

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

Regd. Office: Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110 020
Corporate Office: D-1, II Floor, Salcon Ras Vilas, District center, Saket, New Delhi 17

NOTICE

Notice is hereby given that second Annual General Meeting of Max Bupa Health Insurance Company Limited will be held on Tuesday, July 20, 2010 at 3.30 pm at the corporate office of the Company at D-1, II Floor, Salcon Ras Vilas, District center, Saket, New Delhi 110017 to transact the following business:

Ordinary Business

- (1) To consider, approve and adopt the Audited Balance Sheet as at March 31, 2010 and Profit and Loss Account for the period from April 01, 2009 to March 31, 2010 together with Directors' Report and Auditors' Report thereon.
- (2) To appoint a director in place of Mr. Anuroop Singh who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint a director in place of Mr. Leo Puri who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To appoint Auditors of the Company.

M/s V Sahai Tripathi & Co, Chartered Accountants, Delhi, the retiring Joint Auditors being eligible, offer themselves for re-appointment as Statutory Auditors of the Company.

M/s Kumar Mittal & Company, Chartered Accountants, Delhi, the retiring Joint Auditors have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company and in substitution thereof M/s Thakur, Vaidyanath Aiyer & Co., Chartered Accountants, Delhi proposed to be appointed as Joint Statutory Auditors of the Company.

Special Business

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

"RESOLVED THAT pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Dean Allan Holden, an Additional Director of the Company appointed under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and holding office until the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature as a director of the Company, be and is hereby appointed as the director of the Company and liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

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

"RESOLVED THAT pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. William Stephen Ward, an Additional Director of the Company appointed under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and holding office until the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature as a director of the Company, be and is hereby appointed as the director of the Company and liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

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

"RESOLVED THAT pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Benjamin David Jemphrey Kent, an Additional Director of the Company appointed under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and holding office until the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature as a director of the Company, be and is hereby appointed as the director of the Company and liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

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

"RESOLVED THAT pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. K Narasimha Murthy, an Additional Director of the Company appointed under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and holding office until the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature as a director of the Company, be and is hereby appointed as the director of the Company and liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

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

"RESOLVED THAT pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Anthony Maxwell Coleman, in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature as a director of the Company, be and is hereby appointed as the director of the Company and liable to retire by rotation."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

- (10) To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and other applicable provisions of the Act, if any, read with Memorandum and Articles of Association of the Company and Unlisted Public Companies (Preferential Allotment) Rules, 2003, consent of the Company be and is hereby accorded to the Board to issue and allot 3,20,00,000 Equity Shares of Rs. 10 each fully paid up for cash at par in the share capital of the Company in one or more tranches on preferential basis, to the following entities as the Board may decide and that such equity shares shall rank pari passu with the existing shares of the Company on preferential basis:

| Sl. No. | Name | No. of Shares |
|----------------|----------------------------------|----------------------|
| 1 | Max India Limited | 2,36,80,000 |
| 2 | Bupa Singapore Holdings Pte. Ltd | 83,20,000 |
| | Total | 3,20,00,000 |

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

- (11) To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions of the Act, if any, and other statutory approvals, if any, the existing Articles of Association of the Company be and are hereby deleted and substituted with the new set of Articles of Association, and this new set of Articles of Association be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

For Max Bupa Health Insurance Company Limited



**Sandeep Seth
Company Secretary**

New Delhi
20th July, 2010

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the above resolutions are enclosed.
3. The documents referred to in the proposed resolutions are open for inspection at the Registered Office of the Company during working hours between 10.00 A.M. and 1.00 P.M. except on holidays.
4. Consents from the shareholders of the Company have been received for convening the meeting at short notice.

**Explanatory statement pursuant to section 173(2) of the Companies Act, 1956
in respect of special business set out in the notice.**

(5) To appoint Mr. Dean Allan Holden as Director of the Company

Mr. Dean Allan Holden was appointed by the Board of directors as Additional Director of the Company on December 22, 2009 to hold office upto the date of ensuing Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of the Company.

In terms of section 257 of the Companies Act, the company has received notice from the member proposing his candidature for appointment of director. He is eligible to be appointed as director of the Company.

No other Director except Mr. Dean Allan Holden is concerned or interested in this resolution.

(6) To appoint Mr. William Stephen Ward as Director of the Company

Mr. William Stephen Ward was appointed by the Board of directors as Additional Director of the Company on December 22, 2009 to hold office upto the date of ensuing Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of the Company.

In terms of section 257 of the Companies Act, the company has received notice from the member proposing his candidature for appointment of director. He is eligible to be appointed as director of the Company.

No other Director except Mr. William Stephen Ward is concerned or interested in this resolution.

(7) To appoint Mr. Benjamin David Jemphrey Kent as Director of the Company

Mr. Benjamin David Jemphrey Kent was appointed by the Board of directors as Additional Director of the Company on December 22, 2009 to hold office upto the date of ensuing Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of the Company.

In terms of section 257 of the Companies Act, the company has received notice from the member proposing his candidature for appointment of director. He is eligible to be appointed as director of the Company.

No other Director except Mr. Benjamin David Jemphrey Kent is concerned or interested in this resolution.

(8) To appoint Mr. K Narasimha Murthy as Director of the Company

Mr. K Narasimha Murthy was appointed by the Board of directors as Additional Director of the Company on April 27, 2010 to hold office upto the date of ensuing Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of the Company.

In terms of section 257 of the Companies Act, the company has received notice from the member proposing his candidature for appointment of director. He is eligible to be appointed as director of the Company.

No other Director except Mr. K Narasimha Murthy is concerned or interested in this resolution.

(9) To appoint Mr. Anthony Maxwell Coleman as Director of the Company

Pursuant to Section 257 of the Companies Act, 1956, the Company has received notice from one of the members proposing the candidature of Mr. Anthony Maxwell Coleman for appointment as director on the Board of the Company.

As per Section 255 of the Companies Act, 1956, the appointment of Director requires approval of the shareholders by way of ordinary resolution.

No other Director except Mr. Anthony Maxwell Coleman is concerned or interested in this resolution.

(10) Issue of further Shares on preferential basis

In order to meet the requirement of funds for the business, the Company is required to be capitalized by issue of equity shares in the share capital of the Company to Max India Limited and Bupa Singapore Holdings Pte Ltd. Accordingly, It is proposed to issue 3,20,00,000 Equity Shares of Rs. 10/- each for cash at par on preferential basis pursuant to Section 81(1A) of Companies Act, 1956.

The issue and allotment of shares by an unlisted public company on preferential basis is governed by the provisions of Unlisted Public Companies (Preferential Allotment) Rules, 2003. The detailed descriptions about the issue of shares as prescribed under the said Rules are given below:

THE PRICE OR PRICE BAND AT WHICH THE ALLOTMENT IS PROPOSED

The allotment of equity shares is proposed to be made for cash at par.

RELEVANT DATE ON THE BASIS OF WHICH PRICE HAS BEEN ARRIVED
AT

The share shall be issued at par.

THE OBJECTS OF THE ISSUE

To meet capitalization requirements as per business plan of the Company.

CLASS OR CLASSES OF THE PERSON TO WHOM THE ALLOTMENT IS PROPOSED TO BE MADE

The proposed allotment of 3,20,00,000 Equity Shares to be made to the following entities on preferential basis as per the provision of Companies Act, 1956.

| Sl. No. | Name | No. of Shares |
|----------------|-----------------------------------|----------------------|
| 1 | Max India Limited | 2,36,80,000 |
| 2 | Bupa Singapore Holdings Pte. Ltd. | 83,20,000 |
| | Total | 3,20,00,000 |

INTENTION OF PROMOTERS TO SUBSCRIBE TO THE OFFER

The promoters have undertaken to fund the Company to meet its capitalization requirements as per business plan of the Company.

SHAREHOLDING PATTERN

The equity shares are proposed to be issued in the following manner:

| Sl. No. | Name | Number of equity shares |
|----------------|-----------------------------------|--------------------------------|
| 1 | Max India Limited | 2,36,80,000 |
| 2 | Bupa Singapore Holdings Pte. Ltd. | 83,20,000 |
| | Total | 3,20,00,000 |

TIME LIMIT WITHIN WHICH THE ALLOTMENT SHALL BE COMPLETED

The proposed allotment shall be completed within 12 months of passing of the proposed resolution.

CHANGE IN CONTROL

There would be no change in control after the proposed allotment of shares by the Company.

The Certificate confirming the compliance of Unlisted Public Companies (Preferential allotment) Rules, 2003 will be laid at the commencement of the meeting.

None of the Directors of the Company may be deemed to be interested or concerned in passing of the above resolution.

(11) To adopt the Re-stated Articles of Association of the Company

The shareholders of the Company have entered into shareholders' Agreement dated August 11, 2009 and First Amendment deed of variation dated December 23, 2009.

The Company proposes to adopt Re-stated Articles of Association of the Company to incorporate the provisions of the said Shareholders Agreement and amendment thereto.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, the Company may, by Special Resolution, alter the provisions of its Article of Association of the Company. The aforesaid resolution requires approval by the members of the Company.

A copy of Re-stated Articles of Association of the Company is enclosed with the Notice.

None of the Directors of the Company may be deemed to be interested or concerned in passing of the above resolution.

For **Max Bupa Health Insurance Company Limited**

New Delhi
20th July, 2010


Sandeep Seth
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Second Annual Report of the Company together with the audited accounts for the Financial Year ended March 31, 2010

BUSINESS HIGHLIGHTS

Highlights for the Financial Year ended March 31, 2010 are as under:

| Particulars | (Rs in '000) | |
|------------------------------------|-----------------|-----------------------------|
| | 2009-10 | 05-09-2008 to 31-03-2009 |
| Gross Written Premium | 1274 | 0 |
| Less Reinsurance Premium | 127 | 0 |
| Net Premium | 1147 | 0 |
| Unexpired Risk Reserve | 1135 | 0 |
| Earned Premium | 12 | 0 |
| Total Underwriting Revenue | 12 | 0 |
| Net Incurred Claims | 7 | 0 |
| Commission paid (net) | 25 | 0 |
| Expenses of Management | 385531 | 63977 |
| Total Underwriting expenses | 385563 | 63977 |
| Underwriting Profit/Loss | (385551) | (63977) |
| <u>Investment Income:</u> | | |
| Allocated to Revenue A/c. | 6 | 0 |
| Allocated to P&L A/c. | 18242 | 958 |
| Other Income | 1298 | (5.00) |
| (Loss)/Profit before Tax | (366005) | (63024) |

Key Business Parameters

| | | |
|---------------------------------------|----------|-----|
| Solvency Ratio | 2.07 : 1 | NA |
| Share Capital (Rs. crores) | 151 | .05 |
| Foreign Direct Investment(Rs. crores) | 39.26 | 0 |
| No. of Employees | 376 | 11 |
| No. of offices | 5 | 1 |
| No. of Agents | 271 | 0 |
| No. of Policies | 253 | 0 |

INDUSTRY OVERVIEW

Health Insurance has turned out to be the fastest growing segment in the non-life insurance business with a 39% Compounded Annual Growth Rate (CAGR) over the last 5 years. The premium from Non life insurance business is expected to cross Rs 10,000 crore for FY 2010, with the share of Health Insurance touching almost 22%.

Health insurance premium as per IRDA reports as on December end 2009 grew at 25%, twice as fast as other non-life premiums. From being almost non-existent a decade ago, health insurance has become the second-largest business after motor insurance for the non-life industry.

The future of the health insurance industry is promising as the business is predicted to grow at CAGR of 25 - 30%, till FY 2015 to reach the market size of Rs. 28, 000 crores. Approximately, a sum of Rs. 16, 800 crores for FY 2015 is projected to be the contribution of public and private health insurance companies to healthcare funding, if the industry premium growth is at a CAGR of 25% - 30 % between FY 2008 and FY 2015.

REGISTRATION

The Company was granted Certificate of Registration on February 15, 2010 by Insurance Regulatory and Development Authority (IRDA) to carry on health insurance business in India. Further, the Company received approval of its first insurance product "Heart Beat" from IRDA on March 15, 2010.

PHILOSOPHY

The Company's vision is to play a leading role in the Indian health insurance sector and be recognized as India's most admired health insurance company.

Through its philosophy of "Your Health First" Max Bupa's mission is to help customers' live healthier and more successful lives.

OPERATIONS

The Company's customer sales and service operations are enabled by in-house computer systems technology that is designed to operate and function as a private medical insurance system (sell, service, enroll, bill and renew, claim, report) within the context of the Indian market.

The service delivery concept of the Company is focused on the following five key areas:

1. Nurture a customer first culture business-wide which is measurable through customer satisfaction.
2. Build in-house capabilities and controls specific to health insurance such as contact service, underwriting, pre-auth, and claims.
3. Provide simple accessible customer touch-points through retail branches and 24/7 customer contact centre.
4. Drive efficiency and productivity with automation of processes, across customers and providers, and the standardization of information.
5. Create customer welfare services through information and education, targeting health wellness and prevention.

Max Bupa brings together a combination of Bupa's global health insurance and customer service expertise with Max India's understanding and experience of the Indian health and insurance sectors.

After having invested a year in building its teams, systems, processes and products, the Company commenced its commercial operations in March 2010.

The Company now offers quality health insurance services through a dedicated team of over 400 people and its network of offices across cities, namely - Delhi, Mumbai, Hyderabad, Chennai, Bangalore and Pune.

The Company has developed a strong network of over 400 quality hospitals and healthcare providers and intends to increase this to over 1000 hospitals by 2013–14. The Company has decided to service customers directly without involvement of third party administrator (TPA), through its in-house team of professionals.

The Company has a 24/7 health line for easy and friendly access to customer services.

To reach out to Indian customers and build awareness about its product and service offerings, the Company plans to use a combination of television, print, digital media and ground level events to drive up awareness for the brand launch, and its unique product differentiators.

HEALTH PRODUCT

The first stage of product development for Max Bupa was to understand customer needs and how best these needs can be addressed. For this an extensive research was conducted across India, where groups of customers were interviewed – these included both current users and non users of Health Insurance.

Based on the findings of the research, Max Bupa developed its first comprehensive health insurance plan “Heartbeat”. Heartbeat is an individual and family oriented health insurance cover for customers across all age groups and has host of key differentiators including no age limit, coverage of new born baby, coverage upto Rs. 50 lacs etc.

The Company has developed further products to cater to international medical emergency assistance needed by the individuals while traveling abroad. The product is awaiting approval from IRDA. In addition, the Company is developing and creating new products & plans for the extended family of customers to include parents, grandparents, grandchildren etc. The Company has created pipelines of products to be developed in the current year.

DIRECTORS

The Company’s Board of directors consists of eight members. The Board of directors is responsible for the overall corporate strategy and other Board related matters.

During the year, the Board appointed Mr. Dean Allan Holden, Mr. William Stephen Ward and Mr. Benjamin David Jemphrey Kent, nominated by Bupa Singapore Holdings Pte. Ltd., as additional directors effective from December 22, 2009.

Subsequently, the Board appointed Mr. Sunil Kakar and Mr. K. Narasimha Murthy (independent director) as additional directors effective from April 27, 2010.

Pursuant to Section 260 of the Companies Act, 1956, the additional directors hold office only up to the date of the ensuing Annual General Meeting. The Company has received notice from the members proposing candidature of the additional directors as above except Mr. Sunil Kakar, for appointment as directors at the ensuing Annual General Meeting.

Further, pursuant to Section 255 read with Section 257 of the Companies Act, 1956, the Company has received notice from one of the members proposing the name of Mr. Anthony Maxwell Coleman for appointment as director of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Anuroop Singh and Mr. Leo Puri retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

The Company is fully committed to pursue sound corporate governance practices and keeping the highest standards in conducting business. The Company continues to focus on building trust with shareholders, policyholders, employees and other stakeholders based on the principles of good corporate governance.

During the year, corporate governance guidelines for all insurance companies were issued by IRDA defining governance responsibilities of the Board and the Management. These guidelines also mandate constitution of certain mandatory Board Committees such as Audit Committee, Risk Committee, Investment Committee and Policyholder Protection Committee. The Company has initiated the process of implementing the corporate governance guidelines of IRDA.

Constitution of Board, number of meetings held and attendance by directors are described below:

| Name of the Director | No. of Board Meetings held*** | No. of Board Meetings attended*** |
|-----------------------------------|--------------------------------------|--|
| Mr. Analjit Singh | 4 | 4 |
| Mr. Anuroop Singh | 4 | 4 |
| Mr. Leo Puri | 4 | 4 |
| Mr. Dean Allan Holden* | 4 | 1 |
| Mr. William Stephen Ward* | 4 | 0 |
| Mr. Benjamin David Jemphrey Kent* | 4 | 1 |
| Mr. Sunil Kakar** | 4 | 0 |
| Mr. K. Narasimha Murthy** | 4 | 0 |

*appointed w.e.f. December 22, 2009

**appointed w.e.f. April 27, 2010

*** during the financial year ended March 31,2010

| Name | Status of Directorship | Qualifications |
|---|-------------------------------|--|
| Mr. Analjit Singh Nominee-Max India | Non Executive Chairman | MBA, Boston, USA. |
| Mr. Anuroop Singh Nominee-Max India | Non Executive | Chartered Accountant |
| Mr. Leo Puri Nominee-Max India | Non Executive | M.A. (Politics, Philosophy and Economics) from Oxford University and M.A (Law) from Cambridge University |
| Mr. Dean Allan Holden Nominee-Bupa Singapore | Non Executive | Chartered Accountant |
| Mr. William Stephen Ward Nominee-Bupa Singapore | Non Executive | Chartered Secretary |
| Mr. Benjamin David Jemphrey Kent Nominee-Bupa Singapore | Non Executive | Chartered Accountant, M.A. (Mathematics) from Oxford University. |
| Mr. Sunil Kakar | Non Executive | Engineering from IIT, Kanpur, Masters diploma in Business Administration (Finance) from XLRI |
| Mr. K. Narasimha Murthy | Independent | FCA, FICWA |

DIVIDEND

As the Company is a new start up, the directors do not recommend any dividend for the year.

CAPITAL

During the year, the paid up share capital of the Company was increased from Rs. 5 lacs to Rs. 151 crores. Subsequently, the Company further allotted equity shares worth Rs. 37 crores on May 26, 2010 thereby raising the paid up share capital to Rs. 188 crores.

SOLVENCY

The Company has been continually monitoring its solvency margins to ensure that the solvency margin is maintained in line with the requirements of IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000. As on March 31, 2010, the solvency ratio of the Company was at 2.07:1.

DEPOSITS

The Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

AUDITORS

During the year 2009-10, M/s Kumar Mittal & Company, Chartered Accountants, Delhi were appointed as statutory auditor of the Company pursuant to resignation by M/s Deloitte Haskins & Sells, the erstwhile statutory auditors of the Company.

Further, in line with IRDA requirements, M/s V Sahai Tripathi & Co, Chartered Accountants, Delhi were appointed as the second statutory auditor of the Company for the financial year 2009-10.

M/s V Sahai Tripathi & Co, Chartered Accountants, Delhi have expressed their willingness to be re-appointed at the ensuing Annual General Meeting. The Company has received certificate from them stating that their appointment as auditors, if made, will be in accordance with the limits specified under Section 224 (1B) of the Companies Act, 1956.

However, M/s Kumar Mittal & Company has expressed their unwillingness to be reappointed at the ensuing Annual General Meeting. Accordingly, M/s Thakur, Vaidyanath Aiyer & Co. Chartered Accountants, Delhi are proposed to be appointed as joint statutory auditor of the Company in place of M/s Kumar Mittal & Company. The Company has received certificate from them stating that their appointment as auditors, if made, will be in accordance with the limits specified under Section 224 (1B) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

1. In the preparation of annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. 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 loss of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

ADDITIONAL INFORMATION

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is separately annexed to the Report.

The information in accordance with the provision of section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 for the year ended March 31, 2010 are furnished hereunder:

a. **CONSERVATION OF ENERGY:**

The Company has taken measures to reduce the energy consumption, by using energy efficient equipment, incorporating latest technology and regular maintenance.

b. **RESEARCH AND DEVELOPMENT (R&D)** : Nil

c. **TECHNOLOGY ABSORPTION:**

- Specific areas in which R & D was carried out by the Company : Nil
- Benefit derived as a result of above : NA
- Future plan of action : NA
- Expenditure on R & D : NA

d. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Activities relating to exports, initiatives taken to increase exports, develop new export markets, export plan, etc. : NA

(Rs. in thousands)

| | For the year ended March 31, 2010 | For the period from 5 th September 2008 to March 31, 2009 |
|------------------------------|---|--|
| i) Foreign Exchange Earnings | Nil | Nil |
| ii) Foreign Exchange Outgo | | |
| CIF Value of Imports | | |
| - Capital Goods | 8812 | Nil |
| - Trading Goods | Nil | Nil |
| Others | 7364 | 8316 |

ACKNOWLEDGEMENTS

The Directors wish to place on record their gratitude to IRDA, the Reserve Bank of India, Central and State Governments and the joint venture partners for their continued cooperation, support and assistance. The Directors also express their thanks for the support and cooperation extended by Policyholders, Intermediaries and Employees.

New Delhi
July 20, 2010

For and on behalf of the Board of Directors


ANAJIT SINGH
Chairman

ANNEXURE TO THE DIRECTORS' REPORT
MAX BUPA HEALTH INSURANCE COMPANY LIMITED
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, 2010

| Sl No. | Name | Age (Years) | Designation | Nature of duties | Remuneration (Rs.) | Qualification | Date of Commencement of employment | Experience (Years) | Organisation | Last Employment Held Designation |
|---|-----------------------|-------------|---|-----------------------------------|--------------------|--|------------------------------------|--------------------|--|---|
| A. Employed throughout the year and were in receipt of remuneration of not less than Rs. 24,00,000/- per annum | | | | | | | | | | |
| 1 | Ms. Anjana Agarwal | 40 | Head-Information Technology | Information Technology Management | 3,907,242 | BE, MBA | 16-Feb-2009 | 17 | United Health Group | Director-IT |
| 2 | Dr. Damien Marmion | 43 | Chief Executive Officer | General Management | 27,558,204 | Masters in Health Management, Medical Practitioner | 01-Jan-2009 | 20 | BUPA Limited. HK | Development Director |
| 3 | Mr. Dean Pollard | 45 | Chief Operating Officer | Operations Management | 20,790,342 | MBA, PGDBM | 01-Apr-2009 | 17 | BUPA, Australia | Director of Transformation |
| 4 | Mr. Karanvir Singh | 37 | Director-Sales and Distribution | Sales and Distribution Management | 4,766,283 | MBA, BA (Economics) | 16-Feb-2009 | 12 | Citi Bank | Head- Risk Mitigation Unit |
| 5 | Mr. Neeraj Basur | 40 | Director-Finance | Financial Management | 7,109,828 | M.Com, FCA, ACS | 01-Jan-2009 | 18 | Max India Limited | Sr. Vice President-Corporate Finance |
| 6 | Mr. Pawan Singhal | 47 | Director-Legal and Regulatory Affairs | Legal & Compliance | 4,351,647 | B.Com,AICWA,FCS, LLB | 23-Mar-2009 | 21 | Conexant Systems | Director Legal-India and China |
| 7 | Mr. Rajan Sharma | 45 | Director-Human Resources | Human Resources Management | 4,056,803 | Masters in Personnel Management & Industrial Relations | 01-Jan-2009 | 21 | Max India Limited | Vice President- Human Resources |
| 8 | Ms. Shefali Chhachi | 39 | Director-Marketing | Marketing Management | 4,501,773 | MBA | 16-Feb-2009 | 16 | Nokia India Private Limited | Head- Marketing Activation and Localisation |
| 9 | Mr. Sibarjan Pattnaik | 46 | Head - Agency and Third Party Sales | Sales and Distribution Management | 3,867,242 | LLB, MSC | 01-Apr-2009 | 21 | Max New York Life Insurance Co. Ltd. | Senior Vice President and National Head of Group Business |
| B. Employed for part of the year and were in receipt of remuneration of not less than Rs. 200,000/- per month | | | | | | | | | | |
| 1 | Mr. Amit Arora | 34 | Head-Direct Sales | Sales and Distribution Management | 3,339,400 | PGDBM, B.A | 04-May-2009 | 9 | Citi Bank | Area Director |
| 2 | Mr. Andrew Ryland | 38 | Head of Healthcare Purchasing | Operations Management | 2,466,290 | BSc | 01-Dec-2009 | 16 | BUPA International | TPA Development & Contracting Manager |
| 3 | Ms. Aparna Deshmukh | 33 | Head- Marketing Operation & Activation | Marketing Management | 721,102 | MMS, B.Com | 28-Dec-2009 | 10 | HSBC Bank | Vice President NRI Services Strategic Initiatives |
| 4 | Mr. Bipul Chatterjee | 45 | Head -Emerging Market | Sales and Distribution Management | 1,420,353 | B.S.C. & DRD | 14-Dec-2009 | 21 | Birla Sun Life Insurance Co. Ltd. | Head Rural Sales |
| 5 | Mr. Deepak Mathur | 35 | Head - Legal | Legal and Government Relations | 1,419,836 | LLM, LLB, B.A. | 24-Sep-2009 | 10 | Bharti Airtel Ltd. | DGM (Legal & Regulatory) |
| 6 | Ms. Gauri Tare | 37 | Head - Medical Risk Management | Operations Management | 1,743,188 | LMCP, BCP | 09-Nov-2009 | 12 | DLF Pramerica Life Insurance Co. Ltd. | Vice President & Head of Operations & Underwriting |
| 7 | Ms. Jagjeet Kaur | 38 | Associate Vice President- Human Resources | Human Resource Development | 2,672,058 | MBA, BSC | 27-May-2009 | 13 | Tata AIG Life Insurance Co. Ltd. | AVP- Human Resources |
| 8 | Mr. Munish Sharma | 40 | Financial Controller | Financial Management | 1,836,441 | FCA | 29-Sep-2009 | 16 | Genpact Limited | Vice President-Finance (BFSI) |
| 9 | Mr. Murtuza Arsiwala | 35 | Head- Products | Marketing Management | 2,136,547 | B.Com, PGDBM | 01-Jun-2009 | 17 | ICICI Lombard General Insurance Co. Ltd. | Product Head-Group Health and PA |
| 10 | Mr. Sandeep Seth | 38 | Company Secretary and Head Compliance | Legal and Government Relations | 1,753,567 | ACS, LLB | 15-Jul-2009 | 16 | Met Life India Insurance Co. Ltd. | Chief Compliance Officer |
| 11 | Mr. Sanjay Gupta | 36 | Head- Customer Service | Operations Management | 2,093,443 | CA, CS, B.Com | 15-Jun-2009 | 15 | Thomas Cook (India) Ltd. | General Manager-Operations |
| 12 | Mr. Vivek K Sharma | 38 | Head-Training and Quality | Sales and Distribution Management | 1,568,298 | MMS, BE | 24-Aug-2009 | 14 | Tata AIG Life Insurance Co. Ltd. | Assistant Vice President & Head Training |

Notes :

- Remuneration includes salary, allowances, value of rent free accommodation, bonus, medical reimbursements, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation funds, leave encashment and monetary value of perquisites.
- None of the above employees is relative of any Director of the Company.
- None of the above employee holds by himself or along-with his/her spouse and dependent children 2% or more of the Equity Shares of the Company as of the date of this report.

Analit Singh

For and on behalf of the Board of Directors

AUDITORS' REPORT TO THE SHAREHOLDER

To
The Members
MAX BUPA HEALTH INSURANCE COMPANY LIMITED.
New Delhi

We have audited the attached Balance Sheet of *Max Bupa Health Insurance Company Limited.* (the Company') as at March 31, 2010, the Miscellaneous Insurance Revenue Account, the Profit and Loss account and the Receipts and Payments account, for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Balance Sheet, the Revenue Account, the Profit and Loss Account and Receipts and Payments Account, have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority ('IRDA') (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 of the Companies Act, 1956 ('the Act')

As required by Regulation , we set out in the Annexure a statement certifying the matters specified in paragraph 4 of schedule C to the Regulations.

Further to our comments in the Annexure referred to above, we report that :-

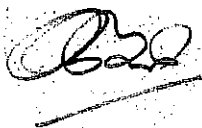
- a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
- b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;
- c) As the Company's accounting system is centralized; no returns for the purposes of our audit are prepared at the branches and other offices;



- d) The Balance Sheet, the Revenue Account, Profit and Loss Account and the Receipts and Payments Account referred to in this report are in agreement with the books of account;
- e) The actuarial valuation of liabilities in respect of, Claims Incurred But Not Reported ('IBNR') and those Incurred But Not Enough Reported ('IBNER') at March 31, 2010 has been duly certified by the appointed actuary. The appointed actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDA and the Institute of Actuaries of India in concurrence with the IRDA. We have relied upon the appointed actuary's certificate in this regard; and
- f) On the basis of the written representations received from the Directors, as at March 31, 2010 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

In our opinion and according to the information and explanations given to us, we further report that :-

- a) Investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders / directions issued by IRDA in this behalf;
- b) The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders / directions issued by IRDA in this behalf;
- c) The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payment account referred to in this report are in compliance with the accounting standards referred to under sub section 3C of section 211 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by IRDA;
- d) The Balance Sheet, Revenue Account, Profit and Loss Account and Receipts and Payments Account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act 1956 to the extent applicable, and in a manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India as, applicable to general insurance companies :-
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

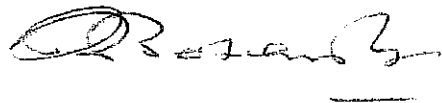


- ii. In the case of the Revenue Account, of the deficit for the year ended on that date;
- iii. In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- iv. In the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that :-

- a) We have reviewed the management report and there are no apparent mistakes or material inconsistencies with the financial statements; and
- b) Based on the information and explanations received during the course of our audit, management representations by officers of the Company charged with compliance and compliance certificates issued by the management, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration.

For and on behalf of
V Sahai Tripathi & Co
Chartered Accountants



(Mahesh Sahai)
Partner
M.N.-006730
FRN : 000262N

Place : New Delhi
Dated: 12 May, 2010



For and on behalf
Kumar Mittal & Co
Chartered Accountants



(Rohtash Mohan)
Partner
M.N.- 94292
FRN : 10500N



AUDITORS' CERTIFICATE

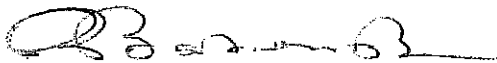
(Referred to in the Auditors' report to the members of Max Bupa Health Insurance Company Limited (the company) on the financial statements for the year ended 31st March, 2010)

Based on the information and explanation given to us and to the best of our knowledge and belief and based on our examination of books of accounts and other records maintained by the Company, we certify that :

- a) We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments by actual inspection or on the basis of certificates/confirmations received from custodian and/or Depository Participants appointed by the Company, as the case may be;
- b) The Company is not a trustee of any trust;
- c) No part of the assets of the policyholder's funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938, relating to the application and investments of the policyholder's funds.

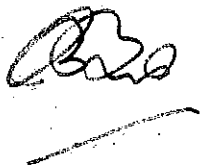
This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, ('The Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

For and on behalf of
V Sahai Tripathi & Co
Chartered Accountants



(Mahesh Sahai)
Partner
M.N.-006730
FRN : 000262N

Place : New Delhi
Dated: 2nd May, 2010



For and on behalf
Kumar Mittal & Co
Chartered Accountants



(Rohtash Mohan)
Partner
M.N.- 94292
FRN : 10500N



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

| SN | Particulars | Schedule | For the Year Ended | For the Period |
|----|---|----------|--------------------|---|
| | | | March 31, 2010 | September 05, 2008 to March 31, 2009 |
| | | | (Rs.'000) | (Rs.'000) |
| 1 | Premiums earned (Net) | 1 | 12 | - |
| 2 | Profit/ Loss on sale/redemption of Investments | | - | - |
| 3 | Others | | - | - |
| 4 | Interest, Dividend & Rent – Gross | | 6 | - |
| | Total (A) | | 18 | - |
| 1 | Claims Incurred (Net) | 2 | 7 | - |
| 2 | Commission | 3 | 25 | - |
| 3 | Operating Expenses related to Insurance Business | 4 | 385531 | - |
| | Total (B) | | 385563 | - |
| | Operating Profit/(Loss) from Miscellaneous Business [C= (A - B)] | | (385545) | - |
| | Appropriations | | | |
| | Transfer to Shareholders' Account | | (385545) | - |
| | Transfer to Catastrophe Reserve | | - | - |
| | Transfer to Other Reserves | | - | - |
| | Total (C) | | (385545) | - |

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO THE ACCOUNTS**

16

The Schedules referred to above form an integral part of the Revenue Account

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of accounts all the expenses of management incurred during the year in respect of Miscellaneous-"Health" insurance business transactions in India by the Company have been fully recognized in the revenue account as expenses.

This is the Revenue Account referred to in our report of even date

For V.Sahai Tripathi & Co.

Chartered Accountants

Mahesh Sahai
Partner
Membership No. F 06730
FR No. 262N

For Kumar Mittal & Co.
Chartered Accountants

Rohtash Mohan
Partner
Membership No. F 94292
FR No. 10500N

New Delhi
May 12, 2010

For and on behalf of the Board of Directors

Director

Chairman

Director-Finance

Chief Executive Officer

Company Secretary

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

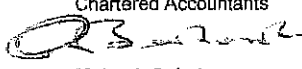
| SN | Particulars | Schedule | For the Year Ended | For the Period |
|----|--|----------|------------------------|---|
| | | | March 31, 2010 | September 05, 2008 to March 31, 2009 |
| | | | (Rs.'000) | (Rs.'000) |
| 1 | Operating Profit/(Loss) | | | |
| | (a) Miscellaneous Insurance | | (385545) | - |
| 2 | Income From Investments | | | |
| | (a) Interest, Dividend and Rent – Gross | | 5740 | - |
| | (b) Profit on sale of investments | | 12502 | 958 |
| | Less: Loss on sale of investments | | - | - |
| 3 | Other Income | | | |
| | (a) Gain/(Loss) on Foreign Exchange Fluctuation | | 948 | (5) |
| | (b) Liabilities no longer required written back | | 350 | - |
| | Total (A) | | <u>(366005)</u> | <u>953</u> |
| 4 | Provisions (Other than Taxation) | | | |
| | (a) For diminution in the value of investments | | - | - |
| | (b) For doubtful debts | | - | - |
| | (c) Others | | - | - |
| 5 | Other Expenses | | | |
| | (a) Expenses other than those related to Insurance Business | | - | 63977 |
| | (b) Bad debts written off | | - | - |
| | (c) Others | | - | - |
| | Total (B) | | <u>-</u> | <u>63977</u> |
| | Profit/(Loss) Before Tax | | <u>(366005)</u> | <u>(63024)</u> |
| | Provision for Taxation | | | |
| | (a) Fringe Benefit Tax | | - | 550 |
| | Profit/(Loss) After Tax | | <u>(366005)</u> | <u>(63574)</u> |
| | Appropriations | | | |
| | (a) Interim dividends paid during the year | | - | - |
| | (b) Proposed final dividend | | - | - |
| | (c) Dividend distribution tax | | - | - |
| | (d) Transfer to any Reserves or Other Accounts | | - | - |
| | Balance of Profit/(Loss) brought forward from last period | | <u>(63574)</u> | <u>-</u> |
| | Balance carried forward to Balance Sheet | | <u><u>(429579)</u></u> | <u><u>(63574)</u></u> |
| | Basic and Diluted Earning per Share of Rs. 10/- each | | <u>(8.42)</u> | <u>(1,271.48)</u> |
| | (Refer Schedule 16 on Note 24) | | | |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS


16

The Schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date
For V.Sahai Tripathi & Co.
Chartered Accountants


Mahesh Sahai
Partner
Membership No. F 06730
FR No. 262N

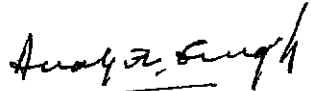
For Kumar Mittal & Co.
Chartered Accountants


Rohitash Mohan
Partner
Membership No. F 94282
FR No. 10500N

New Delhi
May 12, 2010

For and on behalf of the Board of Directors


Director


Chairman


Director-Finance


Chief Executive Officer


Company Secretary

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

BALANCE SHEET AS AT MARCH 31, 2010

| Particulars | Schedule | As at | As at |
|---|----------|-----------------------------|-----------------------------|
| | | March 31, 2010 (Rs.'000) | March 31, 2009 (Rs.'000) |
| Sources of Funds | | | |
| Share Capital | 5 | 1510000 | 500 |
| Share Application Money | | - | 80000 |
| Reserves and Surplus | 6 | - | - |
| Fair Value Change Account | | 728 | - |
| Borrowings | 7 | - | - |
| Total | | 1510728 | 80500 |
| Application of Funds | | | |
| Investments | 8 | 926015 | 44558 |
| Loans | 9 | - | - |
| Fixed Assets | 10 | 126066 | 11238 |
| Current Assets: | | | |
| Cash and Bank Balances | 11 | 115046 | 194 |
| Advances and Other Assets | 12 | 113717 | 7102 |
| Sub-total (A) | | 228763 | 7296 |
| Current Liabilities | 13 | 193423 | 43124 |
| Provisions | 14 | 6272 | 3042 |
| Sub-total (B) | | 199695 | 46166 |
| Net Current Assets (C) = (A - B) | | 29068 | (38870) |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | 15 | - | - |
| Debit Balance in Profit and Loss Account | | 429579 | 63574 |
| Total | | 1510728 | 80500 |
| CONTINGENT LIABILITIES | | | |
| 1 Partly paid up investments | | - | - |
| 2 Claims, other than against policies, not acknowledged as debts by the Company | | - | - |
| 3 Underwriting commitments outstanding (in respect of shares and securities) | | - | - |
| 4 Guarantees given by or on behalf of the Company | | - | - |
| 5 Statutory demands/liabilities in dispute, not provided for | | - | - |
| 6 Reinsurance obligations to the extent not provided for in the accounts | | - | - |
| 7 Others | | - | - |
| Total | | - | - |

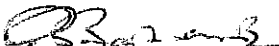
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

16

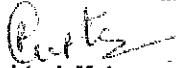
The Schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For V.Sahai Tripathi & Co.
Chartered Accountants


Mahesh Sahai
Partner
Membership No. F 06730
FR No. 262N

For Kumar Mittal & Co.
Chartered Accountants


Rohitash Mohan
Partner
Membership No. F 94292
FR No. 10500N
New Delhi
May 12, 2010

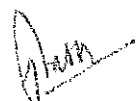
For and on behalf of the Board of Directors


Director


Chairman


Director-Finance


Chief Executive Officer


Company Secretary

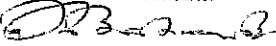
MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)
REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
RECEIPTS AND PAYMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

| Particulars | For the Year Ended | For the Period |
|---|--------------------|---|
| | March 31, 2010 | September 05, 2008 to March 31, 2009 |
| | (Rs.'000) | (Rs.'000) |
| Cash Flows from the Operating Activities: | | |
| Premium received from Policyholders, including Advance Receipts | 1405 | - |
| Other Receipts | 12501 | 958 |
| Payments of Other Operating Expenses | (276623) | (54208) |
| Preliminary and Pre-operative Expenses | - | (6614) |
| Deposits, Advances and Staff Loans | (99479) | (7789) |
| Income Taxes Paid (Net) | (767) | (485) |
| Other Payments | 57597 | 43747 |
| Cash Flows before Extraordinary Items | (305366) | (24391) |
| Cash flow from extraordinary operations | - | - |
| Net cash flow from operating activities | (305366) | (24391) |
| Cash flows from investing activities: | | |
| Purchase of fixed assets (including capital advances) | (128815) | (11357) |
| Proceeds from sale of fixed assets | 990 | - |
| Purchases of investments | (763114) | - |
| Investments in money market instruments and in liquid mutual funds (Net) | (118343) | (44558) |
| Net cash flow from investing activities | (1009282) | (55915) |
| Cash flows from financing activities: | | |
| Proceeds from Share Capital | 1429500 | 500 |
| Share Application Money | - | 80000 |
| Net cash flow from financing activities | 1429500 | 80500 |
| Effect of foreign exchange rates on cash and cash equivalents, net | - | - |
| Net increase in cash and cash equivalents: | 114852 | 194 |
| Cash and cash equivalents at the beginning of the year | 194 | - |
| Cash and cash equivalents at the end of the year | 115046 | 194 |
| Net increase in cash and cash equivalents: | 114852 | 194 |

This is the Receipts and Payments Account referred to in our report of even date


For and on behalf of the Board of Directors

For V.Sahai Tripathi & Co.
Chartered Accountants


Mahesh Sahai
Partner
Membership No. F 06730
FR No. 262N



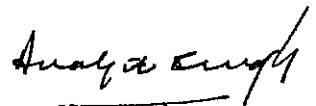
For Kumar Mittal & Co.
Chartered Accountants


Rohitash Mohan
Partner
Membership No. F 94292
FR No. 10500N



New Delhi
May 12, 2010


Director


Chairman


Director-Finance


Chief Executive Officer


Company Secretary

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | For the Year Ended | For the Period |
|--|--------------------|---|
| | March 31, 2010 | September 05, 2008 to March 31, 2009 |
| | (Rs.'000) | (Rs.'000) |
| SCHEDULE – 1 | | |
| PREMIUM EARNED [NET] | | |
| Premium from direct business written* | 1274 | - |
| Add: Premium on reinsurance accepted | - | - |
| Less : Premium on reinsurance ceded | 127 | - |
| Net Premium | 1147 | - |
| Less: Adjustment for change in reserve for unexpired risks | 1135 | - |
| Total Premium Earned (Net) | 12 | - |
| * Net of Service Tax | | |
| SCHEDULE – 2 | | |
| CLAIMS INCURRED [NET] | | |
| Claims paid | - | - |
| Direct | - | - |
| Add: Re-insurance accepted | - | - |
| Less: Re-insurance Ceded | - | - |
| Net Claims paid | - | - |
| Add: Claims Outstanding at the end of the year | 7 | - |
| Less: Claims Outstanding at the beginning | - | - |
| Total Claims Incurred | 7 | - |
| SCHEDULE – 3 | | |
| COMMISSION | | |
| Commission paid | 51 | - |
| Direct | - | - |
| Add: Re-insurance accepted | - | - |
| Less: Commission on Re-insurance Ceded | 26 | - |
| Net Commission | 25 | - |
| Break Up of expenses incurred to procure business: | | |
| Agents | 51 | - |
| Brokers | - | - |
| Corporate Agency | - | - |
| Referral | - | - |
| | 51 | - |

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

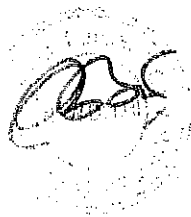
(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs.'000)

| Particulars | For the Year Ended March 31, 2010 | | | For the Period September 05, 2008 to March 31, 2009 | | |
|--|--------------------------------------|----------|-------------|---|----------|----------|
| | Health | Others | Total | Health | Others | Total |
| SCHEDULE – 1A | | | | | | |
| PREMIUM EARNED [NET] | | | | | | |
| Premium from direct business written* | 1274 | - | 1274 | - | - | - |
| Add: Premium on reinsurance accepted | - | - | - | - | - | - |
| Less : Premium on reinsurance ceded | 127 | - | 127 | - | - | - |
| Net Premium | 1147 | - | 1147 | - | - | - |
| Less: Adjustment for change in reserve for unexpired risks | 1135 | - | 1135 | - | - | - |
| Total Premium Earned (Net) | 12 | - | 12 | - | - | - |
| * Net of Service Tax | | | | | | |
| SCHEDULE – 2A | | | | | | |
| CLAIMS INCURRED [NET] | | | | | | |
| Claims paid | | | | | | |
| Direct | - | - | - | - | - | - |
| Add: Re-insurance accepted | - | - | - | - | - | - |
| Less: Re-insurance Ceded | - | - | - | - | - | - |
| Net Claims paid | - | - | - | - | - | - |
| Add: Claims Outstanding at the end of the year | 7 | - | 7 | - | - | - |
| Less: Claims Outstanding at the beginning | - | - | - | - | - | - |
| Total Claims Incurred | 7 | - | 7 | - | - | - |
| SCHEDULE – 3A | | | | | | |
| COMMISSION | | | | | | |
| Commission paid | | | | | | |
| Direct | 51 | - | 51 | - | - | - |
| Add: Re-insurance accepted | - | - | - | - | - | - |
| Less: Commission on Re-insurance Ceded | 26 | - | 26 | - | - | - |
| Net Commission | 25 | - | 25 | - | - | - |
| Break Up of expenses incurred to procure business: | | | | | | |
| Agents | 51 | - | 51 | - | - | - |
| Brokers | - | - | - | - | - | - |
| Corporate Agency | - | - | - | - | - | - |
| Referral | - | - | - | - | - | - |
| | 51 | - | 51 | - | - | - |



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 4**OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

| Particulars | For the Year Ended | For the Period |
|--|--------------------|-----------------------|
| | March 31, 2010 | September 05, 2008 to |
| | (Rs.'000) | March 31, 2009 |
| | | (Rs.'000) |
| 1 Employees' remuneration and welfare benefits | 228879 | - |
| 2 Travel, conveyance and vehicle running expenses | 21328 | - |
| 3 Training expenses | 2908 | - |
| 4 Rents, rates and taxes | 41817 | - |
| 5 Repairs | 9409 | - |
| 6 Printing and stationery | 2257 | - |
| 7 Communication | 3959 | - |
| 8 Legal and professional charges | 47076 | - |
| 9 Auditors' fees, expenses etc | | - |
| (a) as auditor | 404 | - |
| (b) as adviser or in any other capacity, in respect of | | - |
| (i) Taxation matters | - | - |
| (ii) Insurance matters | - | - |
| (iii) Management services; and | - | - |
| (c) in any other capacity | | - |
| (i) Tax Audit Fees | 50 | - |
| 10 Advertisement and publicity | 13750 | - |
| 11 Interest and bank charges | 56 | - |
| 12 Others | | - |
| (a) Business and Sales Promotion | 111 | - |
| (b) Loss on Disposal of Fixed Assets | 4908 | - |
| (c) Miscellaneous Expenses* | 529 | - |
| 13 Depreciation | 8090 | - |
| Total | 385531 | - |

*None of the items individually are higher than Rs. 500 thousands

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**SCHEDULE – 4A
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

(Rs.'000)

| Particulars | For the Year Ended March 31, 2010 | | | For the Period September 05, 2008 to March 31, 2009 | | |
|--|--------------------------------------|----------|---------------|---|--------|-------|
| | Health | Others | Total | Health | Others | Total |
| 1 Employees' remuneration and welfare benefits | 228879 | - | 228879 | - | - | - |
| 2 Travel, conveyance and vehicle running expenses | 21328 | - | 21328 | - | - | - |
| 3 Training expenses | 2908 | - | 2908 | - | - | - |
| 4 Rents, rates and taxes | 41817 | - | 41817 | - | - | - |
| 5 Repairs | 9409 | - | 9409 | - | - | - |
| 6 Printing and stationery | 2257 | - | 2257 | - | - | - |
| 7 Communication | 3959 | - | 3959 | - | - | - |
| 8 Legal and professional charges | 47076 | - | 47076 | - | - | - |
| 9 Auditors' fees, expenses etc | | | | | | |
| (a) as auditor | 404 | - | 404 | - | - | - |
| (b) as adviser or in any other capacity, in respect of | | | | | | |
| (i) Taxation matters | - | - | - | - | - | - |
| (ii) Insurance matters | - | - | - | - | - | - |
| (iii) Management services; and | - | - | - | - | - | - |
| (c) in any other capacity | | | | | | |
| (i) Tax Audit Fees | 50 | - | 50 | - | - | - |
| 10 Advertisement and publicity | 13750 | - | 13750 | - | - | - |
| 11 Interest and bank charges | 56 | - | 56 | - | - | - |
| 12 Others | | | | | | |
| (a) Business and Sales Promotion | 111 | - | 111 | - | - | - |
| (c) Loss on Disposal of Fixed Assets | 4908 | - | 4908 | - | - | - |
| (d) Miscellaneous Expenses* | 529 | - | 529 | - | - | - |
| 13 Depreciation | 8090 | - | 8090 | - | - | - |
| Total | 385531 | - | 385531 | | | |

*None of the items individually are higher than Rs. 500 thousands



MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)
REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 5
SHARE CAPITAL

| SN | Particulars | As at | |
|----|--|-----------------------------|-----------------------------|
| | | March 31, 2010 (Rs.'000) | March 31, 2009 (Rs.'000) |
| 1 | Authorised Capital 200000000 Equity Shares of Rs 10 each (Previous period 1000000000 Equity Shares of Rs.10 each) | 2000000 | 1000000 |
| 2 | Issued Capital 151000000 Equity Shares of Rs 10 each (Previous period 50000 Equity Shares of Rs.10 each) | 1510000 | 500 |
| 3 | Subscribed Capital 151000000 Equity Shares of Rs 10 each (Previous period 50000 Equity Shares of Rs.10 each) | 1510000 | 500 |
| 4 | Called-up Capital 151000000 Equity Shares of Rs 10 each (Previous period 50000 Equity Shares of Rs.10 each) | 1510000 | 500 |
| | Less: Calls unpaid | - | - |
| | Add: Equity Shares forfeited (Amount originally paid up) | - | - |
| | Less: Par Value of Equity Shares bought back | - | - |
| | Less: Preliminary Expenses | - | - |
| | Less: Expenses including commission or brokerage on underwriting or subscription of shares | - | - |
| | Total | <u>1510000</u> | <u>500</u> |

Out of the above, 111740000 (Previous period nil) equity Shares of Rs. 10/- each are held by Max India Limited, the holding company along with its nominees

SCHEDULE - 5A
PATTERN OF SHAREHOLDING
[As certified by the Management]

| Shareholder | As at | | As at | |
|--------------|------------------|----------------|------------------|----------------|
| | March 31, 2010 | | March 31, 2009 | |
| | Number of Shares | % of Holding | Number of Shares | % of Holding |
| Promoters | | | | |
| - Indian | 111740000 | 74.00% | 50000 | 100.00% |
| - Foreign | 39260000 | 26.00% | - | - |
| Others | - | - | - | - |
| Total | <u>151000000</u> | <u>100.00%</u> | <u>50000</u> | <u>100.00%</u> |



MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

| SN | Particulars | As at March 31, 2010 (Rs.'000) | As at March 31, 2009 (Rs.'000) |
|-----------------------------|--|--------------------------------------|--------------------------------------|
| SCHEDULE - 6 | | | |
| RESERVES AND SURPLUS | | | |
| 1 | Capital Reserve | - | - |
| 2 | Capital Redemption Reserve | - | - |
| 3 | Share Premium | - | - |
| 4 | General Reserves | - | - |
| | Less: Debit balance in Profit and Loss Account | - | - |
| | Less: Amount utilized for Buy-back | - | - |
| 5 | Catastrophe Reserve | - | - |
| 6 | Other Reserves | - | - |
| 7 | Balance of Profit in Profit & Loss Account | - | - |
| | Total | <u>-</u> | <u>-</u> |
| SCHEDULE - 7 | | | |
| BORROWINGS | | | |
| 1 | Debentures/ Bonds | - | - |
| 2 | Banks | - | - |
| 3 | Financial Institutions | - | - |
| 4 | Others | - | - |
| | Total | <u>-</u> | <u>-</u> |



MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)
REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 8
INVESTMENTS

| SN | Particulars | As at March 31, 2010 (Rs.'000) | As at March 31, 2009 (Rs.'000) |
|-------------------------------|--|--------------------------------------|--------------------------------------|
| LONG TERM INVESTMENTS | | | |
| 1 | Government securities and Government guaranteed bonds including Treasury Bills | 315027 | - |
| 2 | Other Approved Securities | - | - |
| 3 | Other Investments | | |
| | (a) Shares | | |
| | (aa) Equity | - | - |
| | (bb) Preference | - | - |
| | (b) Mutual Funds | | |
| | (c) Derivative Instruments | - | - |
| | (d) Debentures/ Bonds | 75285 | - |
| | (e) Other Securities | - | - |
| | (f) Subsidiaries | - | - |
| | (g) Investment Properties-Real Estate | - | - |
| 4 | Investments in Infrastructure and Social Sector | 125212 | - |
| 5 | Other than Approved Investments | - | - |
| SHORT TERM INVESTMENTS | | | |
| 1 | Government securities and Government guaranteed bonds including Treasury Bills (Refer Note (a.) below) | 100975 | - |
| 2 | Other Approved Securities | - | - |
| 3 | Other Investments | | |
| | (a) Shares | | |
| | (aa) Equity | - | - |
| | (bb) Preference | - | - |
| | (b) Mutual Funds | 61926 | 44558 |
| | (c) Derivative Instruments | - | - |
| | (d) Debentures/ Bonds | 247590 | - |
| | (e) Other Securities | - | - |
| | (f) Subsidiaries | - | - |
| | (g) Investment Properties-Real Estate | - | - |
| 4 | Investments in Infrastructure and Social Sector | - | - |
| 5 | Other than Approved Investments | - | - |
| | Total | 926015 | 44558 |

Notes:

- a. Government securities include Deposits held under section 7 of Insurance Act 1938, having book value of Rs.106103 thousand (Previous period nil). Market value of such investments is Rs. 106133 thousands (Previous period Nil)
- b. Aggregate amount of Company's investments other than listed equity securities and derivative instruments is Rs.926015 thousands (Previous period 44558). Market value of such investments as at March 31, 2010 is Rs. 926746 thousands (Previous period Rs. 44558 thousands)

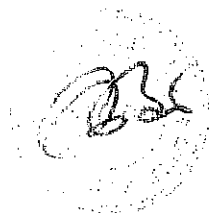
MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**SCHEDULE – 9****LOANS**

| SN | Particulars | As at | As at |
|----------|--|-----------------------------|-----------------------------|
| | | March 31, 2010 (Rs.'000) | March 31, 2009 (Rs.'000) |
| 1 | Security-Wise Classification | | |
| | Secured | | |
| | (a) On mortgage of property | - | - |
| | (aa) In India | - | - |
| | (bb) Outside India | - | - |
| | (b) On Shares, Bonds, Govt. Securities | - | - |
| | (c) Others | - | - |
| | Unsecured | - | - |
| | Total | - | - |
| 2 | Borrower-Wise Classification | | |
| | (a) Central and State Governments | - | - |
| | (b) Banks and Financial Institutions | - | - |
| | (c) Subsidiaries | - | - |
| | (d) Industrial Undertakings | - | - |
| | (e) Others | - | - |
| | Total | - | - |
| 3 | Performance-Wise Classification | | |
| | (a) Loans classified as standard | - | - |
| | (aa) In India | - | - |
| | (bb) Outside India | - | - |
| | (b) Non-performing loans less provisions | - | - |
| | (aa) In India | - | - |
| | (bb) Outside India | - | - |
| | Total | - | - |
| 4 | Maturity-Wise Classification | | |
| | (a) Short Term | - | - |
| | (b) Long Term | - | - |
| | Total | - | - |

Note: There are no loans subject to restructuring (Previous period Nil)



MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 10
FIXED ASSETS

| SN | Particulars | As at | | Cost/ Gross Block | | Depreciation | | | | Net Block | | | |
|----|----------------------------------|----------------|--------------|-------------------|--------------|----------------|------|--------------|----------------|----------------|----------------|----------------|----------------|
| | | April 01, 2009 | | Deductions | | As at | | For The Year | | To date | | As at | |
| | | | | Additions | | March 31, 2010 | Upto | On Sales/ | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2010 | March 31, 2009 |
| 1 | Goodwill | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Intangibles | - | - | - | - | - | - | - | - | - | - | - | - |
| | a) Softwares | 334 | 34725 | - | 35059 | - | 1 | - | 2468 | - | 2469 | - | 333 |
| | b) Website | - | 1843 | - | 1843 | - | - | - | 19 | - | 19 | - | - |
| 3 | Land-Freehold | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Leasehold Property | 9608 | 22529 | 8572 | 23565 | - | 44 | 2675 | 3405 | 774 | 22791 | - | 9564 |
| 5 | Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Furniture & Fittings | - | 13155 | - | 13155 | - | - | - | 339 | - | 339 | - | - |
| 7 | Information Technology Equipment | 702 | 17144 | - | 17846 | - | 21 | - | 1274 | 1295 | 16551 | - | 681 |
| 8 | Vehicles | 713 | 10763 | - | 11476 | - | 53 | - | 585 | 638 | 10838 | - | 660 |
| 9 | Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Others | 11357 | 100159 | 8572 | 102944 | - | 119 | 2675 | 8090 | 5534 | 97410 | - | 11238 |
| | Total | | 28656 | | 28656 | | | | | | 28656 | | |
| 11 | Work in progress | 11357 | 128815 | 8572 | 131600 | - | 119 | 2675 | 8090 | 5534 | 126066 | - | 11238 |
| | Grand total | | | | | | | | | | | | |
| | Previous Period | - | 11357 | - | 11357 | - | - | - | 119 | 119 | 11238 | - | - |

Notes:

1. Leasehold property consists of civil and other improvements at premises taken on long term lease by the Company.
2. Work in progress includes capital advances Rs. 24271 thousands (Previous period Nil) and capital expenditure pending allocation Rs. 4385 thousands (Previous period Nil).



MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

| SN | Particulars | As at March 31, 2010 (Rs.'000) | As at March 31, 2009 (Rs.'000) |
|-------------------------------|---|--------------------------------------|--------------------------------------|
| SCHEDULE - 11 | | | |
| CASH AND BANK BALANCES | | | |
| 1 | Cash (including cheques, drafts and stamps) | 407 | 44 |
| 2 | Bank Balances | | |
| | (a) Deposit Accounts | | |
| | (aa) Short-term (due within 12 months) | 100000 | - |
| | (bb) Others | - | - |
| | (b) Current Accounts | 14639 | 150 |
| | (c) Others | | |
| 3 | Money at Call and Short Notice | | |
| | (a) With Banks | - | - |
| | (b) With other Institutions | - | - |
| 4 | Others | | |
| | Total | 115046 | 194 |

Balances with non-scheduled banks included in 2 and 3 above is Nil
(Previous period Nil)

SCHEDULE - 12
ADVANCES AND OTHER ASSETS

ADVANCES

| | | | |
|---|---|--------------|------------|
| 1 | Reserve deposits with ceding companies | - | - |
| 2 | Application money for investments | 691 | 90 |
| 3 | Prepayments | - | - |
| 4 | Advances to Directors/Officers | - | - |
| 5 | Advance tax paid and taxes deducted at source (Net of provision for taxation) | 702 | (65) |
| 6 | Others (to be specified) | | |
| | (a) Advance to Suppliers | 18201 | - |
| | (b) Other advances* | 6000 | 381 |
| | Total (A) | 25594 | 406 |

* Refer Note C16 of Schedule 16

OTHER ASSETS

| | | | |
|---|---|---------------|-------------|
| 1 | Income accrued on investments* | 18625 | - |
| 2 | Outstanding Premiums | - | - |
| 3 | Agents' Balances | - | - |
| 4 | Foreign Agencies Balances | - | - |
| 5 | Due from other entities carrying on insurance business (including reinsurers) | 25 | - |
| 6 | Due from subsidiaries/ holding | - | - |
| 7 | Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938] | - | - |
| 8 | Others | | |
| | (a) Rent and other deposits | 55250 | 4894 |
| | (b) Service tax on input services (net) | 13084 | 1802 |
| | (b) Cenvat credit on capital goods | 1139 | - |
| | Total (B) | 88123 | 6696 |
| | Total (A+B) | 113717 | 7102 |

* Income Accrued on Investments includes interest on deposits also.

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

| SN | Particulars | As at March 31, 2010 (Rs.'000) | As at March 31, 2009 (Rs.'000) |
|----------------------------|---|--------------------------------------|--------------------------------------|
| SCHEDULE – 13 | | | |
| CURRENT LIABILITIES | | | |
| 1 | Agents' balances | 46 | - |
| 2 | Balances due to other insurance companies | 127 | - |
| 3 | Deposits held on re-insurance ceded | - | - |
| 4 | Premiums received in advance | - | - |
| 5 | Unallocated premium | 1399 | - |
| 6 | Sundry creditors* | 160388 | 22103 |
| 7 | Due to subsidiaries/ holding company | 22407 | 18788 |
| 8 | Claims Outstanding | 7 | - |
| 9 | Due to Officers/ Directors | - | - |
| 10 | Others | - | - |
| | (a) Tax deducted payable | 8910 | 2233 |
| | (b) Other statutory dues | 139 | - |
| | Total | 193423 | 43124 |

* Includes creditors for capital expenditure of Rs. 27305 thousands (Previous period Rs. 561 thousands)

SCHEDULE – 14**PROVISIONS**

| | | | |
|---|---|-------------|-------------|
| 1 | Reserve for Unexpired Risk | 1135 | - |
| 2 | For taxation (less advance tax paid and taxes deducted at source) | - | - |
| 3 | For proposed dividends | - | - |
| 4 | For dividend distribution tax | - | - |
| 5 | Others | - | - |
| | For employee benefits | - | - |
| | (a) Gratuity* | - | 1323 |
| | (b) Leave Encashment | 4936 | 1522 |
| | (c) Superannuation | 201 | 197 |
| | Total | 6272 | 3042 |

* The value of plan assets is Rs. 3132 which is greater than provision, i.e., is Rs. 1265, hence shown under Other Advances in Schedule 12.

SCHEDULE – 15**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

| | | | |
|---|---|----------|----------|
| 1 | Discount Allowed in issue of shares/ debentures | - | - |
| 2 | Others | - | - |
| | Total | - | - |

MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)
REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 16

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31st March, 2010**

A. BACKGROUND

Max Bupa Health Insurance Company Limited ("The Company") was incorporated on September 05, 2008 and received the Certificate of Commencement of Business on 23rd Dec 2008.

The company is a joint venture between Max India Limited and Bupa Singapore Holding Pte, Singapore.

The Company obtained regulatory approval to undertake Health Insurance business on 15th Feb 2010 from Insurance Regulatory and Development Authority (IRDA) under section 3(2A) of the Insurance Act, 1938. The Company has started selling Policies in March 2010..

The Company is in the business of Health Insurance. During the year, company has launched its first Health Insurance product 'Heartbeat'.

B. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting in accordance with the generally accepted accounting principles and conform to the statutory requirements prescribed under the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Companies Act, 1956 to the extent applicable in the manner so required, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India except otherwise stated and current practices prevailing within the Insurance Industry in India.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the balance sheet date.

The estimates and assumptions used in these financial statements are based on management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Any revision to the accounting estimates is recognized in the period in which the changes are known/ materialized.



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(c) **Revenue Recognition**

(i) **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.

(ii) **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 recognized as income in the year of final determination of the profits and as intimated by the reinsurer.

(iii) **Interest / Dividend Income**

Interest income is recognized on accrual basis. Accretion of discount and amortization of Premium relating to debt securities is recognized as per constant yield method.

Dividend is recognized when the right to receive the dividend is established.

(iv) **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

(d) **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.

(e) **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



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(f) 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.

(g) 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.

(h) 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.

(i) 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 IBNR provision also includes provision, if any, required for claims incurred but not enough reported. IBNR and IBNER liabilities are provided based on actuarial principles and certified by the Appointed Actuary of the Company. 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

(j) 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.

(k) Allocation of Investment Income

Investment income on Investments backing the policyholders liability has been allocated to Revenue Account and balance to Profit & Loss Account.



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(l) Investments

Investments are made in accordance with the Insurance Act, 1938 and Insurance Regulatory & Development Authority (Investment) Regulations, 2000.

Investments are recorded at cost including acquisition charges (such as brokerage, transfer charges, stamps etc) if any and exclude interest accrued upto the date of purchase.

Debt securities, including Government securities are considered as held to maturity and are accordingly stated at historical cost adjusted for amortization of premium and/or accretion of discount over the maturity period of securities on constant yield basis.

Listed and actively traded securities are measured at fair value as at the Balance Sheet date. For the purpose of calculation of fair value, the lowest of the last quoted closing price of the stock exchanges where the securities are listed is taken. Unrealized gain/losses due to change in fair value of listed securities is credited/debited to 'Fair Value Change Account'.

Unlisted Securities are stated at/under cost.

Investments in units of Mutual funds are stated at fair value being the closing Net Asset Value (NAV) at Balance Sheet date. Unrealized gains/losses are credited/debited to the 'Fair Value Change Account'.

(m) 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.

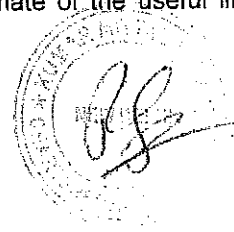
(n) Long/Short Term Investments

Investments maturing within twelve months from the balance sheet date and investments made with specific intention to dispose off within twelve months are classified as Short Term Investments. Other Investments are classified as Long Term Investments.

(o) Fixed Assets and Depreciation

Fixed Assets are carried at cost less accumulated depreciation and impairment loss. The cost of fixed assets include the purchase price, interest on borrowings and other incidental expenses directly attributable to acquisition of fixed assets upto the date of commissioning of the assets.

Depreciation on assets is charged on the Straight-Line Method on a pro-rata basis at the rate and in the manner prescribed under Schedule XIV to the Companies Act, 1956. However, if the management's estimate of the useful life of an asset is



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of useful life/remaining life.

The key fixed asset blocks and related annual depreciation rates, which in management's opinion reflect the estimated useful economic life of the fixed assets, are:

| Description | Life(Years) | Depreciation Rates |
|--------------------------------|-------------|--|
| Furniture & Fixtures | 5 | 20% |
| Office Equipment | 5 | 20% |
| Computers (including software) | 4 | 25% |
| Vehicles | 5 | 20% |
| Lease-hold Improvements | | 10 years or on primary period of lease, whichever is shorter |

These rates are higher than those prescribed in Schedule XIV to the Companies Act, 1956.

All assets including intangibles individually costing upto rupees five thousand are fully depreciated in the year of purchase.

The Company provides pro-rata depreciation from/to the date the asset is acquired or put to use/disposed off as appropriate.

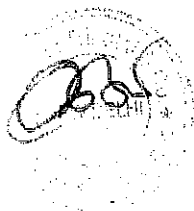
(p) Impairment of Assets

Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value, as determined above.

(q) Taxation

Tax expense comprises of current and deferred tax. Current income tax are measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance sheet date. Deferred tax assets are recognized only to an extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(r) Employee Benefits

Employees' benefits have been recognized in accordance with the relevant provisions of the Accounting Standard 15 (revised 2005)

(a) Defined Contribution Plan

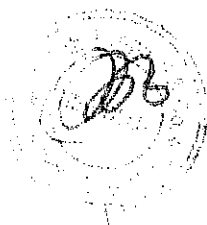
- a. Certain employees of the Company are participants of a defined superannuation plan. The Company makes contributions under the superannuation plan to "Max Bupa Health Insurance Limited Employees Superannuation Trust" based on a specified percentage of each covered employee's salary.
- b. The Company makes monthly contributions to the "Max India Limited Employees Provident Fund Trust" which is based on a specified percentage of the covered employees' salary. The fund is administered through trustees and the Company's contribution thereto are charged to Revenue Account or/and Profit and Loss Account, as applicable based on services rendered by employees.

(b) Defined Benefit Plans

- a. The liability in respect of Gratuity is provided for on the basis of an actuarial valuation carried out at the year end using the Projected Unit Credit Method. Actuarial gain and loss are recognized in full in the Profit and Loss Account for the year in which they occur. The Company has a recognized Trust for Gratuity benefits, "Max Bupa Health Insurance Ltd Employees' Group Gratuity Fund" to administer the Gratuity funds. The Trust has taken master policy with the Max New York Life Insurance Company Limited" to cover its liabilities towards employees' Gratuity. The Gratuity obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of the gratuity fund.
- b. The liability in respect of leave encashment is provided for on the basis of actuarial valuation carried out at the year end for long term compensated absences using Projected Unit Credit Method. Actuarial gains and losses are recognized in full in the Revenue Account or/and Profit and Loss Account, as applicable for the year in which they occur. Short term compensated absences are provided for based on estimates.
- c. Deferred compensation, which is a long term employee benefit is provided for based on the independent actuarial valuation carried out as at the Balance Sheet date and charged to Revenue Account or/and Profit and Loss Account, as applicable based on services rendered by employees.

(s) Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognized.



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(t) Earnings per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on 'Earnings per Share' issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

(u) Leases

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lesser is classified as Operating Leases. Operating Lease rentals including escalation are recognized in the Revenue account and Profit & loss account, as the case may be, on a straight line basis over the period of the lease.

(v) Foreign Currency Transactions

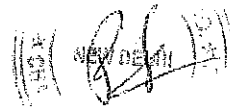
Transactions in foreign currencies are recorded at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currency as at the Balance Sheet date are translated at rates prevailing at the year end. Net gains or losses on account of exchange differences either on settlement or on translation of transactions, are recognized in the Revenue account or/and Profit and Loss Account, as applicable.

(w) 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 Profit and Loss account.

(x) Service Tax

Service Tax collected is considered as a liability against which service tax paid for eligible inputs services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Advance and other assets" in Schedule 12 for adjustment in subsequent periods. Service tax paid for eligible input services not recoverable by way of credits are recognized in the revenue account as expense forming as separate line item in Schedule 4.



MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

C. NOTES FORMING PART OF ACCOUNTS**1. Contingent Liabilities**

(Rs. '000)

| Particulars | As at 31.03.10 | As at 31.03.09 |
|---|-------------------|-------------------|
| Partly Paid up Investments | - | - |
| Underwriting Commitments Outstanding | - | - |
| Claims, other than against Policies, not acknowledged as Debts by the Insurer | - | - |
| Guarantees given by or on behalf of the Insurer | - | - |
| Statutory Demands / Liabilities in Dispute, Not provided for | - | - |
| Reinsurance Obligations to the Extent Not provided for in Accounts | - | - |
| Others | - | - |

2. Actuarial Assumptions

The Company's Appointed Actuary has determined valuation assumptions in respect of 'Reserve for Unexpired Risk' and 'Claims Incurred But Not Reported' (IBNR) that conform with Regulations issued by the IRDA and professional guidance notes issued by the Institute of Actuaries of India. However, as per IRDA Regulations in the case of claims where claims payment period exceeds 4 years only are required to be certified by the Appointed Actuary.

3. Encumbrances

The assets of the Company are free from all encumbrances. The Company has all assets within India.

4. Estimated Amount of Commitments made and Outstanding for:

(Rs. '000)

| Particulars | As at 31.03.10 | As at 31.03.09 |
|--------------------------------|-------------------|-------------------|
| Loans | - | - |
| Investments | - | - |
| Fixed Assets (Net of advances) | 41628 | - |

5. Claims, less Reinsurance paid to Claimants:

(Rs. '000)

| Class of Business | In India | | Outside India | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | As at 31.03.10 | As at 31.03.09 | As at 31.03.10 | As at 31.03.09 |
| Health | - | - | - | - |

6. Age-wise Breakup of Claims Outstanding:

(Rs. '000)

| Class of Business | Outstanding for more than six months | | Outstanding for six months or less | |
|-------------------|--------------------------------------|-------------------|------------------------------------|-------------------|
| | As at 31.03.10 | As at 31.03.09 | As at 31.03.10 | As at 31.03.09 |
| Health | - | - | - | - |

MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)
REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

7. Claims Settled and Remaining Unpaid for a period of more than six months:

(Rs. '000)

| Class of Business | As at 31.03.10 | As at 31.03.09 |
|-------------------|-------------------|-------------------|
| Health | - | - |

8. (a) Premium less Reinsurance Written During the Year :

(Rs. '000)

| Class of Business | In India | | Outside India | |
|-------------------|------------------------|--------------------------|------------------------|--------------------------|
| | Year ended 31.03.10 | Period ended 31.03.09 | Year ended 31.03.10 | Period ended 31.03.09 |
| Health | 1147 | - | - | - |

(b) No premium income is recognized on "Varying Risk Pattern" basis.

9. Extent of Risk Retained and Reinsured:

| Class of Business | Risk Retained | | Risk Reinsured | |
|-------------------|------------------------|--------------------------|------------------------|--------------------------|
| | Year ended 31.03.10 | Period ended 31.03.09 | Year ended 31.03.10 | Period ended 31.03.09 |
| Health | 90% | - | 10% | - |

10. Value of Contracts in relation to Investments:

(Rs. '000)

| Particulars | As at 31.03.10 | As at 31.03.09 |
|---------------------------------------|-------------------|-------------------|
| Purchase where deliveries are pending | - | - |
| Sales where payments are overdue | - | - |

11. All the investments are made in accordance with Insurance Act, 1938 and IRDA (Investment) Regulations, 2000 and are performing assets.

12. The Company does not have any investment in Real Estate as at March 31, 2010 or March 31, 2009

13. The historical cost of investments in mutual funds which have been valued on fair value basis is Rs.61198 thousand (Previous period Rs. 44558 thousand)

14. Investments made pursuant to Section 7 of Insurance Act 1938, are as follows:

(Rs. '000)

| Particulars | As at 31.03.10 | As at 31.03.09 |
|--|-------------------|-------------------|
| 182 Days Treasury Bills – 28 th May, 2010 | 1092 | - |
| 9.39% GOI CG 02-07-2011 | 105011 | - |

These investments are held in the Constituent Subsidiary General Ledger account with The Hongkong and Shanghai Banking Corporation Limited.

MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

15. Details of Managerial Remuneration as per terms of appointment are as under:*(Rs. '000)*

| Particulars | Year ended 31.03.2010 | Period ended 31.03.2009 |
|---|--------------------------|----------------------------|
| Salaries & Allowances | - | - |
| Contribution to Provident and other funds | - | - |
| Perquisites | - | - |
| Total | - | - |

16. The Company got Certificate of Registration from IRDA on February 15, 2010. Subsequent to its registration, the Company filed an application with IRDA for the approval of appointment of Dr. Damien Marmion as the Chief Executive Officer of the Company in terms of section 34A of the Insurance Act, 1938, which is awaited. In view of the aforesaid, a sum of Rs. 3932 thousand paid to Dr. Damien Marmion is held by him in trust for the Company and is reflected under Other Advances.

17. Expenditure in Foreign Currency (On accrual basis)*(Rs. '000)*

| Particulars | Year ended 31.03.2010 | Period ended 31.03.2009 |
|--------------------------|--------------------------|----------------------------|
| Travelling | 1983 | 3720 |
| Marketing Support fee | - | 3962 |
| Outsource Expenses | 1917 | - |
| Remuneration | 2501 | - |
| Purchase of Fixed Assets | 8812 | - |
| Others | 963 | 634 |
| Total | 16176 | 8316 |

18. Operating Lease Commitments

The Company has leased office premises under various agreements with various expiration dates extending upto 9 years. Lease payments made under operating lease agreements have been fully recognized in the books of accounts. The lease rental charged under non cancelable operating leases during the current year and maximum obligation on such leases at the balance sheet date are as follows:

(Rs. '000s)

| Particulars | As at 31.03.10 | As at 31.03.09 |
|---|-------------------|-------------------|
| Payable not later than one year | 119538 | - |
| Payable later than one year but not later than five years | 267619 | - |
| Payable later than five years | - | - |
| Total | 387157 | - |

Aggregate lease rentals charged to Revenue Accounts is Rs. 30883 thousand (Previous period Rs. 3924 thousand) and there are no sub leases.

19. Foreign Currency Exposures

Foreign currency exposures which are not hedged as at the Balance Sheet date are:

(Rs. '000s)

| Particulars | As at 31.03.10 | As at 31.03.09 |
|-------------------------|-------------------|-------------------|
| Payable in Indian Rupee | 15137 | 8200 |
| Payable in GBP | 223 | 113 |

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

20. Related Parties & Transactions:

| SN | Description of Relationship | Name of Party |
|-----|---|---|
| (a) | Holding Company | Max India Limited |
| (b) | Fellow Subsidiaries | Max New York Life Insurance Company Limited Max Healthcare Institute Limited Max Medical Services Limited Alps Hospital Limited Neeman Medical International BV, Netherlands Neeman Medical International NV, Netherlands Max Neeman Medical International, Inc, USA Max Neeman Medical International Limited Pharmax Corporation Limited Max Ateev Limited Max UK Ltd, UK Max Healthstaff International Limited Hometrail Estate Private Limited (Effective April 02, 2009) Hometail Buildtech Private Limited (Effective April 02, 2009) |
| (c) | Shareholders with significant influence | Bupa Singapore Holdings Pte Ltd, Bupa Finance Plc., UK |
| (d) | Key Management Personnel | Dr. Damien Marmion (Chief Executive Officer)* |

*IRDA approval for CEO's appointment is pending as on date.

Summary of significant related party transactions

(As per AS-18 issued by ICAI)

(Rs. '000s)

| SN | Particulars | Holding Company | Shareholders With Significant Influence | Fellow Subsidiaries | Key Management Personnel |
|----|-------------------------------|-----------------------------|---|---------------------|--------------------------|
| 1 | Fixed assets transferred/sold | - | - | 990 | - |
| | | (-) | (-) | (-) | (-) |
| 2 | Fixed Assets Purchased | 280 | - | 222 | - |
| | | (-) | (-) | (-) | (-) |
| 3 | Investments Purchased | - | - | 208098 | - |
| | | (-) | (-) | (-) | (-) |
| 4 | Income and Reimbursements | | | | |
| | | - Reimbursement of Expenses | - | - | 41 |
| 5 | Expenses | (-) | (-) | (-) | (-) |
| | | - Service received | - | - | 10691 |
| | - Other Expenses | (-) | (-) | (10) | (-) |
| | | 3456 | 6937 | - | - |
| | - Remuneration | (18788) | (8200) | (-) | (-) |
| | | - | - | - | 28068 |
| 6 | Equity Contribution | (-) | (-) | (-) | (4587) |
| | | 1117400 | 392600 | - | - |
| | | (-) | (-) | (-) | (-) |

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

(Formerly Max Bupa Health Insurance Limited)

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

| SN | Particulars | Holding Company | Shareholders with Significant influence | Fellow Subsidiaries | Key Management Personnel |
|----|--------------------|-----------------|---|---------------------|--------------------------|
| 7 | Amount Outstanding | | | | |
| | Other Receivable | - | - | 811 | 3932 |
| | | (-) | (-) | (-) | (171) |
| | Other Payable | 22407 | 15137 | 962 | - |
| | | (18788) | (8200) | (10) | (-) |

Figures in brackets are for Previous period

21. Segment Information

a) Business Segments

The Company's primary reportable segments are identified in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002. The operating expenses and investment and other income have been allocated to various segments as per accounting policies disclosed above. Segment revenue and segment results have been incorporated in the financial statements. However, due to the nature of the business, segment assets and liabilities have been allocated to the various segments to the extent possible.

| Health Segment | (Rs. '000s) | |
|-----------------------|----------------|----------------|
| | As at 31.03.10 | As at 31.03.09 |
| Segmental Revenue | 1274 | - |
| Segmental Result | (385545) | - |
| Segmental Liabilities | 1142 | - |
| Segment Assets | 1052081 | - |

b) Geographical Segment

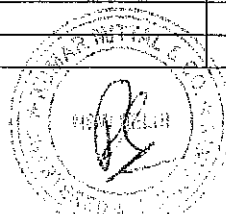
Since the Company's entire business is conducted within India, there is no reportable Geographical Segmentation for the year.

22. Gratuity Plan

The gratuity liability arises on retirement, withdrawal, resignation or death of an employee. The aforesaid liability is calculated on the basis of actuarial valuation as per the projected unit credit method. The Gratuity plan has been funded through a policy taken from Max New York Life Insurance Company Limited. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

i. Assumptions Used:

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|----------------------------------|-----------------------|-----------------------|
| Mortality | LIC (1994-96) Ult. | LIC (1994-96) Ult. |
| Interest/Discount Rate | 8.00% | 7.75% |
| Rate of increase in compensation | 8.00% | 6.00% |
| Withdrawal rate | 20% | 20% |



MAX BUPA HEALTH INSURANCE COMPANY LIMITED
(Formerly Max Bupa Health Insurance Limited)
REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

ii. **Changes in benefit obligations:**

| Particulars | (Rs. '000) | |
|---|--------------------------|----------------------------|
| | Year Ended 31.03.2010 | Period Ended 31.03.2009 |
| Present value of obligations at the beginning of the period | 1323 | - |
| Interest cost | 73 | - |
| Current Service Cost | 983 | 531 |
| Liability transfer in/(out) | (344) | 792 |
| Actuarial (gain)/loss on obligation | 298 | - |
| Present value of obligations at end of period | 2333 | 1323 |

iii. **Fair Value of Plan Assets:**

| Particulars | (Rs. '000) | |
|---|--------------------------|----------------------------|
| | Year Ended 31.03.2010 | Period Ended 31.03.2009 |
| Fair Value of Planned Assets at beginning of period | - | - |
| Contributions | 3132 | - |
| Actual Return on Planned Assets | 89 | - |
| Fair Value of Planned Assets at end of period | 3221 | - |

iv. **Amounts recognized in Profit & Loss Account:**

| Particulars | (Rs. '000) | |
|--|--------------------------|----------------------------|
| | Year Ended 31.03.2010 | Period Ended 31.03.2009 |
| Current Service Cost | 983 | 531 |
| Interest Cost | 73 | - |
| Expected Return on Plan Assets | (125) | - |
| Actuarial (Gain)/loss on obligation | 334 | - |
| Amount recognized in Profit & loss Account | 1265 | 531 |

v. **Amounts recognized in Balance Sheet:**

| Particulars | (Rs. '000) | |
|---|--------------------------|----------------------------|
| | Year Ended 31.03.2010 | Period Ended 31.03.2009 |
| Present value of obligations at end of period | 2333 | 1323 |
| Fair Value of Plan Assets at end of period | 3221 | - |
| Funded Status | 888 | - |
| Net Asset/(Liability) recognized in the balance sheet | 888 | (1323) |

vi. **Balance Sheet Reconciliation:**

| Particulars | (Rs. '000) | |
|-----------------------------|--------------------------|----------------------------|
| | Year Ended 31.03.2010 | Period Ended 31.03.2009 |
| Opening Net Liability | 1323 | - |
| Expenses as above | 1265 | 531 |
| Liability transfer in/(out) | (344) | 792 |
| Contribution Paid | 3132 | - |
| Closing Net Liability | (888) | 1323 |

As the Gratuity Fund is managed by Max New York Life Insurance Company Limited, details of investments are not available with the Company.

MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

23. The Company has carried out its tax computation in accordance with the mandatory Accounting Standard, AS 22 – 'Taxes on Income' issued by the Institute of Chartered Accountants of India. There has been a net deferred tax asset amounting to Rs. 5573 thousand on account of accumulated losses. However as a principle of prudence, and as there is no virtual certainty supported by convincing evidence on the date of the Balance Sheet, that there will be sufficient taxable income available to realize such assets in near future, the Company has not provided for deferred tax assets for the year ended 31st March 2010.
24. Basic earnings per equity share have been computed by dividing net profit (loss) after tax by the weighted average number of equity shares outstanding for the year.

| | Particulars | Units | Year ended 31.03.10 | Period ended 31.03.09 |
|----|--|------------------------|------------------------|--------------------------|
| a. | Net profit/(loss) after tax | Rs in '000s | (366005) | (63574) |
| b. | Weighted average of number of equity shares used in computing basic earnings per share | No. of shares in '000s | 43474 | 50 |
| c. | Basic/Diluted earnings per share (a/b) | Rs. | (8.42) | (1271.48) |

25. In pursuant to circular 067 dated 28th March,2008 issued by IRDA, following operating expenses are separately disclosed:

| Operating expenses | (Rs '000) | |
|----------------------|------------------------|--------------------------|
| | Year ended 31.03.10 | Period ended 31.03.09 |
| Outsourcing Expenses | 173 | - |
| Marketing Support | 18086 | 562 |
| Business Promotion | 111 | 928 |

26. Sector Wise Business

Disclosure of Sector wise business based on Gross Direct Written Premium (GWP) as per Insurance Regulatory and Development Authority (Obligations of Insurers to Rural or Social Sectors) Regulations 2002 is as under:

| Business Sector | Year ended 31.03.10 | | | Period ended 31.03.09 | | |
|-----------------|---------------------|-----------------|-------------|-----------------------|--------------|----------|
| | GWP Rs.'000s | No. of Lives | % of GWP | GWP Rs.'000s | No. of Lives | % of GWP |
| Rural | - | - | 0% | - | - | - |
| Social | - | - | 0% | - | - | - |
| Urban | 1274 | 305 | 100% | - | - | - |

In terms of IRDA Notification No IRDA/IREG/2/43/2008, as the Company has commenced its business for a period less than six months during the year, obligation of Rural or Social sector is not applicable for the financial year 2009-10.

27. Disclosure of Fire and Marine Revenue accounts:

As the Company operates in single insurance business class viz Health Insurance Business, the reporting requirements as prescribed by IRDA with respect to presentation of Fire and Marine Insurance revenue accounts are not applicable.

MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

28. There is no Micro, Small and Medium Enterprise to which the Company owes dues, which are outstanding for more than 45 days during the year ended March 31, 2010. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

29. Penal Actions Details by Various Government Authorities

IRDA circular no 005/IRDA/F&A/CIR/MAY-09 requires disclosure as per given format in respect of penal actions taken by various Government Authorities.

| SN | Authority | Non-Compliance/ Violation | Amount in Rs. | | |
|----|--|------------------------------|--------------------|-----------------|-------------------------------|
| | | | Penalty Awarded | Penalty Paid | Penalty Waived/ Reduced |
| 1 | Insurance Regulatory and Development Authority | - | - | - | - |
| 2 | Service Tax Authorities | - | - | - | - |
| 3 | Income Tax Authorities | - | - | - | - |
| 4 | Any Other Tax Authorities | - | - | - | - |
| 5 | Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA | - | - | - | - |
| 6 | Registrar of Companies/ NCLT/ CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956 | - | - | - | - |
| 7 | Penalty awarded by any Court/ tribunal for any matter including claim settlement but excluding Compensation | - | - | - | - |
| 8 | Securities and Exchange Board of India | - | - | - | - |
| 9 | Competition Commission of India | - | - | - | - |
| 10 | Any other Central/State/local Government/ Statutory Authority | - | - | - | - |

30. Summary of Financial Statements prescribed by the IRDA in its circular dated 29th April 2003 is provided as under:

| S. No. | Particulars | (Rs '000) |
|--------|--|-----------|
| | | 2009-2010 |
| 1. | Gross Premium Written | 1274 |
| 2. | Net Earned Premium Income | 12 |
| 3. | Income from Investments (net) | 6 |
| 4. | Other Income | - |
| 5. | Total Income | 18 |
| 6. | Commission (Net of Reinsurance) | 25 |
| 7. | Brokerage | - |
| 8. | Operating Expenses | 385531 |
| 9. | Claims, increase in Unexpired Risk Reserve & Other Outgoes | 7 |
| 10. | Operating Profit/Loss | (385545) |
| 11. | Total Income under Shareholders Account | 19540 |
| 12. | Profit/(loss) before tax | (366005) |
| 13. | Provision for Tax | - |
| 14. | Profit/(Loss) after tax | (366005) |
| 15. | Miscellaneous | - |

MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

| S. No. | Particulars | 2009-2010 |
|--------|----------------------------|---|
| 16. | Policyholder's Account: | Not Applicable being General Insurance Company |
| | a) Total funds | |
| | b) Total Investments | |
| | c) Yield on Investments | |
| 17. | Shareholder's Account: | Not Applicable being General Insurance Company |
| | a) Total funds | |
| | b) Total Investments | |
| | c) Yield on Investments | |
| 18. | Paid Up Equity Capital | 1510000 |
| 19. | Net Worth* | 1081149 |
| 20. | Total Assets | 1280844 |
| 21. | Yield on total investments | 4.72% |
| 22. | Earning Per Share** (Rs.) | (8.42) |
| 23. | Book value per Share(Rs.) | 7.16 |
| 24. | Total Dividend | - |
| 25. | Dividend Per share | - |

The Company obtained Certificate of Registration from IRDA on 15th February, 2010, therefore figures for the previous four financial years as required have not been disclosed.

*Including Fair Value Change Account

** Weighted average of number of equity shares i.e. Rs. 43474 thousand is used in computing Earnings per share

31. Accounting Ratios prescribed by the IRDA in circular dated 29th April 2003 is provided as under:

| Performance Ratios | 2009-2010 |
|--|-----------------|
| | (in times) |
| Gross Premium Growth Rate | NA |
| Gross Premium to Shareholders Funds Ratio | 0.0012 |
| Growth Rate of Shareholders Funds | 62.88 |
| Net Retention Ratio | 0.90 |
| Net Commission Ratio | 0.02 |
| Expenses of Management to Gross Direct Premium | 302.61 |
| Combined Ratio | 302.61 |
| Technical Reserves to Net Premium Ratio | 0.9956 |
| Underwriting Balance Ratios | (336.13) |
| Operating Profit Ratio | (319.10) |
| Liquid Assets to Liability Ratio | 460.19 |
| Net Earning Ratio | (319.10) |
| Return on Net Worth | (0.34) |
| Reinsurance Ratio | 0.10 |

The Company had obtained the IRDA Certificate on 15th February, 2010, therefore figures for the previous four financial years as required have not been disclosed.



MAX BUPA HEALTH INSURANCE COMPANY LIMITED**(Formerly Max Bupa Health Insurance Limited)**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

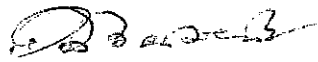
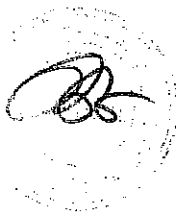
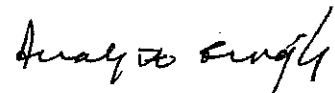

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**32. Balance Confirmation**

Company has done mandatory cessation with General Insurance Corporation (GIC). Reinsurance Premium of Rs 127 thousand has been provided for and the balance confirmation for the same is pending.

33. Additional Disclosure for the status of Registration under Shop & Establishment Act of Leased Office Premises:-

| S.No. | State | Location | Status |
|-------|-------------|-----------------|-------------|
| 1 | Delhi | South Extension | Applied For |
| 2 | Delhi | Saket-NOC | Applied For |
| 3 | Karnataka | Bangalore | Applied For |
| 4 | Maharashtra | Mumbai | Applied For |
| 5 | Tamilnadu | Chennai | Registered |

34. As the company has started its insurance operation from current financial year, the comparative figures of previous period have been provided, wherever applicable. Financial statements for the previous period were prepared as per Schedule VI of the Companies Act, 1956.

As per our report of even date**For and on behalf of the Board of Directors****For V.Sahai Tripathi & Co**
Chartered Accountants**Mahesh Sahai**
Partner
Membership No. F 06730
FR No.262N**For Kumar Mittal & Co**
Chartered Accountants**Rohtash Mohan**
Partner
Membership No. F 94292
FR No.10500N
Director
Chairman
Director-Finance
Chief Executive Officer
Company SecretaryPlace: New Delhi
Date: May 12, 2010

MAX BUPA HEALTH INSURANCE COMPANY LIMITED

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDA: FEBRUARY 15, 2010

Balance Sheet Abstract and Company's General Business Profile

I Registration Details :

Registration No.

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| U | 6 | 6 | 0 | 0 | 0 | D | L | 2 | 0 | 0 | 8 | P | L | C | 1 | 8 | 2 | 9 | 1 | 8 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

State Code

| | |
|---|---|
| 5 | 5 |
|---|---|

Balance Sheet Date

| | |
|---|---|
| 3 | 1 |
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| | |
|---|---|
| 0 | 3 |
|---|---|

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| | | | |
|---|---|---|---|
| 2 | 0 | 1 | 0 |
|---|---|---|---|

Date Month Year

II Capital Raised During the Year (Amount in Rs. Thousand)

| | |
|---------------------|---------------------|
| Public Issue | Rights Issue |
| Nil | Nil |
| Bonus Issue | Others |
| Nil | 1509500 |

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

| | |
|-----------------------------|----------------------------------|
| Total Liabilities | Total Assets |
| 1510728 | 1510728 |
| Sources of Fund | Reserve and Surplus |
| Paid-up Capital | - |
| 1510000 | Fair Value Change Account |
| Secured Loans | 728 |
| - | Deferred Tax Liability |
| Unsecured Loans | - |
| - | Investments |
| Application of Funds | 926015 |
| Net Fixed Assets | Misc. Expenditure |
| 126066 | - |
| Net Current assets | |
| 29068 | |
| Accumulated Losses | |
| 429579 | |

IV Performance of Company (Amount in Rs. Thousand)

| | |
|---------------------------------|------------------------------|
| Turnover (Total Income) | Total Expenditure |
| 19558 | 385563 |
| Profit/Loss before tax | Profit/Loss after tax |
| 366005 | 366005 |
| Earning per share in Rs. | Dividend Rate (%) |
| Basic and Diluted | NIL |
| 8.42 | |

V Name of three Principal Products/Service of Company

Item Code No.

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| N | I | L | | | | | | | | | | | | | | | | | | |
|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Product Description

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| H | E | A | L | T | H | I | N | S | U | R | A | N | C | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

