

## Schedules annexed to and forming part of the accounts

### SCHEDULE 23: NOTES TO ACCOUNTS

#### A. NATURE OF OPERATIONS

Max India Limited is a Company registered under the Companies Act, 1956, listed on National Stock Exchange and Bombay Stock Exchange. Max India Limited is a leading manufacturer of speciality plastic film products for packaging industry. Further, the Company has invested in various subsidiaries in diversified businesses such as healthcare, life insurance, health insurance, clinical research, etc.

#### B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### (2) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### (3) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

##### (4) Depreciation

- (i) Depreciation is provided using Straight Line Method on a pro rata basis as per the useful lives of the assets estimated by the management, the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Leasehold improvements are depreciated over the shorter of the estimated useful life of the asset or the lease term.
- (iii) Assets costing Rs. 5,000 or below are depreciated at the rate of 100%.
- (iv) Software in the nature of Intangible assets are depreciated over a period of 6 years.

##### (5) Impairment

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

##### (6) Intangible Assets

Intangible assets are recognised if they are separately identifiable and the Company controls the future economic benefits arising out of them. Research costs are expensed as incurred. Development expenditure incurred on software implementation

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is recognized as an intangible asset when its future recoverability can reasonably be regarded as assured and are separately identifiable. Any expenditure so capitalised is amortized over the estimated useful lives of six years on straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

### (7) Expenditure on new projects

Expenditure directly relating to construction phase is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent it is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account.

All direct capital expenditure on expansion is capitalized. As regards, indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

### (8) Leases

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

### (9) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

### (10) Inventories

Inventories are valued as follows:

Raw material, packing material, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

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

### (11) Borrowing Costs

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

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (12) Revenue Recognition

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

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### (i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty, sales tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

### (ii) Income from investments

Revenue is recognised on an accrual basis in accordance with the terms of relevant contracts.

### (iii) Interest Income

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### (iv) Dividend income

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

## (13) Foreign Currency Translation

### (i) Initial recognition

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

### (ii) Conversion

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

### (iii) Exchange differences

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

### (iv) Forward exchange contracts not intended for trading or speculation purposes

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

## (14) Retirement and other employee benefits

### (i) Provident fund

Retirement benefit in the form of Provident Fund is a defined benefit obligation. The Company and its employees are contributing to a provident fund trust "Max India Limited Employees Provident Fund Trust" and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Shortfall in the fund, if any, is adequately provided for by the Company.

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### (ii) Superannuation fund

Superannuation Fund is a defined contribution scheme. Liability in respect of Superannuation Fund is accounted for as per the Company's Scheme and contributed by the Company to "Max India Limited Superannuation Fund" every year. The contribution to the fund is charged to the Profit and Loss Account of the year. The Company does not have any other obligation to the fund other than the contribution payable.

### (iii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company has a recognised gratuity trust "Max India Limited Employees Gratuity Fund" which in turn has taken a policy with LIC to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC is provided for as liability in the books.

### (iv) Compensated absences

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/ losses are taken to Profit and Loss Account for the year.

## (15) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company reassesses deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

## (16) Government grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied.

When the grants and subsidy related to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the cost, which it is intended to compensate.

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Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related assets.

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

### (17) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

### (18) Segment Reporting Policies

#### Identification of segments

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

#### Allocation of common costs

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

#### Unallocated items

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

#### Segment policies

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

### (19) Earnings per share

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

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

### (20) Provisions

A provision is recognized 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 its present value and are determined based on best management 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.

### (21) Cash and Cash equivalents

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

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### C. NOTES TO THE ACCOUNTS

#### 1. Contingent Liabilities not provided for

S.No.	Particulars	(RS. IN LACS)	
		As at March 31, 2011	As at March 31, 2010
i.	Corporate guarantee given to financial institutions / banks in respect of financial assistance availed by a subsidiary of the Company. (Refer note (a))		
	- Export-Import Bank of India	6,375.00	6,937.50
	- Housing Development Finance Corporation Limited	19,563.60	21,370.80
ii.	Claims against the Company not acknowledged as debts (Refer note (b))		
	- Excise Duty Demands	1,677.31	744.53
	- Custom Duty Demands	363.36	376.43
	- Service Tax Demands	333.86	339.02
iii.	Liability on account of discounting of Bills	609.99	Nil
iv.	Letters of credit outstanding with various banks in favour of domestic and foreign suppliers for supply of raw materials and capital goods	1,482.49	8,111.16
v.	Obligation arising from import of capital equipment at concessional rate of duty during the year under Export Promotion Capital Goods Scheme (Refer note (c))	2,995.33	1,810.75
vi.	Put option liability of 2% Optionally Partially convertible preference shares allotted by a subsidiary (Refer note (d))	36,997.51	33,256.15
vii.	Income Tax cases		(Refer note (e))

#### Note:

- Guarantees given by the Company on behalf of a subsidiary is not considered as prejudicial to the interest of the Company as it provides opportunities for growth and increase in operations.
- Claims against the Company not acknowledged as debts represent the cases pending with judicial forums/authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgements / decisions pending with various forums/authorities. The Company has not made any provision for the demands in Excise, Service Tax and Customs as the Company believes that they have a good case based on existing judicial pronouncements.
- The export obligation undertaken by the Company for import of capital equipment under Export Promotion Capital Goods Scheme of the Central Government at concessional or zero rate of custom duty are in the opinion of the management expected to be fulfilled within the respective timelines.
- In 2007-08, the Company had granted a put option to International Finance Corporation ("IFC"), in respect of its subscription to the Company's subsidiary Max Healthcare Institute Limited's Optional Cumulative Partially Convertible Redeemable Preference Shares aggregating Rs. 25,000.00 Lacs together with an assured IRR of 11.25%. The Company's obligation on the above put option is exercisable by IFC any time after July 20, 2010 or in the event of non performance of certain obligations by Max Healthcare Institute Limited and/or by the Company. As confirmed by management, no such event has happened that necessitates provision of such obligation in books of account.

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### e. INCOME TAX CASES

i. Contingent liabilities not acknowledged as debts in respect of Income Tax cases are as follows:

Assessment year	As at March 31, 2011 (RS. IN LACS)	As at March 31, 2010 (RS. IN LACS)	Appeal against the disallowance pending Before
2001-02	-	15.65	Income Tax Appellate Tribunal
2002-03	-	41.77	Income Tax Appellate Tribunal
2003-04	357.10	-	Income Tax Appellate Tribunal
2004-05	40.96	0.76	Income Tax Appellate Tribunal
2005-06	149.16	-	Income Tax Appellate Tribunal
2006-07	202.09	98.96	Income Tax Appellate Tribunal
2007-08	66.65	-	Income Tax Appellate Tribunal
	<b>815.96</b>	<b>157.14</b>	

Note: -

(a) The Company is hopeful that above appeals will be disposed off in its favour.

(b) The Company had received the order of the CIT(Appeals) for the period AY 2002-03 to AY 2006-07, deleting majority of the disallowances made by the Assessing Officer, in February 2011. However, notices for revised tax demands, if any, are pending till date.

Further, in the following cases, penalty under section 271(1)(c) of the Income Tax Act, 1961 has been levied which are pending disposal.

Assessment year	As at March 31, 2011 (RS. IN LACS)	As at March 31, 2010 (RS. IN LACS)	Appeal Pending Before
1992-1993	18.78	18.78	CIT(Appeals)
1993-1994	14.63	14.63	CIT(Appeals)

Note: -

The Company is hopeful that above appeals will be disposed off in its favour.

ii. Apart from demands as stated above, in the case of an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005), a demand of Rs. 9,503.93 Lacs (Previous year Rs. 9,503.93 Lacs) was raised by the Income Tax Authorities for the Assessment year 1998-99 in connection with capital gains realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") by holding that the sale transaction pertains to previous year relevant to assessment year 1998-99 and by denying exemption under section 10(23G) of the Income Tax Act, 1961 ("the Act"). On appeal by MTVL, the CIT (Appeals), while holding that the sale transaction pertains to previous period relevant to assessment year 1998-99, quashed the order of the Assessing Officer regarding denial of exemption under section 10(23G) and the demand was cancelled. The Tax Authorities filed an appeal against this order with the Income-Tax Appellate Tribunal ("ITAT") which is pending as on date.

Subsequently, in the next assessment year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e., business income) on a protective basis by the Assessing Officer as MTVL had asked the Tax Authorities to treat the transaction as that arising in Assessment year 1999-00 and not in Assessment year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs (Previous year Rs. 24,993.19 Lacs) which included the demand of Rs. 24,368.00 Lacs (Previous year Rs. 24,368.00 Lacs) on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL and the demand was cancelled. The Tax Authorities have filed appeal against ITAT, which is pending as on date.

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MTVL had also filed an appeal before ITAT for assessment year 1998-99 contending that the aforesaid sale transaction pertains to previous period relevant to assessment year 1999-2000. This appeal had been disposed off by ITAT by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertains to previous period relevant to assessment year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the three appeals pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT which recalled its earlier order in the Company's appeal for Assessment year 1998-99. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The Hon'ble High Court of Punjab and Haryana has admitted the writ petition and stayed the operations of the order of ITAT accepting the petition filed by the Department. The ITAT has in the meanwhile adjourned sine-die all the three appeals pending operation of the stay imposed by the Hon'ble High Court (HC). The Department in turn had moved in Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The said SLP has now been dismissed by the Hon'ble Supreme Court. However, the Hon'ble Supreme Court has instructed the Hon'ble HC to expeditiously dispose the writ petition filed by MTVL.

Again, in the case of the erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005), a demand of Rs. 15,585.17 Lacs (Previous year Rs. 15,585.17 Lacs), had been raised by the Income Tax Authorities for the Assessment year 2006-07 in connection with capital gains realized by MTVL from the sale of remaining shares of Hutchison Max Telecom Limited ("HMTL") by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence denying exemption under Section 10(23G) of the Act. MTVL had filed an appeal before CIT (Appeals) against the said order. Further, on application by MTVL, the outstanding demand of Rs 14,885.17 Lacs had been stayed by the Tax Authorities till the disposal of first appeal by CIT(Appeals) [The Company had paid Rs. 700.00 Lacs during the year for stay of balance demand]. The CIT(Appeals) has, vide order dated March 22, 2011, quashed the assessment order framed by the Assessing Officer, holding that the assessment was nullity in law and cannot survive in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the previously raised demand of Rs. 15,585.17 Lacs stands deleted. The Department has now sought to reinstate proceedings u/s 147 read with section 148 of the Income Tax Act, 1961, on Max India Limited as Successor of MTVL, vide notice dated April 26, 2011.

The Company is hopeful that above appeals will be disposed off in its favour.

### 2. Capital Commitments

	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for	657.63	9,090.87
Less: Capital Advances	210.69	876.34
<b>Net capital commitment for acquisition of capital assets</b>	<b>446.94</b>	<b>8,214.53</b>

### 3. Loans

- (a) Term loan from Kotak Mahindra Bank Ltd amounting to Rs. 2,470.00 Lacs (Previous year Nil) is secured by a first pari passu charge on all existing and future movables (excluding vehicles) and immovable fixed assets of the company and second pari passu charge on all existing and future current assets of the Company.
- (b) Term loan from IndusInd Bank Ltd amounting to Rs. 5,267.36 Lacs (Previous year Nil) is secured by a first pari passu charge on the all movable fixed assets (excluding vehicles) of the company and first pari passu charge on immovable properties of the Company. Further the loan is secured by a second pari passu charge on the current assets of the Company, both present and future.



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- (c) Term loan from Yes Bank Ltd amounting to Rs. 2,340.47 Lacs (Previous year Nil) is secured by a first pari passu charge on all existing and future movables (excluding vehicles) and immovable fixed assets and second pari passu charge on the current assets of the Company, both present and future.
  - (d) Term Loan from Punjab National Bank amounting to Rs Nil (Previous year Rs. 2,600 Lacs) was secured by a first pari pasu charge on the fixed assets of the Company and second pari pasu charge on the current assets of the company, both present and future.
  - (e) Term Loan from Oriental Bank of Commerce amounting to Rs Nil (Previous year Rs. 2,600 Lacs) was secured by a first pari pasu charge on the fixed assets of the Company and second pari pasu charge on the current assets of the company, both present and future.
  - (f) Fund based working capital facilities from banks are secured by a first pari passu hypothecation charge on all current assets and a second charge on immovable and movable fixed assets of the Company, both present and future.
  - (g) Vehicle Loans Rs. 138.57 Lacs (Previous year Rs. 99.00 Lacs) are secured by way of hypothecation of respective vehicles.
4. During the previous year, the Company has allotted 2,000,000 warrants of the face value of Rs. 867/- each to Dynavest India Private Limited, one of the promoter group companies. Each warrant entitles the holder thereof to subscribe to four equity shares of Rs. 2/- each in the Share Capital of the Company at a premium of Rs. 214.75 per equity share. Each warrant is convertible into four Equity Share as per prevalent SEBI guidelines at any time before expiry of 18 months from the date of allotment i.e. February 6, 2010. In consideration of the warrants, the Company had received a deposit of Rs. 8,670.00 Lacs (Previous year Rs. 8,670.00 Lacs) (being 50% of the consideration for the issue of shares arising upon conversion of the warrants).
5. During previous year, the Company has allotted 6,019,925 Compulsorily Convertible Debentures ('CCDs') of the face value of Rs. 867/- each for an aggregate consideration of Rs. 52,192.75 Lacs to Xenok Limited, a wholly owned indirect subsidiary of GS Capital Partners VI Fund, L.P. and certain affiliated funds which are controlled by The Goldman Sachs Group Inc., on a preferential basis in the Extra Ordinary General meeting held on January 22, 2010. The aforesaid CCDs bearing a coupon of 12% per annum will have to be compulsorily converted into four equity shares of face value of Rs. 2/- each at a premium of Rs. 214.75 per equity share on or before 15 months from the date of issue of CCDs.

**6. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 (RS. IN LACS)**

Particulars	March 31, 2011	March 31, 2010
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	132.38	80.90
The interest due on unpaid principal amount remaining as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and,	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil

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### 7. Directors' Remuneration

Particulars	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary and Allowances	897.10	186.00
Perquisites	72.27	-
Contribution to Provident and Superannuation Fund	32.40	29.16
<b>Total</b>	<b>1,001.77</b>	<b>215.16</b>

Note:-

- a. As the liabilities for Gratuity and Leave Encashment are provided on an actuarial basis for the company as a whole, the amounts pertaining to the directors are not included above.
- b. Remuneration for the current year also includes an amount of Rs. 459.15 Lacs relating to earlier year for which the company has received Central government approval during the current year.



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### 8. Investments

Details of Investments are given below:

Particulars	Face Value (Rs.)	As at March 31, 2011		As at March 31, 2010	
		Numbers	Value (Rs. Lacs)	Numbers	Value (Rs. Lacs)
<b>Long Term Trade Investment (At Cost) In Subsidiary Companies</b>					
<b>Equity Shares</b>					
- Max New York Life Insurance Company Limited	10	1,356,764,514	146,650.73	1,354,807,014	146,058.47
- Max Healthcare Institute Ltd'	10	219,489,127	21,948.92	166,100,000	16,610.00
- Max Bupa Health Insurance Co. Limited	10	200,540,000	20,054.01	111,740,000	11,174.01
- Pharmax Corporation Limited	1	47,117,247	1,420.65	47,117,247	1,420.65
- Max Neeman Medical International Limited	10	4,166,813	416.68	4,166,813	416.68
- Max UK Limited	GBP 1	299,742	213.00	299,742	213.00
- Neeman Medical International BV	Euro 500	38	3,334.69	38	3,334.69
- Max Ateev Limited	10	31,443,600	3,144.36	31,443,600	3,144.36
Less: Provision for Diminution		-	(3,144.36)	-	(3,144.36)
- Max Healthstaff International Limited	10	3,945,000	447.87	3,945,000	447.87
Less: Provision for Diminution			(447.87)		(447.87)
<b>Sub total (a)</b>			<b>194,038.68</b>		<b>179,227.50</b>
<b>Preference Shares</b>					
- Pharmax Corporation Limited-9% CRPS	100	1,500,000	1,500.00	1,500,000	1,500.00
<b>Sub total (b)</b>			<b>1,500.00</b>		<b>1,500.00</b>
<b>Long Term Investment - other than Trade (At Cost)</b>					
<b>Equity Shares</b>					
- ICICI Bank Limited	10	250	0.65	250	0.65
<b>Sub total (c)</b>			<b>0.65</b>		<b>0.65</b>
<b>Current Investment (At lower of cost and market value) (Unquoted)</b>					
<b>Units in Mutual Fund</b>					
<b>Birla Sun Life</b>					
- A. Savings Fund-Ins.-Growth	10	-	-	2,276,797	398.00
- B. Short Term Fund - Growth	10	-	-	113,252,334	12,389.12
- C. Floating Rate Fund-Short Term-Growth	10	1,917,473	309.12	-	-
<b>IDFC</b>					
- A. Money Manager Fund - Treasury Plan - Super Inst Plan C - Growth	10	-	-	137,756,087	15,037.87
- B. Cash Fund-Super Institutional Plan C-Growth	10	5,033,346	600.00	-	-
<b>Reliance</b>					
- A. Reliance Medium Term Fund Growth Option	10	-	-	97,722,559	18,643.61
<b>TATA</b>					
- A. Floater Fund - Growth	10	-	-	136,913,679	18,799.34
- B. Liquid Super High Inv. Fund-Appreciation	1000	16,579	300.00	-	-
<b>UTI</b>					
- A. Floating Rate Fund -Short Term Plan-Inst. Growth Option	1000	29,026	318.57	-	-
- B. Treasury Advantage Fund IP - Growth	1000	-	-	991,373	12,260.06
<b>Sub total (d)</b>			<b>1,527.69</b>		<b>77,528.00</b>
<b>Total (a+b+c+d)</b>			<b>197,067.02</b>		<b>258,256.15</b>

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

The following current investments have been purchased and sold during the year

### Movement in Investments in Subsidiaries during the year:

Name of the Investment	Face value (Rs.)	Purchases		Sales	
		Shares/Units (Numbers)	Value (Rs. In Lacs)	Shares/Units (Numbers)	Value (Rs. In Lacs)
Max New York Life Insurance Co. Limited	10	1,957,500	592.26	-	-
Max Bupa Health Insurance Company Limited	10	88,800,000	8,880.00	-	-
Max Healthcare Institute Limited	10	53,389,127	5,338.92	-	-
<b>Total</b>			<b>14,811.18</b>		

### Movement in Mutual Funds during the year:

Name of the Investment	Face value (Rs.)	Purchases		Sales	
		Shares/Units (Numbers)	Value (Rs. In Lacs)	Shares/Units (Numbers)	Value (Rs. In Lacs)
<b>Birla</b>					
Sun Life Ultra Short Term Fund - Institutional - Growth	10	164,569,724	18,322.57	277,822,058	31,078.13
Sun Life Cash Plus - Institutional Premium - Growth	10	23,574,215	3,587.31	23,574,215	3,609.27
Sun Life Savings Fund Institutional - Growth	10	94,547,878	16,815.81	96,824,675	17,222.43
Sun life Floating Rate Fund -Short Term - Growth	10	1,917,473	309.13	-	-
<b>IDFC</b>					
Cash Fund - Super Institutional Plan C - Growth	10	129,268,983	14,799.38	124,235,637	14,316.56
Money Manager Fund - Treasury Plan -					
Super Inst Plan C - Growth	10	82,431,946	9,266.56	220,188,033	24,507.77
<b>Reliance</b>					
Money Manager Fund -Inst Option- Growth	10	31,177,438	6,107.69	128,899,997	24,981.62
Money Manager Fund -Inst Option- Growth	1000	1,872,930	23,881.62	18,72,930	24,097.89
Liquid Fund - Cash Plan - Growth Plan / Option	10	15,955,622	2,485.20	15,955,622	2,505.51
<b>TATA</b>					
Floater Fund - Growth	10	151,965,511	21,209.91	288,879,190	40,420.90
Liquid Super High Inv. Fund - Appreciation	1000	1,397,022	24,195.90	1,380,443	23,920.75
<b>UTI</b>					
Treasury Advantage Fund IP - Growth	1000	1,064,817	13,422.53	2,056,190	25,948.32
Liquid Cash Plan Institutional - Growth Option	1000	1,029,550	15,906.99	1,029,550	15,931.09
Floating Rate Fund - Short Term Plan -					
Institutional Growth Option	1000	536,876	5,729.06	536,876	5,787.73
Money Market Fund -Institutional Growth	1000	29,026	318.57	-	-
<b>Total</b>			<b>176,358.23</b>		<b>254,327.97</b>

## Schedules annexed to and forming part of the accounts

### 9. Employees Benefit

#### i) Gratuity:

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

The following table summarises the component of net benefit expense recognised in Profit and Loss account, the funded status and the amount recognised in the balance sheet in respect of defined benefit plans.

#### Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

	(RS. IN LACS)	
	March 31, 2011	Gratuity March 31, 2010
Current service cost	54.51	49.28
Interest cost on benefit obligation	37.23	30.66
Expected return on plan assets	(22.38)	(6.67)
Net actuarial (gain) / loss recognized in the year	(9.22)	18.78
Past service cost	-	-
Net benefit expense	60.14	92.05
Actual return on plan assets	22.39	5.34

#### BALANCE SHEET

#### Details of Provision for gratuity

	(RS. IN LACS)	
	March 31, 2011	Gratuity March 31, 2010
Defined benefit obligation	543.20	465.36
Fair value of plan assets	340.58	53.14
Funded Status	(202.62)	(412.22)
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(202.62)	(412.22)

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

	(RS. IN LACS)	
	March 31, 2011	Gratuity March 31, 2010
Opening defined benefit obligation	465.36	393.12
Interest cost	37.23	30.66
Current service cost	54.51	49.28
Benefits paid	(4.68)	(25.15)
Actuarial (gains) / losses on obligation	(9.22)	17.45
Closing defined benefit obligation	543.20	465.36

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

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

	(RS. IN LACS)	
	March 31, 2011	Gratuity March 31, 2010
Opening fair value of plan assets	53.14	72.95
Expected return	22.38	6.67
Contributions by employer	269.74	-
Benefits paid	(4.68)	(25.15)
Actuarial gains / (losses)	-	(1.33)
Closing fair value of plan assets	340.58	53.14

The Company expects to contribute Rs. Nil to gratuity in 2011-12.

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

	Gratuity	
	March 31, 2011	March 31, 2010
	%	%
Life Insurance Corporation of India	100	100

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

	(RS. IN LACS)	
	March 31, 2011	Gratuity March 31, 2010
	%	%
Discount rate	8.00	8.00
Expected rate of return on assets	9.15	9.15
Retirement Age	58 years	58 years
Employee turnover		
- Upto 30 years	5%	5%
- 31 to 44 years	5%	3%
- Above 44 years	5%	1%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

	(RS. IN LACS)			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	543.20	465.36	393.12	353.76
Plan assets	340.58	53.14	72.96	95.66
Surplus / (deficit)	(202.62)	(412.22)	(320.16)	(258.10)
Experience adjustments on plan liabilities	(11.47)	(26.67)	8.79	(14.58)
Experience adjustments on plan assets	Nil	(1.33)	(1.74)	(0.25)

### ii) Provident Fund:

The Company has set up a provident fund trust, which is managed by the Company and as per the Guidance Note on AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. However, the Company has duly provided for the shortfall in the interest liability payable by the Provident Fund Trust.

## Schedules annexed to and forming part of the accounts

### 10. Employee Stock Option Plan

#### Employee Stock Option Plan – 2003 ("the 2003 Plan")

The Company has instituted the 2003 Plan, which was approved by the Board of Directors on August 25, 2003 and subsequently by the shareholders on September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Remuneration Committee appointed by the Board of Directors. Vesting period ranges from one to four years and options can be exercised after one year from vesting date.

Particular	March 31, 2011		March 31, 2010	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the start of the year	1,423,458	2.00	66,320	2.00
Granted during the year	10,000	2.00	1,375,250	2.00
Forfeited during the year	(5,000)	2.00	-	2.00
Exercised during the year	(109,677)	2.00	(18,112)	2.00
Outstanding at the end of the year	1,318,781	2.00	1,423,458	2.00
Exercisable at the end of the year	400,000	2.00	-	2.00

Weighted average fair value of options granted on the date of grant is Rs. 158.45 (Previous year Rs. 214.46)

Grant Date	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Number of options	Weighted average remaining life in years	Number of options	Weighted average remaining life in years
November 19, 2008	36,156	2.5	48,208	3.5
September 04, 2009	72,625	2.5	175,250	3.5
January 01, 2010	800,000	2.5	800,000	3.5
January 01, 2010	400,000	-	400,000	3.5
June 01, 2011	10,000	2.5	-	-

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

Particular	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Net Profit as reported (After Tax Exp.)	(4,209.52)	(58.77)
<b>Add:</b> Employee stock compensation under intrinsic value method	1,531.28	557.63
<b>Less:</b> Employee stock compensation under fair value method	(1,538.16)	(558.22)
<b>Proforma profit</b>	<b>(4,202.64)</b>	<b>(59.36)</b>
<b>Earnings Per Share</b>		
Basic		
- As reported	(1.81)	(0.03)
- Proforma	(1.81)	(0.03)
Diluted		
- As reported	(1.81)	(0.03)
- Proforma	(1.81)	(0.03)

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

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

### Black Scholes Option Pricing model for Grant date

Particulars	March 31, 2011	(RS. IN LACS)	
		March 31, 2010	
		Grant 1	Grant 2
A. Stock Price Now (in Rupees)	160.05	181.30	221.10
B. Exercise Price (X) (in Rupees)	2.00	2.00	2.00
C. Expected Volatility (Standard Dev - Annual) (#)	34.82%	63.58%	34.82%
D. Life of the options granted (Vesting and exercise period) in years	3.33	4.07	3.75
E. Expected Dividend	0%	0%	0%
F. Average Risk- Free Interest Rate	6.63%	7.00%	6.42%

### 11. Segment Reporting

#### (a) Business Segments

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

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

The above segments have been identified considering:

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



Schedules annexed to and forming part of the accounts

(RS. IN LACS)

	Speciality Plastic Products		Business Investments		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
<b>REVENUE</b>						
External Sales	41,701.04	33,314.16	-	-	41,701.04	33,314.16
Income from Investment activities	-	-	4,594.13	2,186.02	4,594.13	2,186.02
Other Income	409.12	233.81	-	-	409.12	233.81
<b>Total Segment Revenue</b>	<b>42,110.16</b>	<b>33,547.97</b>	<b>4,594.13</b>	<b>2,186.02</b>	<b>46,704.29</b>	<b>35,733.99</b>
Interest Income					88.34	37.34
Unallocated Income					1,807.76	98.74
<b>Total Revenue</b>					<b>48,600.39</b>	<b>35,870.07</b>
<b>RESULT</b>						
Segment Result	3,668.75	3,108.71	(1,669.00)	1,832.45	1,999.75	4,941.16
Add: Unallocated Income					1,807.76	98.74
Less: Unallocated Expense					6,918.01	3,718.74
<b>Profit from Operations</b>					<b>(3,110.50)</b>	<b>1,321.16</b>
Interest Income					88.34	37.34
Less: Interest Expense					458.42	1,102.02
<b>Profit before Tax</b>					<b>(3,480.58)</b>	<b>256.48</b>
Income Tax					728.94	315.25
<b>Profit from Ordinary Activities</b>					<b>(4,209.52)</b>	<b>(58.77)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	46,591.71	29,358.60	248,912.92	262,776.21	295,504.63	292,134.81
Unallocated Assets					2,876.86	2,319.90
<b>Total Assets</b>					<b>298,381.49</b>	<b>294,454.71</b>
Segment Liabilities	6,510.37	2,737.34	52,236.73	52,236.24	58,747.10	54,973.58
Unallocated Corporate Liabilities					12,558.99	9,729.69
<b>Total Liabilities</b>					<b>71,306.09</b>	<b>64,703.27</b>
<b>Cost to Acquire Tangible and Intangible Asset</b>						
Capital Expenditures	15,942.68	1,652.14	-	-	15,942.68	1,652.14
Unallocated Capital Expenditures					73.00	634.06
<b>Total Additions</b>					<b>16,015.68</b>	<b>2,286.20</b>
<b>Depreciation and Amortisation Expenses</b>						
Depreciation	1,308.07	1,184.75	-	-	1,308.07	1,184.75
Unallocated Depreciation					155.96	75.13
<b>Total Depreciation and Amortisation Expenses</b>					<b>1,464.03</b>	<b>1,259.88</b>
<b>Other Non Cash Expenses</b>						
Non Cash Expenses other than Depreciation and Amortisation	9.36	17.68	34.41	8.53	43.77	26.21
Unallocated Non Cash Expenses other than Depreciation and Amortisation					1,545.40	8.22
<b>Total Other Non Cash Expenses</b>					<b>1,589.17</b>	<b>34.43</b>

(b) Geographical Segments

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

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

(RS. IN LACS)

Sales revenue by Geographical Market	For the year ended March 31, 2011	For the year ended March 31, 2010
India	35,385.70	30,378.19
Outside India	11,318.59	5,406.50
	<b>46,704.29</b>	<b>35,784.69</b>

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

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

(RS. IN LACS)

	Carrying amount of segment assets and intangible assets		Additions to fixed assets and intangible assets	
	As at March 31, 2011	As at March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
India	287,906.78	286,431.09	15,942.68	1,652.14
Outside India	7,597.85	5,703.72	-	-
	295,504.63	292,134.81	15,942.68	1,652.14

### 12. Related Parties

#### a. Names of related parties

Names of related parties where control exists irrespective of whether transactions have occurred or not	
Subsidiary Companies	<ol style="list-style-type: none"> <li>1. Max New York Life Insurance Company Limited</li> <li>2. Max Healthcare Institute Limited</li> <li>3. Max Bupa Health Insurance Company Limited</li> <li>4. Max UK Limited</li> <li>5. Pharmax Corporation Limited</li> <li>6. Max Ateev Limited</li> <li>7. Max Healthstaff International Limited</li> <li>8. Max Neeman Medical International Limited</li> <li>9. Max Neeman Medical International Inc.</li> <li>10. Neeman Medical International BV</li> <li>11. Neeman Medical International NV</li> <li>12. Max Medical Services Limited</li> <li>13. Alps Hospital Limited</li> <li>14. Hometrail Estate Private Limited</li> <li>15. Hometrail Buildtech Private Limited</li> </ol>
Names of other related parties with whom transactions have taken place during the year	
Key Management Personnel	Mr. Analjit Singh
Relatives of key management personnel	Ms. Tara Singh (Daughter of Mr. Analjit Singh) Mr. Veer Singh (Son of Mr. Analjit Singh)
Enterprises owned or significantly influenced by key management personnel or their relatives	<ol style="list-style-type: none"> <li>1. New Delhi House Services Limited</li> <li>2. Lakeview Enterprises</li> <li>3. Delhi Guest House Private Limited</li> <li>4. Dynavest India Private Limited</li> <li>5. Malsi Estates Limited</li> <li>6. Max India Foundation</li> <li>7. Bhai Mohan Singh Foundation</li> <li>8. Max Bupa Health Insurance Company Limited (Upto December 16, 2009)</li> <li>9. Max &amp; Company Ventures Private Limited</li> </ol>
Employee benefit funds	<ol style="list-style-type: none"> <li>1. Max India Ltd. Employees' Provident Fund Trust</li> <li>2. Max India Ltd. Superannuation Fund</li> <li>3. Max India Limited Employees' Gratuity Fund</li> </ol>

b. TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR:

(RS. IN LACS)

	Subsidiaries		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Reimbursement of expenses paid</b>												
Max Healthcare Institute Limited.	427.23	449.96	-	-	-	-	-	-	-	-	427.23	449.96
New Delhi House Services Limited.	-	-	-	-	-	17.79	-	-	-	-	15.13	17.79
Max India Foundation	-	-	-	-	-	10.83	-	-	-	-	11.23	10.83
Bhai Mohan Singh Foundation	-	-	-	-	-	19.66	-	-	-	-	17.90	19.66
Max Et Company/Ventures Pvt. Limited.	-	-	-	-	-	10.62	-	-	-	-	10.62	-
Max Bupa Health Insurance Company Limited.	-	-	-	-	-	-	6.69	-	-	-	-	6.69
Others	93.00	76.50	-	-	-	0.27	2.29	-	-	-	95.29	76.77
<b>Reimbursement of expenses received</b>												
Pharmax Corporation Limited	10.56	12.42	-	-	-	-	-	-	-	-	10.56	12.42
Max UK Limited	68.96	78.67	-	-	-	-	-	-	-	-	68.96	78.67
New Delhi House Services Limited	-	-	-	-	-	-	161.81	146.32	-	-	161.81	146.32
Others	5.95	4.79	-	-	-	-	-	-	-	-	5.95	4.79
<b>Services Received</b>												
Pharmax Corporation Limited	347.51	339.52	-	-	-	-	-	-	-	-	347.51	339.52
Veer Singh	-	-	-	9.96	9.08	-	-	-	-	-	9.96	9.08
Tara Singh	-	-	-	4.29	4.20	-	-	-	-	-	4.29	4.20
New Delhi House Services Limited	-	-	-	-	-	-	56.24	47.05	-	-	56.24	47.05
Delhi Guest House P.Limited	-	-	-	-	-	-	15.61	11.83	-	-	15.61	11.83
Lakeview Enterprises	-	-	-	-	-	-	12.36	11.21	-	-	12.36	11.21
Others	3.88	3.49	-	-	-	-	8.17	5.79	-	-	12.04	9.28
<b>Director's Remuneration</b>												
Aravjit Singh	-	-	1,001.77	215.16	-	-	-	-	-	-	1,001.77	215.16
<b>Donation Paid</b>												
Max India Foundation	-	-	-	-	-	-	65.00	40.85	-	-	65.00	40.85
<b>Company's contribution to Provident Fund Trust</b>												
Company's contribution to Gratuity Trust	-	-	-	-	-	-	-	-	99.49	74.19	99.49	74.19
Company's contribution to Superannuation Trust	-	-	-	-	-	-	-	-	60.14	81.30	60.14	81.30
	-	-	-	-	-	-	-	-	42.24	48.80	42.24	48.80

(RS. IN LACS)

	Subsidiaries		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Provision for Diminution</b>												
Max Ateev Limited.	16.24	-	-	-	-	-	-	-	-	-	16.24	-
Max Healthstaff International Limited.	18.17	8.53	-	-	-	-	-	-	-	-	18.17	8.53
<b>Loans given</b>												
Max Healthstaff International Limited.	18.17	8.45	-	-	-	-	-	-	-	-	18.17	8.45
<b>(Sale) / Purchase of fixed assets</b>												
Max Bupa Health Insurance Company Limited.	-	-	-	-	-	-	-	1.40	-	-	-	1.40
Max Ateev Limited.	-	0.42	-	-	-	-	-	-	-	-	-	0.42
<b>Loans/Advances (taken from) / given to directors</b>												
Anajit Singh	-	-	-	284.22	-	-	-	-	-	-	-	284.22
<b>Interest (Expense) / income</b>												
Pharmax Corporation Limited.	25.35	121.14	-	-	-	-	-	-	-	-	25.35	121.14
<b>Guarantees given / (obtained)</b>												
Max Healthcare Institute Limited.	-	150.00	-	-	-	-	-	-	-	-	-	150.00
<b>Investments made</b>												
Max Newyork Life Insurance Company Limited	592.27	13,435.44	-	-	-	-	-	-	-	-	592.27	13,435.44
Max Healthcare Institute Limited.	5,338.91	-	-	-	-	-	-	-	-	-	5,338.91	-
Max Bupa Health Insurance Company Limited.	8,880.00	10,369.00	-	-	-	-	-	-	-	-	8,880.00	10,369.00
<b>Advance against Compulsary Convertible Preference Shares</b>												
Max Healthcare Institute Limited.	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
<b>Warrants against Share Capital</b>												
Dynavest India Private Limited.	-	-	-	-	-	-	8,670.00	-	-	-	-	8,670.00
<b>Balance outstanding as at the year end</b>												
<b>Corporate Guarantee/ Put Option</b>												
Max Healthcare Institute Limited.	62,936.11	61,564.45	-	-	-	-	-	-	-	-	62,936.11	61,564.45
<b>Loans and Advances Given</b>												
Max Ateev Limited	681.38	676.98	-	-	-	-	-	-	-	-	681.38	676.98
Max Newyork Life Insurance Company Limited	36.41	28.21	-	-	-	-	-	-	-	-	36.41	28.21
Max Healthcare Institute Limited	1,838.22	1,418.99	-	-	-	-	-	-	-	-	1,838.22	1,418.99
Pharmax Corporation Limited	458.80	458.80	-	-	-	-	-	-	-	-	458.80	458.80
Max Bupa Health Insurance Company Limited	16.77	224.07	-	-	-	-	-	-	-	-	16.77	224.07

(RS. IN LACS)

	Subsidiaries		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may be influenced or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Max Neeman Medical International Limited	933.64	909.97	-	-	-	-	-	-	-	-	933.64	909.97
Neeman Medical International NV	92.57	92.57	-	-	-	-	-	-	-	-	92.57	92.57
Max Healthstaff International Limited	1,840.99	1,822.82	-	-	-	-	-	-	-	-	1,840.99	1,822.82
Neeman Medical International BV	723.25	723.25	-	-	-	-	-	-	-	-	723.25	723.25
Hometrajil Estates Private Limited	5.03	0.43	-	-	-	-	-	-	-	-	5.03	0.43
New Delhi House Services Limited	-	-	-	-	-	-	0.26	-	-	-	-	0.26
Maisi Estates Limited	-	-	-	-	-	-	2.14	0.09	-	-	2.14	0.09
Max India Foundation	-	-	-	-	-	-	11.18	2.57	-	-	11.18	2.57
Bhai Mohan Singh Foundation	-	-	-	-	-	-	-	10.58	-	-	-	10.58
Max Et Company Ventures Pvt. Limited.	-	-	-	-	-	-	10.42	-	-	-	10.42	-
<b>Provision made against above</b>												
Max Ateev Limited	(681.38)	(676.98)	-	-	-	-	-	-	-	-	(681.38)	(676.98)
Max Healthstaff International Limited	(1,840.99)	(1,822.82)	-	-	-	-	-	-	-	-	(1,840.99)	(1,822.82)
<b>Amount Payable</b>												
New Delhi House Services Limited	-	-	-	-	-	-	(13.61)	-	-	-	(13.61)	-
Pharmax Corporation Limited	(11.18)	(13.69)	-	-	-	-	-	-	-	-	(11.18)	(13.69)
Max UK Limited	(32.80)	(30.28)	-	-	-	-	-	-	-	-	(32.80)	(30.28)
<b>Warrants against Share Capital</b>												
Dynavest India Private Limited.	-	-	-	-	-	-	8,670.00	8,670.00	-	-	8,670.00	8,670.00
<b>Investment in Equity Share Share Capital</b>												
Max Ateev Limited	3,144.36	3,144.36	-	-	-	-	-	-	-	-	3,144.36	3,144.36
Max Newyork Life Insurance Company Limited	146,650.73	146,058.47	-	-	-	-	-	-	-	-	146,650.73	146,058.47
Max Healthcare Institute Limited.	21,948.92	16,610.00	-	-	-	-	-	-	-	-	21,948.92	16,610.00
Max Bupa Health Insurance Company Limited	20,054.01	11,174.01	-	-	-	-	-	-	-	-	20,054.01	11,174.01
Pharmax Corporation Limited	1,420.65	1,420.65	-	-	-	-	-	-	-	-	1,420.65	1,420.65
Max Neeman Medical International Limited	416.68	416.68	-	-	-	-	-	-	-	-	416.68	416.68
Max Healthstaff International Limited	447.87	447.88	-	-	-	-	-	-	-	-	447.87	447.88
Neeman Medical International BV	3,334.69	3,334.68	-	-	-	-	-	-	-	-	3,334.69	3,334.68
Max UK Limited	213.00	213.00	-	-	-	-	-	-	-	-	213.00	213.00
<b>Provision made against above</b>												
Max Ateev Limited	(3,144.36)	(3,144.36)	-	-	-	-	-	-	-	-	(3,144.36)	(3,144.36)
Max Healthstaff International Limited	(447.87)	(447.88)	-	-	-	-	-	-	-	-	(447.87)	(447.88)
<b>Investment in Preference Share Share Capital</b>												
Pharmax Corporation Limited	1,500.00	1,500.00	-	-	-	-	-	-	-	-	1,500.00	1,500.00

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

### 13. Leases

#### Operating Lease (As a Lessee)

The Company has entered into operating leases for its office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognized in the Profit and Loss account for the year is Rs. 237.75 Lacs (Previous year Rs. 231.38 Lacs). The Company has not entered into sublease agreements in respect of these leases. Further, the Company has not entered into any non-cancellable leases.

### 14. Earnings Per Share

Calculation of EPS (Basic and Diluted)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Basic</b>		
Profit/(Loss) after tax (Rs. in Lacs)	(4,209.52)	(58.77)
Weighted average number of equity shares outstanding during the year (Nos.)	232,434,229	230,123,298
<b>Basic Earnings Per Share (Rs.)</b>	<b>(1.81)</b>	<b>(0.03)</b>
<b>Diluted</b>		
Employee Stock Options Outstanding (Nos)	1,317,082	460,332
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	233,751,311	230,583,630
Diluted Earnings Per Share (Rs.)	(1.81)	(0.03)
Warrants against Share Capital (Nos)	8,000,000	1,183,562
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	241,751,311	231,767,192
Diluted Earnings Per Share (Rs.)	(1.74)	(0.03)
Profit/(Loss) after tax as above (Rs. in Lacs)	(4,209.52)	(58.77)
Add: Interest on 12% Compulsorily Convertible Debentures (Net of Tax) (Rs. in Lacs)	4,182.67	233.39
Adjusted Profit/( Loss) after tax (Rs. in Lacs)	(26.85)	174.62
12% Compulsorily Convertible Debentures	24,079,700	1,319,436
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	265,831,011	233,086,628
Diluted Earnings Per Share (Rs.)	(0.01)	0.07

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

## Schedules annexed to and forming part of the accounts

### 15. Deferred Tax

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified by Companies Accounting Standards Rules, 2006. The movement of provision for deferred tax is given below

Particulars	(RS. IN LACS)	
	As at March 31, 2011	As at March 31, 2010
<b>Deferred Tax Liability</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	3,084.59	2,329.12
<b>Gross Deferred Tax Liability</b>	<b>3,084.59</b>	<b>2,329.12</b>
<b>Deferred Tax Asset</b>		
Carried forward business loss and Unabsorbed depreciation	1,577.08	858.80
Provision for doubtful debt and advances	70.98	794.91
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	438.55	406.37
<b>Gross Deferred Tax Assets</b>	<b>2,086.61</b>	<b>2,060.08</b>
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(997.98)</b>	<b>(269.04)</b>

16. During the year, Rs. 24.57 Lacs (Previous year Rs. 21.47 Lacs) has been charged to the profit and loss account relating to Research and Development expenditure under the heads Raw Material Consumed and Power & Fuel.
17. During the year, the Company shared the services of some of its employees and facilities with group companies. Consequently, the share of costs attributable to these companies has been charged out to the relevant group companies.
18. As a consequence of the Company's investment of Rs. 11,174.01 Lacs during the previous year, Max Bupa Health Insurance Co. Limited became a 74% subsidiary on December 17, 2009. In addition, the Company has a put option to transfer and Bupa Singapore Pte. Limited (Bupa Singapore) has a call option under which the company would be required to transfer 24% of its shareholding to Bupa Singapore subject to approval under applicable laws and regulations. As a consideration of the call option granted by the Company, Bupa Singapore is obliged to pay an option fee to the Company. Accordingly, the Company has recognised "Option fee" income of Rs. 834.43 Lacs (Previous year Rs. 163.61 Lacs) during the year and disclosed the same under "Income from Investment Activities".
19. During financial year 2008-09, a Memorandum of Understanding (MOU) dated November 12, 2008 has been entered between Government of Punjab ("GOP"), Max India Group and Others ("the Founder Supporters") and Indian School of Business, Hyderabad ("ISB"). As per the MOU, a second campus of ISB is proposed to be established in the Knowledge city at Mohali, with an equal contribution from each of the Founder Supporters. The Shareholders' of the Company approved contribution for an amount not exceeding Rs. 1,700.00 Lacs from the Company to this initiative. A sum of Rs. 589.00 Lacs (Previous year Rs.190.00 Lacs) has been contributed by the Company disclosed under the head Charity and Donation during the year.
20. The Board of Directors of the Company in its meeting held on March 30, 2010 approved the proposal of MNYL, a 73.70% subsidiary to issue equity shares of approximately 4% of post issue equity base of MNYL to Axis Bank Ltd. ("Axis Bank") at par. Thereafter, on May 3, 2010, MNYL signed a Corporate Agency agreement with Axis Bank for a period of ten years whereby Axis Bank would be distributing life Insurance products of MNYL across India. Further, on May 10, 2011, MNYL has received the requisite approval from Insurance Regulatory and Development Authority of India to issue 4% stake to Axis Bank.
21. Pursuant to the settlement of a dispute between General Binding Corporation ("GBC") and the Company arising out of the breach of manufacturing and sale agreement by GBC, the Company and GBC have executed a settlement agreement on May 18, 2010. As per the terms of the settlement agreement GBC had paid Rs. 1,794.28 Lacs to the Company as a settlement amount and the same is disclosed under the head "Other Income".

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

### 22. Details of Pre-Operative Expenses

Particulars	(RS. IN LACS)	
	March 31, 2011	March 31, 2010
<b>Opening Balances</b>	<b>303.26</b>	-
Add:		
Salaries, wages and bonus	152.33	125.82
Travel & Communication	72.23	56.24
Insurance Expenses	11.27	0.71
Interest Expenses	283.50	7.50
Other financial Expenses	16.95	84.19
Miscellaneous Expenses	47.68	28.80
Raw Material Consumed on trial run	212.76	-
Power and Fuel Expense on trial run	15.70	-
<b>Total</b>	<b>1,115.68</b>	<b>303.26</b>
Less: Inventory of trial run	181.98	-
Less: Sales realization	19.32	-
Less: Capitalised during the year	914.38	-
<b>Preoperative expenses pending capitalisation</b>	<b>-</b>	<b>303.26</b>

### 23. Movement in Deferred Employee Compensation Account

Particulars	(RS. IN LACS)				
	As at April 1, 2010	Reversed during the year	Additions	Amortised during the year	As at March 31, 2011
Deferred Employee Compensation *	2,444.94	8.82	16.09	1,531.28	920.93
	(60.03)	(-)	(2,942.54)	(557.63)	(2,444.94)
	2,444.94	8.82	16.09	1,531.28	920.93
	(60.03)	(-)	(2,942.54)	(557.63)	(2,444.94)

\*Figures in brackets are for previous year

### 24. Additional information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to Companies Act, 1956:

#### a. Sales of Manufactured goods

Materials	Unit	Quantity		Value (RS IN LACS)	
		For the year ended March 31, 2011	For the year Ended March 31, 2010	For the year ended March 31, 2011	For the year Ended March 31, 2010
BOPP Film	Tonnes	31,526.16	29,678.26	44,969.39	35,596.89
Soft Leather Finishing Foil	Lacs (SFT)	83.23	70.38	631.96	671.99
<b>Total</b>				<b>45,601.35</b>	<b>36,268.88</b>



## Schedules annexed to and forming part of the accounts

### b. Raw materials consumed

Materials	Unit	Quantity		Value (RS IN LACS)	
		For the year ended March 31, 2011	For the year Ended March 31, 2010	For the year ended March 31, 2011	For the year Ended March 31, 2010
Polypropylene	Tonnes	30,431.83	29,294.44	21,708.76	18,557.85
Polypropylene Compounds	Tonnes	1,660.62	1,727.86	2,038.24	1,962.85
Others				4,348.22	911.36
<b>Total</b>				<b>28,095.22</b>	<b>21,432.06</b>

### c. Consumption of Raw material and Stores and Spares

Materials	For the year ended March 31, 2011		For the year ended March 31, 2010	
	% of Consumption	Value (RS. IN LACS)	% of Consumption	Value (RS. IN LACS)
Raw Materials				
- Imported	26.56	7,461.42	23.02	4,934.26
- Indigenous	73.44	20,633.80	76.98	16,497.80
	100.00	28,095.22	100.00	21,432.06
Store and Spares				
- Imported	32.76	197.29	34.13	174.81
- Indigenous	67.24	404.94	65.87	337.45
	100.00	602.23	100.00	512.26

### d. Installed Capacity and Actual Production

Class of Goods	Licenced Capacity	Unit	Installed Capacity (Annual) Note (a) and (b)		Actual Production	
			As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
BOPP Film	NA	Tonnes	51,150	29,150	31,725.09	29,646.56
Soft Leather Finishing Foil	NA	Lacs (SFT)	591	591	83.65	69.81

Note:

Installed capacity is as certified by the management.

### e. Value of Imports calculated on CIF Basis

	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Raw material	7,800.70	4,621.30
Components and Spares parts	411.98	343.16
Capital goods	8,753.67	54.44
	<b>16,966.35</b>	<b>5,018.90</b>

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

### f. Stock of Finished goods manufactured

Product	Unit	Quantity		Value (RS IN LACS)	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
<b>Opening Stock</b>					
BOPP Film	Tonnes	118.50	150.20	119.20	181.42
Soft Leather Finishing Foil	Lacs (SFT)	0.68	1.25	3.79	5.14
<b>Total</b>				<b>122.99</b>	<b>186.56</b>
<b>Closing Stock</b>					
BOPP Film	Tonnes	317.43	118.50	366.74	119.20
Soft Leather Finishing Foil	Lacs (SFT)	1.10	0.68	4.90	3.79
<b>Total</b>				<b>371.64</b>	<b>122.99</b>

### g. Details of Trading goods

Product	Quantity (SFT)		Value (RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Soft leather furnishing foil</b>				
Opening Stock	Nil	0.56	Nil	6.04
Add: Purchases	Nil	Nil	Nil	Nil
Less: Sales	Nil	0.56	Nil	0.66
<b>Closing Stock</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### h. Expenditure in Foreign Currency

Particulars	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Legal and Professional	504.56	338.47
Commission	21.29	13.99
Others	133.16	110.45
<b>Total</b>	<b>659.01</b>	<b>462.91</b>

### i. Income in Foreign currency

Particulars	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Exports on FOB basis	10,968.29	5,272.85
Settlement compensation	1,794.28	-
<b>Total</b>	<b>12,762.57</b>	<b>5,272.85</b>

### j. Auditor's Remuneration

Particulars	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>As auditors:</b>		
Audit fee (including service tax)	19.85	16.55
Reimbursement of out of pocket expenses	6.08	1.00
<b>In other capacity:</b>		
Certification / Other fee	-	56.25
<b>Total</b>	<b>25.93</b>	<b>73.80</b>

## Schedules annexed to and forming part of the accounts

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

Particulars	(RS. IN LACS)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Opening Balance</b>	52,196.99	2,009.84
<b>Addition:</b>		
On preferential allotment of equity shares	-	15,000.00
On allotment of warrants	-	8,670.00
On allotment of CCDs	-	52,192.75
<b>Total</b>	<b>52,196.99</b>	<b>77,872.59</b>
<b>Utilizations:</b>		
Investment in subsidiary companies	14,811.18	25,082.47
Share application money in subsidiary company pending allotment	2,500.00	-
Share issue expenses	-	593.13
<b>Total</b>	<b>17,311.18</b>	<b>25,675.60</b>
<b>Balance funds invested</b>	<b>34,885.81</b>	<b>52,196.99</b>
- In Fixed Deposits	<b>34,885.81</b>	Nil
- In Mutual Funds	Nil	52,196.99

i. Derivative Instruments and Unhedged Foreign Currency Exposure

Particulars of Derivatives		Purpose	
<b>Forward Contracts (Buy) outstanding at Balance Sheet Date (in Lacs)</b>			
March 31, 2011		March 31, 2010	
USD	12.20 (INR 548.02)	USD 3.50 (INR 159.52)	To hedge the liability against outstanding creditors.
EURO	10.35 (INR 660.54)	EURO 93.15 (INR 5,922.25)	To hedge the liability against outstanding creditors.
GBP	2.09 (INR 152.23)	GBP 22.04 (INR 1,554.59)	To hedge the liability against outstanding creditors.
<b>Forward Contracts (Sell) outstanding at Balance Sheet date (in Lacs)</b>			
USD	50.35 (INR 2,234.03)	USD 20.52 (INR 947.15)	To hedge the outstanding debtors.
EURO	2.23 (INR 139.11)	NIL	To hedge the outstanding debtors.

Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

Particulars	Foreign Currency in Lacs		Indian Rupees in Lacs	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Import Creditors (EUR)	1.62	2.70	103.82	165.00
Import Creditors (GBP)	0.21	0.28	15.62	1.93
Debtors (USD)	15.74	3.22	698.54	144.72
Debtors (EURO)	1.54	3.47	96.34	207.58
Debtors (GBP)	0.79	0.76	56.45	51.00
Import Creditors (USD)	6.57	3.75	29.51	175.00

Closing rates are as under:-

Currency	March 31, 2011		March 31, 2010	
	TT Buy	TT Sell	TT Buy	TT Sell
USD	44.37	44.92	44.87	45.37
EUR	62.38	63.82	59.82	61.10
GBP	71.01	72.63	67.27	68.72

MAX INDIA LIMITED

## Schedules annexed to and forming part of the accounts

### 25. Previous year Comparatives

The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi and Co.

Previous year's figures have been regrouped where necessary to confirm this year's classification.

As per our report of even date

**For S.R. BATLIBOI & Co.**

**Firm Registration Number: 301003E**

**Chartered Accountants**

**per Manoj Gupta**

Partner

Membership Number: 83906

GURGAON

MAY 26, 2011

For and on behalf of the Board of Directors of

Max India Limited

**ANALJIT SINGH**

Chairman & Managing Director

LONDON

MAY 26, 2011

**N. C. SINGHAL**

Director

**ASHWANI WINDLASS**

Director

**SUJATHA RATNAM**

Chief Financial Controller

**V. KRISHNAN**

Company Secretary

NEW DELHI

MAY 26, 2011

