a further ten year period, i.e. up to September 30, 2023.

At the time of introduction of the Plan in the year 2003, Stock Exchanges approved grant of ESOPs up to 5% of the then existing paid up share capital of the Company. The paid up capital of the Company stood at Rs. 23,13,51,600 consisting of 2,31,35,160 equity shares of Rs. 10/- each at that point of time. Consequently, the stock exchanges had given in-principle approval for grant of 11,56,758 Options entitling equivalent number of equity shares of Rs. 10/- each. Every equity share of Rs. 10/- each of the Company was split into 5 equity shares of Rs. 2/- each in the year 2007, whereby the number of grants that could be made by the Company under the Plan stood increased to 57,83,790 Options entitling equivalent equity shares of Rs. 2/- each.

Keeping in mind the Company's endeavour to retain talent and to ensure sustained commitment and highest levels of motivation from the employees, it is proposed to seek a modification to the Plan to cap the number of ESOP grants at 5% of the present paid up share capital of the Company as of date as detailed below:

Paid up capital as on August 13, 2014 (Amount in Rs.)	No. of shares	5% of paid up shares as on August 13, 2014
Rs. 53,25,91,514	26,62,95,757	1,33,14,787

As per SEBI (Employees Stock option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("SEBI ESOP Guidelines"), the companies granting option to their employees have the freedom to determine the exercise price subject to compliance with the accounting policies specified in clause 13.1 of the SEBI ESOP Guidelines read with Schedule I thereto. The shareholders had approved earlier the Exercise Price of option at the par value of

NOTICE

the equity share, i.e, Rs. 2/- per equity share. It is now proposed to seek the approval of the shareholders to authorize the Nomination and Remuneration Committee of the Board ('NR Committee') to decide on the Exercise Price per option, as the NR Committee may determine, from time to time in compliance with the applicable provisions of the SEBI ESOP Guidelines, provided that the Exercise Price in respect of each tranche of the stock options shall not be less than the face value of the equity shares (which shall be calculated in accordance with the applicable law and if applicable, adjusted from time to time for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company) on the date of grant of the stock options.

All other terms and conditions of the Plan approved by the shareholders by way of the Special Resolutions in the Annual General Meetings held on September 30, 2003 and September 27, 2011 will remain unaltered.

Your Directors, therefore, recommend the Special Resolution set out in item no. 14 for your approval.

The Directors, Key Managerial Personnel (KMP) may be concerned or interested in the Special Resolution set out at item No. 14 of this Notice to the extent to which the options may be granted to them, under the Plan, in future.



MAX INDIA LIMITED

CIN : L24223PB1988PLC008031

Registered Office : Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab – 144 533, Tel : 011 42598000, Fax : 011 26324126
www. maxindia.com, E-mail : investorhelpline@maxindia.com , rshukla@maxindia.com

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD/PIN

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 9.00 a.m. (IST) on September 24, 2014
End of e-voting	Upto 05.00 p.m. (IST) on September 26, 2014

- The cut-off date (i.e. the record date) for the purpose of e-voting is 29th August, 2014.
- Please refer to the attached AGM Notice for instructions on E-Voting.

----- TEAR HERE -----



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www. maxindia.com, E-mail : investorhelpline@maxindia.com , rshukla@maxindia.com

ATTENDANCE SLIP

Regd. Folio No. / DP ID - Client ID : _____

Name & Address of First/Sole Shareholder : _____

No. of Shares held : _____

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the Annual General Meeting of the Company at its Registered Office on Tuesday, September 30, 2014 at 1200 hrs.

Notes:

- Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
- Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

Signature of Member/Proxy



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www. maxindia.com, E-mail : investorhelpline@maxindia.com , rshukla@maxindia.com

PROXY FORM AGM 2014

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio / DP ID-Client ID No. :

Name of the Member(s) & Address :

I/We, being the member(s) holding..... shares of the above named Company, hereby appoint

- Name :
Address:
E-mail id: Signature_____, or failing him;
- Name :
Address:
E-mail id: Signature_____, or failing him;
- Name :
Address:
E-mail id: Signature_____

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the Twenty- sixth Annual General Meeting of the Company to be held on Tuesday, September 30, 2014 at 1200 hrs. and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Description	Optional (✓)	
		For	Against
Ordinary Business			
1	Adoption of Profit & Loss Account for the year ended March 31, 2014 and the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.		
2	Declaration of final dividend and confirmation of interim dividend paid.		
3	Appointment of Mr. Ashwani Windlass, who retires by rotation and being eligible, offers himself for re-appointment.		
4	Appointment of Mr. Sanjeev Mehra, who retires by rotation and being eligible, offers himself for re-appointment.		
5	Appointment of Mr. Mohit Talwar, who retires by rotation and being eligible, offers himself for re-appointment.		
6	Appointment of Mr. Anuroop Singh, who retires by rotation and being eligible, offers himself for re-appointment.		
7	Appointment of Auditors.		
Special Business			
8	Appointment of Mr. Rajesh Khanna as an Independent Director.		
9	Appointment of Mr. N.C. Singhal as an Independent Director.		
10	Appointment of Mr. Aman Mehta as an Independent Director.		
11	Appointment of Prof. Dipankar Gupta as an Independent Director.		
12	Appointment of Mr. Ashok Kacker as an Independent Director.		
13	Authorization to the Board for contribution to charitable purposes.		
14	Approval for amendment to the Max Employee Stock Plan – 2003.		

Signed this----- day of----- 2014

Signature of Shareholder-----

Signature of Proxy holder(s) -----

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix
revenue
stamp of
Re.1/-

