MAX | FINANCIAL SERVICES

OPTIMISING STRONG GROWTH & STABILITY

ANNUAL REPORT 2017-18

MAX FINANCIAL SERVICES

Annual Report 2018

CONTENTS

CORPORATE REVIEW

OUR ENTERPRISE
MEASURES OF SUCCESS
OUR PATH
OUR VALUES
BOARD OF DIRECTORS

OUR ENTERPRISE

MAX | FINANCIAL SERVICES

Max Financial Services (MFS) is the parent company of Max Life Insurance, India's largest non-bank, private life insurance company. MFS actively manages a majority stake in Max Life, making it India's first listed company focused exclusively on life insurance.

MAX LIFE INSURANCE

Launched in 2000, Max Life is a joint venture with Mitsui Sumitomo Insurance, Japan. It is India's largest non-bank private life insurer, with revenues of ₹ 14,967 Cr. and a customer base of 4.1 million across more than 200 offices across India.

MAX | INDIA LIMITED

Max India Limited, a multi-business corporate, owns and actively manages a 49.7% stake in Max Healthcare, a 51% stake in Max Bupa Health Insurance and a 100% stake in Antara Senior Living.

MAX HEALTHCARE

Launched in 2000, Max Healthcare is an equal JV partnership between Max India and Life Healthcare, South Africa. It is a leading provider of standardised, seamless and world-class healthcare services, focused on tertiary and quaternary care. Max Healthcare has revenues of ₹ 2,787 Cr. from over 2,500 beds across 14 hospitals.

MAX Bupa HEALTH INSURANCE

Launched in 2008, Max Bupa is a 51:49 JV with Bupa Finance Plc., UK. It is one of India's leading standalone health insurance companies with revenues of ₹ 755 Cr., about 16,000 agents and tie-ups with over 3,600 quality hospitals across over 350 cities in India.

ANTARA SENIOR LIVING

Launched in 2013, Antara is a 100% subsidiary of Max India. It is pioneering the concept of 'Age in Place' for people over 55, by developing Senior Living communities in India. The first Antara community was launched in April 2017 near Dehradun, Uttarakhand.

MAX | VENTURES & INDUSTRIES

Max Ventures and Industries Limited (MaxVIL) operates primarily in the areas of manufacturing and real estate, and serves as the Group's entrepreneurial arm to explore the 'wider world of business', especially taking cues from the economic and commercial reforms agenda of the present Government, including 'Make in India', 'Skill India', 'Digital India', among others.

MAX SPECIALITY FILMS

Launched in 1988, Max Speciality Films is a strategic partnership with Japan's Toppan Printing Co. Ltd. in which the Company holds 51%. It is a leading manufacturer of speciality packaging films and is at the forefront of both BOPP and Lamination technology in India.

MAX ESTATES

Established in 2016, Max Estates Limited is the real estate arm of the Max Group. With a team comprising engineers, architects, planners and specialists, and collaborations with global leaders in design, master planning, landscape and sustainability, Max Estates is committed to delivering a truly unique quality of excellence and lifestyle to all our customers.

MAX I. LIMITED

Max I. Limited is MaxVIL's wholly-owned subsidiary, which facilitates Intellectual & Financial Capital to promising and proven early-stage organizations across identified sunrise sectors. Its investment model is a hybrid of accelerators and venture funding, providing both mentoring and growth capital for the organizations it invests in.

MAX | INDIA FOUNDATION

Launched in 2008, Max India Foundation (MIF) represents the Max Group's social responsibility efforts. The Foundation's work is focussed on healthcare for the underprivileged and has benefitted more than 32 lakh people in over 600 locations since its inception.

MEASURES OF SUCCESS

Value of New Business: **₹ 656 Cr, grew 31%**

Max Life Embedded Value: **₹ 7,509 Cr.; Operating RoEV 20.6%**

MFS Consolidated Revenues[1] : **₹ 14,967 Cr., grew 15%**

Assets Under Management crossed **₹ 50,000; grew 18% to ₹ 52,237 Cr.**

New Business Margin: **20.2%**

Max Life Gross Written Premium:
₹ 12,501 Cr., grew 16%

Conservation Ratio at an all-time high of **89.6%**

Shareholders' Profit After Tax:
₹ 528 Cr.

Policyholder bonus:
₹ 1084 Cr.

275% Solvency Ratio

Sum Assured in force:
₹ 511,541 Cr., grew 35%

[1] Excludes Max Life unit-linked investment income

[2] As at 31st March 2018

OUR PATH

Our Vision

To be the most admired company for protecting and enhancing the financial future of its customers.

Our Mission

Be the most preferred category choice for customers, policy holders, shareholders and employees

Do what is right for our customers, and treat them fairly

Lead the market in quality and reputation

Be the go-to standard for partnerships and alliances with all distributors and partners

Maintain cutting edge standards of governance

OUR VALUES

Sevabhav

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

Excellence

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

Credibility

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

BOARD OF DIRECTORS

Mr. Analjit Singh
Founder & Chairman Emeritus, Max Group
Chairman, Max Financial Services Limited

Mr. Analjit Singh is the Founder and Chairman Emeritus of The Max Group, a US$ 3 billion multi-business enterprise, with interests in life insurance (Max Life), health care (Max Healthcare), health insurance (Max Bupa), senior living (Antara), speciality packaging (Max Speciality Films) and real estate (Max Estates). Max Group is renowned for service excellence and has successful joint ventures with some of the pre-eminent firms including Mitsui Sumitomo and Toppan from Japan, Life Healthcare from South Africa and Bupa Plc from the United Kingdom. Earlier partners include DSM, Netherlands; New York Life Insurance Company; Hutchison Whampoa; Motorola; Lockheed Martin and others.

Amongst private family owned businesses, Mr. Analjit Singh is the founder of Leeu Collection, a group of leisure boutique hotels in Franschhoek, South Africa; The Lake District, UK ; and soon to come in Florence , Italy . The Leeu Collection also includes a significant presence in wine and viticulture through Mullineux Leeu Family Wines; an active F&B portfolio of restaurants and partnerships with Ritu Dalmia, La Colombe in the Cape SA and the Alajmo Group in Italy. Art and Landscaping are also major pillars with a strong relationship with Everard Read, SA.

A self-made entrepreneur Mr. Analjit Singh was awarded Padma Bhushan, India's third highest civilian honour, by the President of India in 2011.

An alumnus of The Doon School and Shri Ram College of Commerce, University of Delhi, Mr. Analjit Singh holds an MBA from Graduate School of Management, Boston University. He has been conferred with an honorary doctorate by Amity University.

Professionally, he is the non-executive Chairman of Max Ventures and Industries, Vodafone India and a Director on the board of Sofina NV/SA, Belgium.

Mr. Analjit Singh is a member of the Founder Executive Board of the Indian School of Business (ISB), India's top ranked B-School, and has served as Chairman of Board of Governors of the Indian Institute of Technology (IIT), Roorkee- India's oldest and most prestigious engineering college. He also served as Chairman of the Doon School.

Mr. Analjit Singh is a member of the Prime Minister's Indo UK CEO council. In past he has also served on the Prime Minister's Indo US CEO council. Mr. Analjit Singh has also served as the co-chair of Prabodhan, a unique forum for facilitating closer and more effective engagement between European and Indian decision makers and opinion leaders.

He has been felicitated by Senator Hillary Clinton, former US Secretary of State on behalf of Indian American Centre for Political Awareness for his outstanding achievement in presenting the international community with an understanding of a modern and vibrant India and for creating several successful joint ventures with leading American companies and promoting business ties with the USA.

He has been honoured with the Ernst and Young Entrepreneur of the Year Award (Service Category) and the Golden Peacock Award for Leadership and Service Excellence. In 2014 he was awarded with Spain's second highest civilian honour, the Knight Commander of the Order of Queen Isabella and the Distinguished Alumni Award from Boston University.

He also serves as the Honorary Consul General of the Republic of San Marino in India from October 2007 till August 2018.

Mr. Mohit Talwar
Managing Director

A veteran in the Corporate Finance and Investment Banking industry, Mr. Mohit Talwar has a wealth of experience in Corporate Finance and Investment Banking, having spent 24 years in Wholesale Banking across global organizations such as Standard Chartered, ANZ Grindlays and Bank of Nova Scotia, prior to joining the Max Group.

He is currently the Managing Director of Max Financial Services Limited and Max India Limited, and Vice Chairman of Max Ventures and Industries Limited (MaxVIL). In addition, he is the Chairman of Max Speciality Films and serves on the Boards of Max Life Insurance, Max Healthcare, Max Bupa Health Insurance and Antara Senior Living.

In his earlier role as the Deputy Managing Director of the erstwhile consolidated Max India Limited, he successfully leveraged his strong relationships with institutional investors, hedge funds, banks and private equity firms, and led several complex corporate finance and financial structuring deals to ensure adequate investment and liquidity for the Group's operations. He has played a central role in executing key transactions including the setting up of Max Bupa Health Insurance, bringing on board MS&AD Insurance Group Holdings as the new JV partner for Max Life and Life Healthcare's entry as JV partner in Max Healthcare, and later the equalization of its stake in the business, and completing the mega-restructuring of the erstwhile Max India into three new listed companies, which received a significantly positive reaction from capital markets. In his new role, Mr. Talwar was instrumental in executing a stake repurchase transaction with IDFC Limited, and more recently a transaction with IFC to repurchase its stake in Max Healthcare. He has also overseen key transactions in MaxVIL, including the induction of Toppan Group as a JV partner in Max Speciality Films, and a 22.5% stake sale to New York Life's subsidiary.

Ms. Naina Lal Kidwai
Independent Director

Naina Lal Kidwai is an Independent Director at Max Financial Services and Advent Private Equity, a Non-Executive Director on the global board of CIPLA Ltd and Larsen & Toubro and Past President of FICCI (Federation of Indian Chambers of Commerce & Industry). She retired as Executive Director on the board of HSBC Asia Pacific and Chairman HSBC India in December 2015.

An MBA from Harvard Business School, she makes regular appearances on listings by Fortune and others of international women in business and is the recipient of multiple awards and honours including the Padma Shri for her contribution to Trade and Industry, from the Government of India.

Her interests in water conservation and the environment are reflected in her engagements with The Shakti Sustainable Energy Foundation, International Advisory Council of the Inquiry of United Nations Environment Program (UNEP), Global Commission on Economy & Climate. She serves as Chair of FICCI Sustainability Energy and Water Council and Chair of the India Sanitation Coalition. Till recently, Ms. Kidwai was serving as the Chairman of the Board of Max Financial Services Limited.

Mr. Aman Mehta

Independent Director

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

Mr. Ashwani Windlass

Non-Executive Director

Mr. Ashwani Windlass was part of the founding team at Max India, having served the Max Group in different capacities including as its Joint MD as well as MD, Hutchison Max Telecom from 1994 until 1998. He continues to serve on the Boards of Max Financial Services Limited and Max India Limited. He has been the Chairman, MGRM (Asia-Pac) and Vice Chairman, and the MD of Reliance Telecom. He serves on leading advisory and statutory Boards, including acting as Chairman SA&JVs, MGRM Inc., USA, and member at Antara Senior Living Limited, Max Ventures Pvt. Ltd., Vodafone India Ltd., Jubilant FoodWorks Ltd. and Hindustan Media Ventures Ltd. He holds degrees in B.Com (Gold Medal), Bachelor of Journalism and MBA.

Mr. D.K. Mittal

Independent Director

Mr. D. K. Mittal is a former Indian Administrative Service (IAS) officer from the batch of 1977 and has served the Government of India in various capacities, including Secretary, Department of Financial Services, Secretary, Ministry of Corporate Affairs and Additional Secretary, Department of Commerce. Mr. Mittal has hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance. He holds a Master’s degree in Science with specialisation in Physics from the University of Allahabad, India.

Mr. Rajesh Khanna
Independent Director

Mr. Rajesh Khanna is the founder and CEO of Arka Capital Advisors Pvt. Ltd, and is an investor in various companies. He is a Director of Max Life Insurance Company Limited. Mr. Khanna is a member of the Equity Investment Committee of Piramal Fund Management Pvt. Ltd. He is on the Advisory Committee of Annamrita Foundation, an NGO which serves 1.2 million meals daily through its 20 kitchens across India, to school children and others. Previously, he served as a Managing Director and India Head of Warburg Pincus, a global private equity firm, and was a member of its global Executive Management Group. He received a PGDM from the Indian Institute of Management, Ahmedabad and is a Chartered Accountant.

Mr. Sahil Vachani
Non-Executive Director

Mr. Sahil Vachani is the Managing Director and CEO of Max Ventures and Industries Limited (MaxVIL), and was recently appointed as a Director on the Boards of Max Financial Services Limited and its subsidiary Max Life Insurance. He joined the Boards of these companies as a representative of the Owner Sponsor Group led by Mr. Analjit Singh.

Sahil joined the Max Group in 2016 with a focus on creating a powerful Real Estate brand – Max Estates Limited, and steering MaxVIL's other businesses towards growth. He has diverse expertise across various sectors including consumer durables and real estate.

Since assuming his role at MaxVIL, he has successfully completed two key transactions which will have an enduring impact on the Company's growth journey over the next few years. The first is the sale of a 22.5% stake in MaxVIL to a subsidiary of New York Life Insurance Company in January 2017; and second, the induction of Toppan Printing Co. Ltd, Japan (Toppan) as a joint venture partner with a 49% stake in MaxVIL's legacy manufacturing business – Max Speciality Films (MSF).

Besides MSF, he is currently overseeing two new business verticals under MaxVIL – Max Estates and Max I. Max Estates focuses on Grade-A commercial spaces. Its flagship project Max Towers, a prime commercial tower of ~0.6 million sq. ft. located on the Delhi-Noida Direct flyway, will be ready in 2018 and work on the second project, the redevelopment of Max House in Okhla, New Delhi is set to commence in FY2019. The other vertical, Max I., facilitates intellectual & financial Capital to promising and proven early-stage organizations across identified sunrise sectors. So far, it has made investments in Azure Hospitality Pvt. Ltd., which owns and operates successful F&B brands such as Mamagoto and Dhaba, and FSN E-Commerce Ventures Pvt. Ltd, which owns and operates the leading online beauty destination Nykaa.com.

Mr. Sanjay Nayar

Non-Executive Director

Sanjay Nayar joined KKR in 2009 and is a Member and CEO of KKR India. He is also a member of the Asia Portfolio Management Committee and Asian Investment Committee. He is on the board of KKR's portfolio companies, Radiant Healthcare, Bharti Infratel, and Coffee Day Holdings, and has had significant involvement with KKR's investment in Apollo Hospitals. He also supports expanding the range of KKR's credit and capital markets offerings across the region. Prior to joining KKR, he served as CEO of Citigroup's Indian and South Asian operations and as a member of Citigroup's Management Committee and Asia Executive Operating Committee.

Currently, he is a member of the board of USISPF, and SEBI's NISM Board of Governors. Serves on the Board of Emerging Markets Private Equity Association (EMPEA), Washington D.C; and Indian School of Business (ISB); and Founding Member of Brookings,

Mr. Nayar was the deputy chairman of the Indian Banks Association (IBA); the Committee of the Reserve Bank of India tasked with building a Centre for Advanced Financial Learning (CAFRAL); Co-Chairman of the Banking Committee for the Federation of Indian Chambers of Commerce and Industry (FICCI). He also served as the Chairman of the Indian Private Venture Capital Association.

Mr. Rahul Khosla

President, Max Group and Executive President, MFSL

Permanent Invitee

Mr. Rahul Khosla is a seasoned business leader with deep management experience, broad leadership skills and wide business perspectives developed over the last 35 years of working in India and globally. He is currently President of the Max Group, and also serves as Executive President, Max Financial Services; Chairman, Max India; Chairman, Max Life Insurance; and Chairman, Max Healthcare. He also serves on the Boards of Antara Senior Living and Max Bupa Health Insurance Company.

Under his leadership, the Max Group has delivered superior financial performance, significantly grown market capitalization, and concluded seminal corporate transactions. He also led the mega-restructuring of the erstwhile Max India into three new listed entities. Before joining Max, Mr. Khosla spent more than a decade in Singapore as the Group Head of Products at Visa Inc for Asia Pacific, Central Europe, Middle East and Africa, following his role at Visa Inc as Chief Operating Officer for the Asia Pacific region. He held several senior roles prior to that – as Country Head for ANZ Grindlays' consumer banking businesses in India; Head of Retail Assets, Strategy, Finance and Legal at Bank of America; CFO for the American Express TRS businesses for India and South Asia, and as a Business Leader to help set up a pioneering in-house global processing facility for American Express.

Mr. Khosla served as President, NatHealth, India's leading multi-stakeholder platform for healthcare organisations in 2016 and as the Chair of the FICCI Committee on Health Services in 2017. In addition, he serves on the Executive Board of the Indian School of Business (ISB), one of Asia's top B-Schools.

He is a Fellow member of the Institute of Chartered Accountants of India, an Economics graduate from St.Stephens College, Delhi and completed his schooling at St. Xavier's in Delhi.

Max Life

Mr. Rahul Khosla	Chairman
Mr. Rajesh Sud	Executive Vice Chairman and Managing Director
Mr. Dinesh Kumar Mittal	Independent Director
Mr. Hideaki Nomura	Non-Executive Director
Mr. John Poole	Non-Executive Director
Mr. K. Narasimha Murthy	Independent Director
Ms. Marielle Theron	Non-Executive Director
Mr. Masataka Kitagawa	Non-Executive Director
Mr. Mohit Talwar	Non-Executive Director
Mr. Rajesh Khanna	Independent Director
Mr. Rajit Mehta	Non-Executive Director
Mr. Sahil Vachani	Non-Executive Director

STRATEGIC REVIEW

CHAIRMAN'S LETTER

BUSINESS REVIEW

CHAIRMAN'S LETTER

Dear fellow shareholders,

I feel both a sense of heightened responsibility and a real pleasure in writing this letter to you. The past year has been as much about closing old chapters as it has been about exploring newer horizons. While much of the previous year was spent maintaining status quo on our various planned growth initiatives because of our exclusivity agreement with HDFC Life, FY2018 was spent not only on reviving those plans, but as much on defining a new sense of purpose for Max Life.

In addition, to reaffirm my continued commitment to India and all our businesses here, the Board of Max Financial Services (MFS) and I concurred that it would be in the best interest of the Company and our shareholders, that as the principal sponsor of the Company, I should assume the role of Chairman of the Board, and I thus took over the role of Chairman of MFS from Naina Lal Kidwai on 23 July, 2018.

I have known Naina for over four decades. I have immense regard for her at a personal and professional level and commend her for her invaluable support and guidance to MFS and Max Life over the past two years. I am glad that she continues to be an integral part of the MFS Board.

Business Performance

Before I discuss some of the key developments from the previous year and share our future plans, allow me to briefly share a snapshot of the Company's performance in FY2018.

MFS reported consolidated revenues of ₹ 14,967 crore in FY2018, growing 15% over the previous year. Our consolidated net profit of ₹ 296 crore was 25% lower than the previous year due to certain one-off investment gains and reserve changes in FY2017.

The Company's sole operating business, Max Life demonstrated broad-based growth across channels with Individual Adjusted Sales of ₹ 3,215 crore, growing 22%. This was primarily driven by improvement in productivity and increased demand for unit-linked products across channels. Max Life's Gross Written Premium in FY2018 was ₹ 12,501 crore, growing 16% over the previous year.

Max Life's Embedded Value as per the Market Consistent (MCEV) methodology stood at ₹ 7,509 crore, with an Operating Return on EV (RoEV) of 20.6%. The Value of New Business (VNB) written during FY2018 was ₹ 656 Cr, growing 31% over the previous year, and the New Business Margin stood at 20.2%, 140 bps higher compared to the previous year.

MFS reported consolidated revenues of **₹14,967** crore in FY2018, growing 15% over the previous year.

This year also marked the first time that Max Life's Assets under Management (AUM) crossed the ₹ 50,000-crore mark with an AUM of ₹ 52,237 crore as on 31st March 2018, 18% higher compared to the previous year. I am pleased to share that the performance of both traditional and unit linked funds has been commensurate with the risks assumed in respective funds. Overall, the funds outperformed the benchmarks during the year.

It is not only the financials that attest to the quality of this business, but the multitudes of national and international accolades the company has won over the years.

Earlier this year, Max Life became the first Indian financial services company ever to win Gold at the prestigious World Conference organised by the American Society for Quality (ASQ) in Seattle USA. Max Life beat 23 teams from 16 companies across 8 countries (including USA, UAE, Japan, China, Argentina, Mexico, and Malaysia) to win the Gold award. For the second time in three years, Max Life Insurance was recognised as Life Insurer of the Year at Outlook Money Awards, which indicates the high standards of corporate performance consistently maintained by the company.

Some of the other awards won by Max Life in FY2018 and over the last few months include:

- Ranked as No. 1 amongst Life Insurance Companies, Top 15 in the BFSI sector and amongst Top 50 overall by the Great Place to Work® India

Max Life was ranked as No. 1 amongst Life Insurance Companies, Top 15 in the BFSI sector and amongst Top 50 overall by the Great Place to Work (R) India.

- No. 1 in Customer Loyalty in Insurance India 2018, an independent survey by Kantar IMRB
- Prestigious Effie Award for Communication Effectiveness for protection campaign
- Fintelekt Insurance Award for e-Business Leader
- Best Customer Service Initiative Award for shortest policy issuance time for digital customers

These wins are an unequivocal recognition of the strong foundation of processes and commitment to ethics and quality that our business has built over the past few years. Full credit goes to the leadership, management and employees of Max Life, whose efforts continue to garner multiple accolades year after year.

Industry Context

Max Life operates in a fast-growing industry with strong growth potential. 21 out of 23 private industry players have witnessed growth in FY2018 out of which the top 10 private industry players have delivered more than 10% growth. For the last 6 quarters, the private industry has outperformed Life Insurance Corporation (LIC) in terms of new sales growth, which is driven by increase in both the number of policies as well as the case size. The private industry has gained +232 bps market share in the last financial year.

Part of the reason for this is the Government's focus on formalisation of the economy – which is manifest in various initiatives such as demonetisation, introduction of the GST and overall push on Digitisation.

This has resulted in a tangible shift from physical to financial savings in Indian households. Within 2017 itself, there was an approximately 20% growth in the flow of household savings into financial assets. This is the highest in the last 7 years. The life insurance industry has and will continue to benefit from this shift and is expected to grow 15-17% over the next 3 years.

There is also a clear and evident shift in consumer preferences towards private life insurance companies, but in a cluttered market with 23 players, consolidation is inevitable.

We are acutely cognisant of this and as you are all aware, Max Life has often expressed its intent to grow inorganically by acquiring high quality bank-owned life insurance assets which would enable us to offer our product portfolio to a much wider customer base.

IDBI Federal Life Acquisition

With that intent, earlier this year Max Life entered a bid to acquire a majority stake in IDBI Federal Life Insurance. As we were confident about the asset, especially with respect to the access the acquisition would give us to its wide network of bank branches across the country, we made a competitive bid and it was widely reported in the media that Max Life was the front runner for the acquisition.

While both the parties were in the midst of negotiations, it emerged that the Government was mulling over a variety of plans for restructuring of IDBI Bank, including a possible sale of the Government's stake. This directly challenged some of our assumptions and pre-conditions which would have assured the sanctity of our business case. Such assumptions and preconditions were an integral part of our negotiations with IDBI Federal.

Since IDBI Federal was unable to accede to our conditions, we decided that the risk-reward equation was not in Max Life's favour or in the favour of MFS shareholders and it would be best that we withdraw our bid for IDBI Federal.

We continue to search for quality assets for good consolidation opportunities.

Outlook

Over the years, Max Life has built a reputation for having one of the highest performing agency channels in the industry. The Boards of MFS and Max Life have reaffirmed our commitment to re-invigorate our proprietary channels by significantly adding to our agency force and offices, while continuing to develop our digital and direct sales channels. Over the next 3 years, Max Life plans to add 36,000 agents each year, and will make investments of ₹ 250 crore over the next 12 months to add 145 new branches.

This is a significant step in re-building and re-energising our proprietary channels. The logic for this expansion is anchored in the strategy to diversify our distribution footprint, and implementing new models with better profit signatures.

We also continue to focus strongly on Digital and direct online sales, which is evident from the 112% growth in this channel in FY2018. 95% of Max Life's proposals are processed digitally which has helped reduce policy issuance turnaround time by almost 50%. We are already market leaders in term plan sales and have started operating in the savings space as well.

Our Bancassurance channel currently contributes 60% of overall new sales each year. We are focused on retaining and growing our existing relationships with Axis Bank and Yes Bank, which are highly productive and continue to grow stronger year on year, delivering over 25% growth in the previous year. Our relationship with Axis Bank remains strong, stable and mutually rewarding as an alliance that is a win-win for both parties, respectively delivering value that is superior to other alternatives.

Max Life and Axis Bank have achieved a new milestone in building one of the most admired bancassurance partnerships in India by crossing ₹ 10,000 crore in New Premium (individual and group) since the inception of this partnership in 2010. The partnership has now provided financial security to more than 15 lakh customers by providing a total individual sum assured of over ₹ 88,960 crore. In new business premium, this partnership has delivered a CAGR of 26% since its inception and has collected a total premium of over ₹ 24,000 crore since inception.

Our alliance with Yes Bank continued its strong growth performance during the year and retained its position as one of the fastest growing bancassurance relationships in the Indian life insurance sector. The Lakshmi Vilas Bank alliance also witnessed growth in new business in line with management expectations and we continued to be the dominant life insurance partner for the Bank. We will continue all efforts to deepen these relationships by integrating systems, improving customer experience and providing relevant solutions all of which are even more critical in an open architecture environment.

Max Life has also won several partnerships for Group Term Life and Group Credit Life in the last financial year, and is consistently looking for new corporate agency partnerships.

Finally, with a healthy solvency ratio of 275% and fund-raising capabilities, as I mentioned earlier, we have the appetite as well as the ability to aggressively pursue inorganic growth. Acquiring a high quality bank-owned life insurance asset would enable us to offer our product portfolio to a much wider customer base. However, we will focus first and foremost on the quality of the target asset and will not proceed with any such transaction until we are convinced that it will be in the ultimate interest of our customers and stakeholders.

We have always been and continue to be guided by our core values of Sevabhav, Excellence and Credibility, which have helped us establish new benchmarks of service quality, honesty and ethics. Earning and keeping your trust has always been essential to this leadership team. I thank you for putting your faith in our endeavours.

With best wishes,

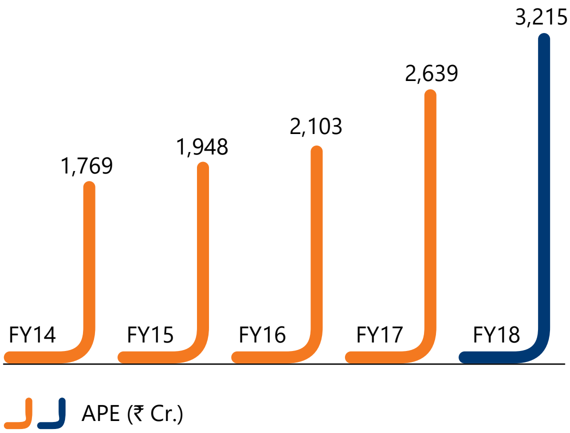
Analjit Singh
Chairman, Max Financial Services Limited

BUSINESS REVIEW

Embedded Value (EV) at
₹ 7,509 Cr.*,
operating RoEV **20.6%**

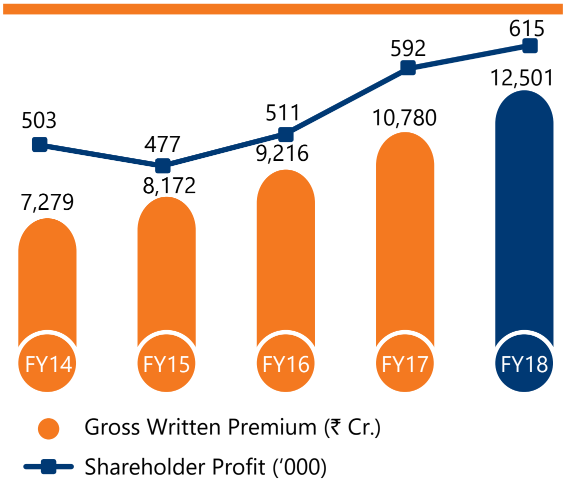
Value of New Business increased to
₹ 656 Cr, grows **31%**

INDIVIDUAL ADJUSTED PREMIUM EQUIVALENT



Growth primarily driven by productivity improvement and increased demand for unit-linked products

GROSS WRITTEN PREMIUM AND SHAREHOLDER PROFIT



Efficiency improvement and various initiatives to improve renewal conservation drove strong overall premium growth

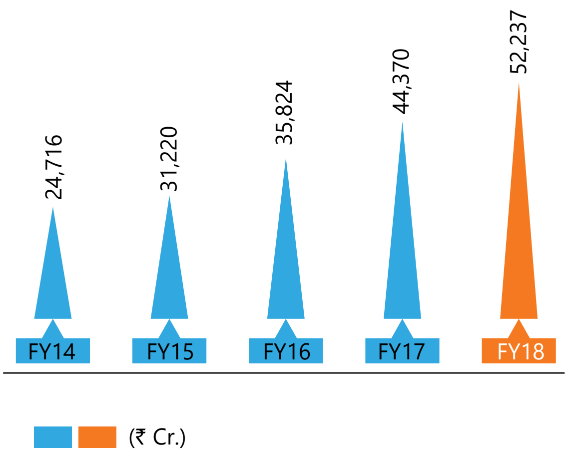
** As at 31st March 2018*

Sum assured in force at
₹ 511,541 crore,
35% higher than FY2017

Solvency Surplus of
₹ 2,208 Cr. and
Ratio at **275%**

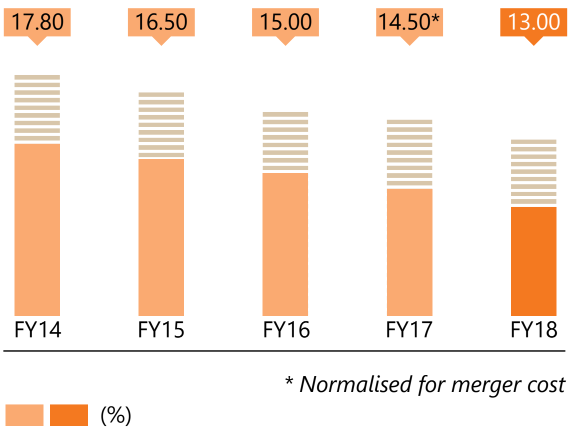
New Business Margin grows
140 bps, to **20.2%**

ASSETS UNDER MANAGEMENT*



FY2018 marked the first time Max Life's AUM crossed the ₹ 50,000 Cr. mark

OPERATING EXPENDITURE RATIO (OPEX/ NET PREMIUM)



** Normalised for merger cost*

Consistent cost optmisation efforts continue to bear results.

Conservation Ratio up
100 bps to **89.6%**

MANAGEMENT DISCUSSION AND ANALYSIS

MAX FINANCIAL SERVICES

MAX LIFE

BUSINESS RESPONSIBILITY REVIEW

Mr. Rahul Khosla
President, Max Group & Executive President, MFSL

Mr. Mohit Talwar
Managing Director

Ms. Archana Pandey
Sr. Director - Corporate Affairs

Mr. Sandeep Pathak
Company Secretary

Ms. Sujatha Ratnam
Chief Financial Officer

Ms. Vandana Trehan
EA to Group President

Max Financial Services Limited ('MFSL' or 'the Company'), a part of the US$ 3 billion Max Group, dynamically manages a majority stake in Max Life Insurance Company Limited ("Max Life"), India's largest non-bank owned, private life insurance company. Max Life is a joint venture with Mitsui Sumitomo Insurance (MSI), a Japan headquartered global leader in life insurance. After the demerger of the erstwhile Max India Limited in January 2016, MFSL became the first listed company in India focusing exclusively on life insurance, thus providing an opportunity for Indian investors to get access to a unique pure life insurance business. The Company currently holds 70.75% stake in Max Life as on date of this report.

In FY2018, Max Financial Services Limited reported consolidated revenues of ₹ 14,967 crore, with an encouraging growth of 15% over the previous year. The Company reported consolidated Net Profit of ₹ 296 crore, 25% lower compared to the previous year.

MFSL's sole operating subsidiary **Max Life Insurance** demonstrated broad-based growth across channels with Individual Adjusted Sales of ₹ 3,215 crore in FY2018, growing 22% over the previous year. This was primarily driven by improvement in productivity and increased demand for unit-linked products across channels. Max Life's Renewal Premium stood at ₹ 8,152 crore, increasing15% over the previous year, led by efficiency improvement and various initiatives aimed at lapse recovery. Gross Written Premium in FY2018 was ₹ 12,501 crore, rising to 16% over the previous year.

Max Life achieved an important milestone this year with its Assets under Management (AUM) crossing the ₹ 50,000 crore mark for the first time. The AUM as at 31st March 2018 stood at ₹ 52,237 crore, growing 18% over the previous year.

Max Life also reported Market-Consistent Embedded Value (MCEV), of ₹ 7,509 crore, with an Operating Return on EV (RoEV) of 20.6%. For a detailed review of MCEV, please refer to page no. 45 of the Annual Report. The Value of New Business (VNB) written during FY2018 was ₹ 656 crore, growing 31% over the previous year, and the New Business Margin stood at 20.2%, 140 bps higher compared to the previous year. Max Life achieved an important milestone this year with its Assets under Management (AUM) crossing the ₹ 50,000 crore mark for the first time. The AUM as at 31st March 2018 stood at ₹ 52,237 crore, growing 18% over the previous year. Max Life is now the 5th largest fund manager among private life insurers in India. The Company's AUM has grown steadily over the years, reflecting consistent performance, new strategies and a stable approach to product portfolio mix.

CORPORATE DEVELOPMENTS

At its meeting held on 23rd July 2018, the Board of Max Financial Services Limited appointed Mr. Analjit Singh, Founder and Chairman Emeritus of the Max Group as Director and non-executive Chairman of the Company. Mr. Analjit Singh is the sponsor and principal shareholder of Max Financial Services Limited, Max India Limited and Max Ventures and Industries Limited ("MaxVIL"). Mrs. Naina Lal Kidwai who had been serving as Chairman of Max Financial Services Limited since 15th January, 2016, continues to serve on the Board as an Independent Director for her full term.

Another key appointment on the Board of the Company was of Mr. Sahil Vachani, Managing Director and CEO of MaxVIL, on 25th May 2018. He was also appointed to the Board of Directors of Max Life, effective 18th May 2018. Mr. Vachani joined the Boards of these companies as a representative of the Owner Sponsor Group led by Mr. Analjit Singh.

HUMAN RESOURCES

The number of employees on the permanent rolls in Max Financial Services Limited as on 31st March 2018 is 13.

Sevabhav, Credibility and Excellence continue to be the key HR pillars, skillfully intertwined across all the talent and performance measures. The organisation has continued to emphasise right through the year its strong

focus on building effective corporate governance, fostering an inclusive work culture, enhancing talent capabilities to drive performance and development. This was achieved by leveraging progressive ways of employee learning and development.

The Company is committed to build and sustain its talent pipeline by attracting and retaining the right talent and investing in adequate capability enhancement of employees. Concerted efforts have been directed towards multiple talent management interventions, in-house training programmes as well as sponsoring employees to attend external training and career development programmes for improving their functional and managerial effectiveness. Additionally, the power of Digital HR is being harnessed to ensure that the workforce is capable of multi-skilling, thus enriching the overall employee experience.

The Company has established an organisational structure which is agile and fluid, focused on delivering results and efficient performance in a dynamic business environment. The organisation strongly believes in focusing on all-round employee wellness. It strives to create effective communication channels for employees such that they are all aligned to the common business goals / strategy.

OUTLOOK

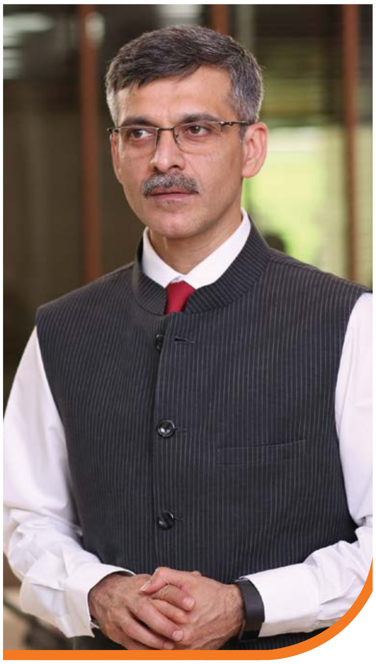
Max Life has demonstrated strong and consistent organic growth over the past few years. At the same time, with a healthy solvency ratio of 275% and fund-raising capabilities, the Company has the passion as well as the ability to aggressively pursue inorganic growth. With the acquisition of an exceptional quality bank-owned life insurance asset, this move would certainly empower Max Life to offer its product portfolio to a much wider and growing customer base. Simultaneously, the business will continue to build on its existing strengths of need-based selling of long-term savings and protection products through a well-balanced distribution architecture comprising bancassurance, agency and the rapidly growing digital channel.

Mr. Rajesh Sud
Executive Vice Chairman and Managing Director

Mr. Aalok Bhan
Director & Chief Distribution Officer

Mr. Amitabh Lal Das
Director & Head - Legal, Compliance & Regulatory Affairs

Mr. Jose C. John
Director & Appointed Actuary



Mr. Manik Nangia
Director- Marketing & Chief Digital Officer

Mr. Mihir Vora
Director & Chief Investment Officer

Mr. Prashant Tripathy
Senior Director & Chief Financial Officer

Mr. Shailesh Singh
Director and Chief People Officer

Mr. V. Viswanand
Senior Director &
Chief Operations Officer

LIFE INSURANCE INDUSTRY – LEVERAGING SHIFT TO FINANCIAL SAVINGS

The Financial Year 2017-18 (FY2018) was a year to celebrate when Indian life insurance industry witnessed another year of 20+% growth in new business. The significant growth for the second year in a row strengthened the belief that consumer confidence in financial savings is sustainable and life insurance industry is well placed to cement its eminent position in the customers' financial plan.

Individual New Business (Adjusted First Year Premium) for the Indian life insurance industry recorded 19% growth in FY2018. Both LIC and a large number of private life insurers recorded double digit growth on this vector. The market share of private life insurers increased to 56.2%.

The industry also witnessed two more private life insurers coming up with an Initial Public Offering and now investors have an opportunity to participate in the success story of top 4 private life insurers through stock markets. Many M&A opportunities also opened up in the sector and are likely to reshape the industry structure going forward. The Indian life insurance industry is clearly demonstrating signs of maturing into the next phase of sustained growth.

REGULATORY UPDATE

IRDAI (Insurance Web Aggregators) Regulations, 2017

In April 2017, these regulations were brought in with an objective to supervise and monitor Web Aggregators as an insurance intermediary. The regulations revised the eligibility conditions including change in capital requirements, net worth, etc. New detailed requirements related to operational matters were also introduced. Web Aggregators were allowed to receive remuneration for leads converted into sale of insurance policies along with receiving rewards in case of products sold with zero commission.

Max Life Insurance recorded another year of strong all round performance in FY2018

MOF Circular regarding transfer of unclaimed amounts into the Senior Citizens Welfare Fund (SCWF)

Government of India has established Senior Citizen Welfare Fund for promoting the welfare of senior citizens. Unclaimed amounts after a specified period needs to be transferred to this fund by 1st March every year in the prescribed manner. Insurers to contact account holders as per the specified procedure.

Prevention of Money Laundering (Maintenance of Records) Second Amendment – MOF Notification, IRDAI Circulars and subsequent Supreme Court Order

The Central Government in consultation with the Reserve Bank of India made amendments to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 to incorporate mandatory requirements of Aadhar and PAN for the KYC purpose. In line with this change, requirements of obtaining Aadhar & PAN from all customers was made mandatory along with mandatory authentication/validation of the information provided, using authentication facility provided by UIDAI. However, as per Supreme Court order dated March 13, 2018 and IRDAI Circular dated April 3, 2018, the requirement of collecting Aadhar from existing customers has been deferred till final SC order.

IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017

To ensure that insurers follow prudent practices on management of risks arising out of outsourcing, prevent negative systemic impact and to protect the interests of policyholders, IRDAI came up with IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017 in April 2017. Outsourcing definition was amended to exclude services which were normally not carried in house such as legal services, banking, courier, medical examination, forensic analysis. Bank reconciliation and market conduct issues can now be outsourced. New requirement like Outsourcing Committee, material outsourcing arrangements, maintenance of outsourcing records etc. were introduced. Requirements related to reporting related to outsourcing were also modified.

IRDAI (Protection of Policyholder's Interests) Regulations 2017

To protect interests of insurance policyholders and that the insurers, distribution channels and other regulated entities fulfill their obligations towards policyholders and have in place standard procedures and best practices in sales & service of insurance policies, IRDAI introduced (Protection of Policyholders' Interests) Regulations, 2017. New requirements like Board policy on PPHI, display the terms and conditions of products, service parameters and turnaround times on the website, grievance procedure etc. were introduced through this regulation. Policy servicing and claim related TATs were also modified.

Compliance on Guidelines related to Information and Cyber Security

In the wake of recent cyber-attacks and also to implement appropriate mechanism to mitigate cyber risks, IRDAI came out with a comprehensive cyber security framework for the insurance sector of India. Mandatory appointment of Chief Information Security Officer (CISO) is now required, who is responsible for articulating and enforcing the policies to protect their information assets and formation of Information Security Committee (ISC).

IRDAI Appointed Actuary Regulations 2017

Modification proposed in the eligibility requirements and duties and responsibilities of an Appointed Actuary. Opportunity given to the insurer unable to appoint an Appointed Actuary to approach the Authority for relaxation of conditions. Restriction on insurer to carry on insurance/reinsurance business without an appointed actuary for a period exceeding one year. Any non-compliance in this regard shall attract appropriate actions under the relevant provisions of the Insurance Act, 1938.

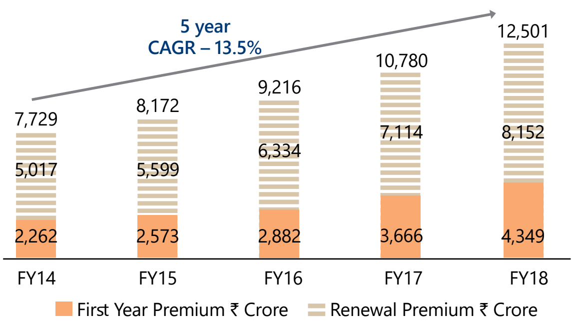
MAX LIFE INSURANCE IN FY2018 – ANOTHER YEAR OF SUPERIOR PERFORMANCE

Max Life Insurance recorded another year of strong all round performance in FY2018. Following are some of the key milestones achieved during the year:

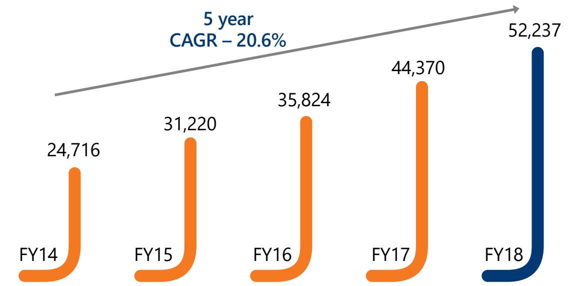
- Total revenue (Gross Written Premium + Investment Income) crossed ₹ 15,000 crore mark
  - Gross Written Premium at ₹ 12,501 crore recorded a growth of 16%,
  - First Year Premium at ₹ 4,349 crore grew by 19% and
  - Renewal Premium grew by 15% to ₹ 8,152 crore.
  - In terms of Individual Adjusted First Year Premium, Max Life Insurance recorded a growth of 22% to ₹ 3,215 crore.
- Assets Under Management crossed ₹ 50,000 crore mark to ₹ 52,237 crore recording a growth of 18%
- Sum Assured in Force crossed ₹ 5 lakh crore mark – ₹ 5,11,541 crore; growth of 35%
- Shareholders' Profit After Tax in FY2018 stood at ₹ 528 crore

Snapshot of the company's performance through key financial parameters:

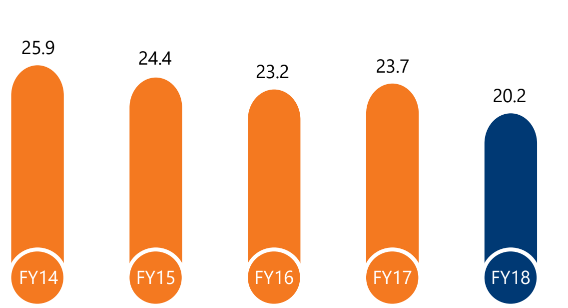
Gross Written Premium (₹ Crore)



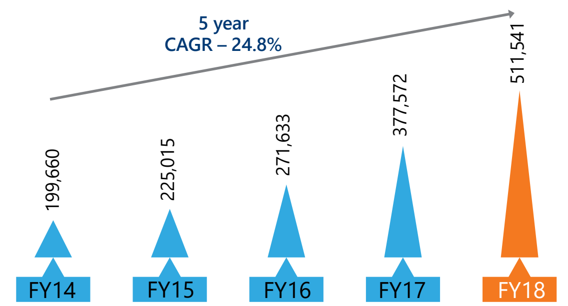
Assets Under Management (₹ Crore)



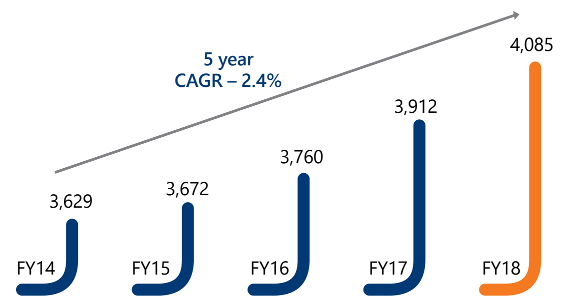
Cost to Gross Premium Ratio (%)



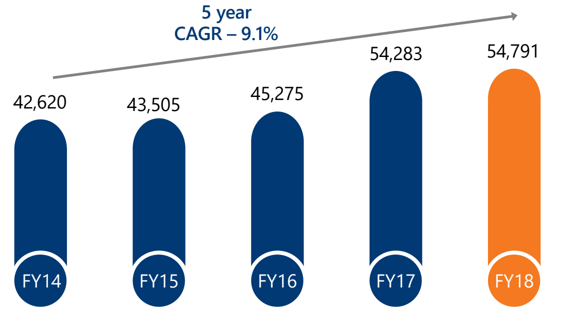
Sum Assured in Force (₹ Crore)



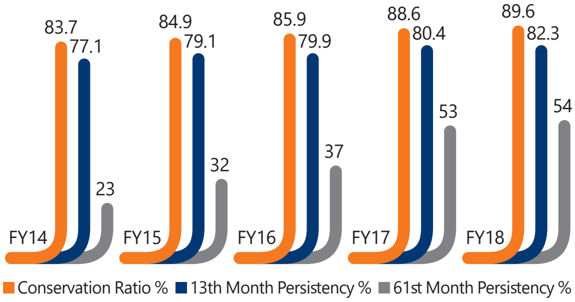
No. of in-force policies (# in '000)



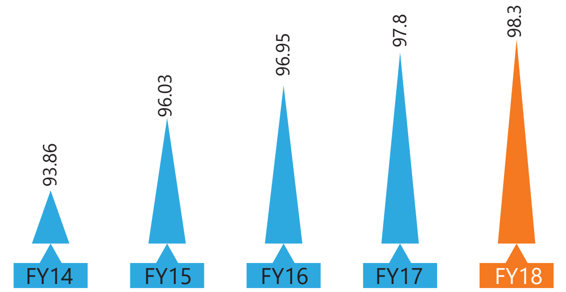
No. of agent advisors (#)



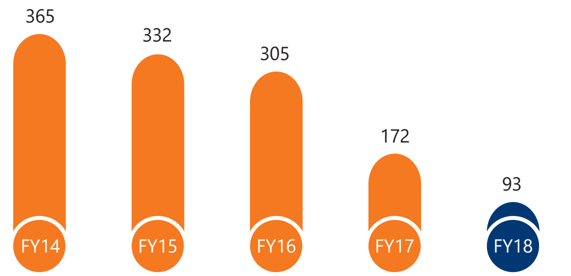
Customer Retention (%)



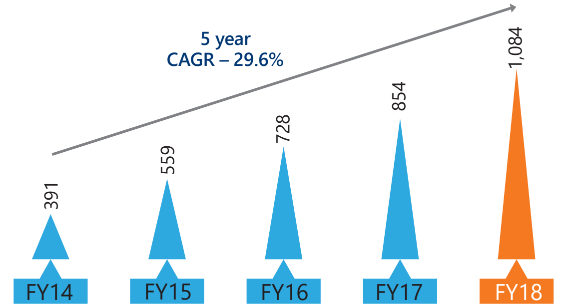
Claims Settlement Ratio (%)



Grievance Incidence Rate (per 10,000)



Policyholder Bonus (₹ Crore)



Highlights for the Financial Year (FY) ended March 31, 2018 are as under:

(₹ crore)

Particulars	Financial Year 2018 (April 2017 – March 2018)	Financial Year 2017 (April 2016 – March 2017)	Growth %
Financial Performance			
New Business Premium (First Year Premium and Single Premium)	4,349	3,666	19
Adjusted Individual First Year Premium*	3,215	2,639	22
Renewal Premium	8,152	7,114	15
Commission Expenses	893	936	-5
Operating Expenses (Policyholders')	1,610	1,591	1
Shareholders Profit / (Loss) After Tax	528	660	-20
Key Business Parameters			
Solvency Ratio	275%	309%	-34%
Share Capital including Reserves and Surplus	2,689	2,506	7
Assets Under Management	52,237	44,370	18
Sum Assured In-Force	5,11,541	3,77,572	35
Market Consistent Embedded Value	7,509	6,590	14
Return on Embedded Value	20.6%	19.9%	70 bps
Customer Parameters			
Conservation Ratio (%)	89.6	88.6	100 bps
13th Month Persistency (%)	82.3	80.4	190 bps
61st Month Persistency (%)	54	53	100 bps
Claim Paid Ratio (%)	98.3	97.8	45 bps

**Individual Regular First Year Premium plus 10% of Single Premium*

MAX LIFE INSURANCE – STRATEGY FOR CONSISTENT AND PROFITABLE GROWTH

Strategy of any successful organisation is rooted in the environment it operates in. Indian Life Insurance is operating in a dynamic environment impacted by multiple factors such as local economic growth, growing urbanization, increasing longevity and digital revolution. India is witnessing a significant change with a stable political environment, government policies having clear economic agenda and focus on promoting the habit of financial savings. In addition, Indian consumer is changing – living in the present, carrying positive expectations of the future but at the same time having to fend for their own financial future and hence wanting their money to work harder to provide them financial freedom and to protect it. With this backdrop, Max Life Insurance created its five-pillar strategy for the Financial Year 2017-18.

- **Strengthening proprietary channels** – Max Life Insurance has a balanced multi-channel distribution architecture. Proprietary channels, which include Agency, Customer Advisory Team and e-commerce, form core of this distribution architecture. The Company decided to further strengthen these channels and invest in their expansion while continuing to be a leader on quality parameters.

- **Stronger integration with bancassurance partners** – Max Life Insurance enjoys long standing and most productive relationships with its bancassurance partners. The focus on strengthening relationship with Axis Bank, Yes Bank and Lakshmi Vilas Bank by integrating systems, better customer understanding and relevant solutions became even more critical in an open architecture environment.

- **Reinforcing our digital and e-commerce offering** – Indian consumers are adopting digital technology at a fast pace and mobile internet has completely changed content consumption and information seeking behaviour. This creates a new opening for the life insurance industry. Max Life Insurance decided to strengthen its presence in e-commerce and at the same time create a digitally equipped employee and distribution force best suited to leverage the new ecosystem.

- **Enhance Protection business** – Protection is core to life insurance business. Max Life Insurance has and will continue to strengthen its protection portfolio and increase the element of protection in all the product solutions.

- **Set industry benchmark on customer and health parameters** – Growth without quality of business is not sustainable. Max Life Insurance has always kept this frame in mind while creating its growth strategy. Leadership on all customer parameters such as persistency, mortality, grievance management, customer engagement and loyalty etc. was identified as key to a sustainable and profitable growth.

STRENGTHENING MULTI-CHANNEL DISTRIBUTION ARCHITECTURE

In a country as diverse as India and with the potential that is unmatched in the world, a multi-channel distribution architecture is essential for any life insurance company. Max Life Insurance realized this early in its journey and created a balanced distribution mix. Over the years, the Company has created one of the most productive agency distribution channels, stable and high-performing third party distribution relationships as well as leadership in e-commerce. The Company has also shown the ability to constantly review, learn and upgrade its distribution channels to maintain its leadership in the industry.

Proprietary Distribution Channels

Proprietary distribution channels have been core to the Company's distribution architecture. Agency Distribution, Customer Advisory Team and e-Commerce witnessed strong growth momentum and, at the same time, further improved the quality of business. The proprietary channels recorded a growth of 16% during the year.

- **Agency Distribution** – Agency Distribution is the largest proprietary channel of Max Life Insurance and is considered the benchmark on quality of people and processes as well as the consultative sales to its customers. As a result, Max Life's agency distribution has one of the highest office productivity levels in Indian Life Insurance industry. Recruitment of quality agent advisors was the key focus area for the channel during FY2018 as this is an important vector for building a career agency model. A variety of initiatives yielded good results and helped improve the quality of agent recruitment.

- **Customer Advisory Team** – Max Life Insurance has a strong in-house team that engages with existing customers in select cities. This direct-to-customers channel recorded high growth aided by increase in both productivity and in the number of relationship managers. The channel continues to have 13th month persistency in line with global standards.

- **Online Channel** – During the year, online term sales more than doubled. Max Life further consolidated its market position within the life insurance market place by holding on to its leadership position in term plans and adding savings plans to its portfolio. Almost 15% of Max Life customers came through the online channel. The channel provided 58% of the protection cover (i.e. Total Sum Assured) written by Max Life Insurance in the year.

- **New channels** – Max Life Insurance has been leading the industry in adoption of the concept of Insurance Marketing Firms (IMFs) right from the time it was introduced. During the year, the company expanded the IMF channel and now has 152 IMFs which account for more than fifty percent of IMFs registered with IRDAI.

Third Party Distribution

- **Axis Bank** – Max Life's long standing relationship with Axis Bank is one of the most successful bancassurance relationships in the Indian life insurance industry with both partners committed to provide superior value to their customers. The company maintained its growth momentum at Axis Bank. Opening of new Bank branches, branch activation and increased preference for ULIPs amongst high ticket customer segment aided the growth in new business.

During FY2018, the company's renewal premium grew by 15% to ₹ 8,152 crore and Max Life Insurance continued its leadership in conservation ratio at 89.6%.

- **YES Bank** – This relationship continued its strong growth performance during the year and retained its position as one of the fastest growing bancassurance relationships in Indian life insurance sector. Increased focus on affluent customers resulted in greater share of ULIPs in the product mix. The company remained focused on customer parameters. As a result, 13th month persistency witnessed an increase. The company increased branch activation in YES Bank through a significant increase in their specified persons.
- **Other bancassurance relationships** - Lakshmi Vilas Bank witnessed growth in new business in line with management expectations and the company continued to be the dominant life insurance partner for the Bank even in an open architecture environment. Our UCB partnerships also recorded a healthy growth.

Group Business

Group business continued to make good progress with a growth in written premium by 15% as it added some leading corporates to its customer base.

CONTINUOUS FOCUS ON OPERATIONAL EFFICIENCY FOR ENHANCING CUSTOMER EXPERIENCE

Customer retention is the best evidence of both selling right product solutions and the quality of service a company provides to its customers, which in turn leads to better customer engagement.

During FY2018, the company's renewal premium grew by 15% to ₹ 8,152 crore and Max Life Insurance continued its leadership in conservation ratio at 89.6%. 13th month persistency was 82.3% and recorded an increase of 190 bps over last year. 61st month persistency at 54% recorded a growth of 80 bps over FY2017.

Management's focus on reducing customer complaints resulted in a significant reduction on this parameter. After 38% reduction in FY2017, in FY2018, the company witnessed 37% reduction in complaints resulting in the Grievance Incidence Rate improving to 95 per 10,000. Max Life's efforts to educate customers about fraudulent calling mechanism resulted in 17% reduction in spurious call complaints. The Company worked closely with the police to nab such fraudulent callers which resulted in multiple bank accounts of such offenders being frozen. Information security processes were further strengthened during the year.

Payment of death claim is the biggest moment of truth in a life insurance contract. The company is amongst the best in Claims Paid Ratio and continued its leadership journey on that front with Claim Paid Ratio improving to 98.3%. The company paid 10,152 death claims worth ₹ 353 crore during the Financial Year 2017-18. Since inception, Max Life Insurance has paid ₹ 2,223 crore towards death claim to 81,253 families.

Customer Experience Index, a cumulative index of customer experience across key policyholder transactions, witnessed an increase in Top 2 box score to 81% with 5 out of 10 touchpoints having scores of about 80% which is in line with global standard results. In addition, the Customer Confidence Index improved to 80% due to significant increase in Treating Customer Fairly Index to 91%.

PRODUCT MIX – INCREASE IN SHARE OF PROTECTION AND ULIPs

Max Life Insurance has a balanced product portfolio having an optimal mix of traditional endowment plans, unit linked plans and pure protection plans.

During the year, Max Life Insurance added four new products – Max Life Assured Wealth Plan – a guaranteed lump sum maturity benefit with a short premium paying term, Max Life Online Savings Plan – an online unit linked insurance plan with options for wealth creation and planning for children education, Max Life Online Term Plan – a feature rich online term plan and Max Life Point of Sales product – a simple product for the PoS channel.

Protection portfolio is one of the key focus areas for Max Life Insurance. During the year, sales of Online

Term Plan doubled with sales through offline channels like CAT, Axis Bank and Agency Distribution also contributing significantly.

COST MANAGEMENT

Operational efficiency is key to reducing cost in the Company. The operating expenses (policyholders) to net premium ratio improved from 14.5% in FY2017 to 13.0% in FY2018 and the cost (Commission plus policyholders operating expenses) to net premium ratio improved from 23.7% FY2017 to 20.2% in FY2018.

INVESTMENT PERFORMANCE

The company's Assets under Management (AUM) of ₹ 52,237 crore recorded a healthy growth of 18% over last year. The returns of Traditional and Unit-Linked funds has been commensurate with the risks assumed in respective funds.

The traditional funds continue to have highest quality credit assets, with over 94.6% of the debt investments in AAA or equivalent instruments. The equity portfolio has close to 83% of exposure to good quality large-cap stocks which are expected to provide superior returns over the long-term. From a strategic investments initiative, the company is constantly evaluating ways and means to improve portfolio yield with a non-commensurate increase in risk. Newer asset classes that have been initiated in the past 3 years and are now seeing ramp up such as Real Estate, AIF investments amongst others.

New investment initiatives during the year were:

- Investments into InVITs (Infrastructure Investment Trust),
- Ramp up of real estate investments,
- Investment in alternative investment fund (AIF), and
- Looking for credit opportunity to enhance in yield on the portfolio.

The company adopted the Stewardship Code as prescribed by the IRDAI and the investment team started engaging with managements of investee companies and voting on material proposals to protect our investment portfolio.

POLICYHOLDER BONUS

The Board of Directors took advice from the company's Appointed Actuary and approved the recommendation to

- Increase the 2017 regular bonus rates by 5% for all the old products closed to new business.
- Increase the 2017 regular bonus rates by 7.5% for four products which are open to new business - Life Perfect Partner Super, Life Gain Premier, Whole Life Super and Future Secure II.
- Maintain the regular bonuses illustrated at 8% investment return for two products which are open to new business – Monthly Income Advantage Plan and Future Genius Education Plan.
- Pay terminal bonuses to maturities and eligible deaths such that the final payouts are aligned to their asset shares.

The total cost of regular bonus payable for the next 12 months is estimated to be ₹ 1,084 crore, an increase of ₹ 230 crore from the bonus distributed last year amounting to ₹ 854 crore. In addition, the payment of terminal bonus on eligible deaths and maturities has been approved, the cost of which would be ₹ 12 crore.

INFORMATION TECHNOLOGY – LEVERAGING TECHNOLOGY FOR BUSINESS TRANSFORMATION

During FY2018, significant technological interventions were undertaken by Max Life Insurance with an aim to transform business outcomes. A complete revamp of the Max Life Insurance Corporate website and customer servicing, enabled with world class user experience (UX), mobile responsiveness and powered with latest technologies, has helped substantially increase the B2C revenue through online route. Max Life Insurance also launched smart BOTs for superior customer experience and real-time business metrics accessible "Anytime, Anywhere and on the go". Other key applications launched included a unified system for enhanced experience in Operations (UNO) and mPower- a mobile responsive one stop shop mobile application for empowering Agents and Relationship Associates for customer and self-servicing.

ENHANCED ENGAGEMENT WITH EMPLOYEES

At Max Life Insurance, improving employee experience & people practices is the bedrock of the company's high-performance culture. Throughout the year, initiatives on supporting performance, celebration of personal & professional milestones and volunteering for social impact were planned at local and organization level. Continuous listening and acting on feedback are enabled through an annual employee engagement survey in partnership with IBM Kenexa, annual Great Place to Work Study and Internal Pulse surveys.

2018 study by Great Place to Work Institute, India recognizes Max Life amongst top 15 workplaces in the BFSI category. Max Life is the only life insurance company to be part of this list. Overall, Max Life Insurance is ranked 43rd in the Great Places to Work in India in 2018.

94% employees participated in the recent annual engagement Survey conducted in Quarter 4, FY2018. IBM has reported Max Life engagement levels amongst top decile of its global client database.

Digitisation of HR processes is key to offering convenience to our employees who are spread across 300+ locations in India. Employee App has now become the lifeline for our employees through which they can complete transactions like attendance management, salary slip request, create and participate in polls for better listening etc. In addition, through eCube, our employee portal, the company is able to communicate and engage with all its employees.

Pehal, an employees' volunteering programme, gained further momentum during the year. Around 3,500 employees and almost all agency distribution offices participated in various social causes such as financial literacy for under-privileged students via school contact programme, green plantation drive, healthcare activities such as blood donation, immunisation and health camps and collection and distribution of goods for underprivileged section of the society.

At our Founders' Day, 271 employees and their families were recognized with Long Service Awards for completing 10 and 15 years of service.

STRENGTHENING THE MAX LIFE BRAND

"Do kadam aage' or always ahead of the challenges in life by protecting your financial future campaign was on television twice in the year. This campaign supported by online and social presence resulted in stronger brand association with protection. The campaign also helped open more doors for our offline sellers.

During the year, the Marketing function carried out a few experiments to support business objectives. A

The Max Life Actuarial Team at an employee training event.

radio campaign in Mumbai and Delhi had a compelling narrative for daily commuters and clearly articulated the need for protection connecting it with the real life situations on road. The company for the first time sponsored a Marathon in Bengaluru which received very good response and helped the brand build a connect with a health and wellness platform.

GENERATING INSURANCE AWARENESS AMONGST CUSTOMERS

Max Life Insurance continued to work towards increasing awareness about life insurance and financial concepts amongst its existing customers and prospective life insurance customers. In line with the IRDAI focus, the company worked on four specific themes.

- **Campaign on the benefits of life insurance**
  Max Life Insurance has engaged with its existing and prospective customers through its social media assets like Facebook and Twitter to enhance their understanding about the true role life insurance can play in meeting their needs. During FY2018, the company carried out two television campaigns and a radio campaign to educate consumers about the need for protection against unforeseen events of life. Throughout the year the company worked towards imparting knowledge to policyholders and prospects through authored articles in national and regional dailies, knowledge articles through own website, social media assets and direct electronic mailers. As a special initiative, during the last quarter of the year, the company distributed handouts on 'Myth buster on Taxation' and 'Tax Calculator'. Sellers were empowered with leaflets on lifestyle changes which was shared with existing and prospective customers who walked into our offices during 'Word Cancer Day'. Physical electronic posters were displayed in the company's own offices and offices of distribution partners giving information about how life insurance can play an important role at various life stages.

- **Campaign focusing on protection of consumers**
  Fraudulent activities and spurious calling to fleece genuine life insurance consumers of their hard earned money is a big challenge for the life insurance industry. There is a need to make concerted efforts to overcome this menace. Max Life Insurance made its contribution by educating consumers about such activities through videos which were posted on Social media assets and were sent to existing customer base. In addition, Max Life Insurance also took legal measures to take action against unscrupulous elements who are engaged in such activities.

- **Campaign for children and youth**
  Max Life Insurance launched a special campaign of teaching the youth of India about the basic financial concepts. We believe that if they are introduced to financial planning early in their life, these people will be in a better position to implement these concepts in real life to their benefit. Max Life Insurance employees educated ~6,000 students of 56 schools in Gurugram, Jammu, Gwalior, Hyderabad, Vadodara, Rourkela and Guwahati. This campaign was extremely successful as students actively participated in these financial literacy class. They were also provided with reference books on financial literacy. Information about Government promoted financial schemes so that the students could share those with their parents which could benefit the household.

- **Campaign for the under-privileged and rural and socially backward**
  Max Life Insurance adopted Dhakrani village in Uttarakhand in 2015. Our employees and agent advisors have been carrying out door to door financial literacy campaign in the village. During the year, our employees reached out to 995 households – conducted financial needs analysis and educated them about the financial products suitable for their identified needs. Efforts were made to encourage them to invest small amounts in government initiatives such as such as Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojna, Atal Pension Yojna etc.

A ROBUST RISK MANAGEMENT FRAMEWORK TO ADDRESS ENTERPRISE WIDE RISKS

Your Company's overall approach to managing risk is based on the 'three lines of defence' model with a clear segregation of roles and responsibilities for all the lines. Business Managers are part of the first line of defence and have the responsibility to evaluate their risk environment and put in place appropriate controls to mitigate such risks or avoid them. The Risk

Max Life launched a special campaign targeted at the youth

Management Function, along with the Compliance Function, form the second line of defence. The Internal Audit Function guided by the Audit Committee is the third line of defence and provides an independent assurance to the Board. The Statutory Auditors and regulatory oversight aided by the Appointed Actuary in his/her fiduciary capacity is also construed to provide an additional third line of defence.

Risk management activities are supervised on behalf of the Board by the Risk, Ethics and Asset Liability Management Committee, whose responsibilities conform to those prescribed by the IRDAI. The Management Risk Committee chaired by the Executive Vice Chairman and Managing Director and supported by the Operational Risk Group, and Asset Liability Management Group, Information Security & Business Continuity Management Committee and the Outsourcing Committee, assist the Board Committee in overseeing the risk management activities across the Company.

Your Company has an operationally independent Risk Management Function in place, headed by a Chief Risk Officer. The function is responsible for the supervision of all risk management activities in the Company, including developing the risk appetite, maintaining an aggregated risk view across the Company, monitoring the residual risks to ensure that they remain within tolerance levels. It also reviews the appropriateness and adequacy of the risk management strategy and develops recommendations to the REALM Committee as necessary. The Risk Management function also ensures that, through various management submissions, the Board is adequately informed on key emerging risk related issues and if necessary, provides supplementary advice to the Board through REALM Committee.

Your Company has in place a Risk Management Policy which lays down the broad contours of management system in place which is used to identify, assess, monitor, review, control, report risks and controls within the Company. It is also Company's policy that risks should be managed systematically with the process of risk management being well defined and with its various elements properly integrated. The implementation of risk management system is a continuous cycle of improvement over the Company's existing risk management elements. Your Company is progressing well on its vision of a matured state of risk culture where every individual takes responsibility of risks and has a thorough understanding of all risk tolerances.

Your Company has in place a risk management system that enables it to develop and implement strategies, policies, procedures and controls to manage different types of risks., A Risk Appetite Statement is in place which identifies and addresses each material risk to which the Company is exposed and establishes the degree of risk that the Company is willing to accept in pursuit of its strategic objectives, business plans and the interest of the policyholders. These material risks have been categorized in the areas of Strategic, Insurance, Investment and Operational Risks. The Risk Management Strategy has been developed which defines the Company's approach to manage the identified material risks through acceptance, avoidance, transfer and/or mitigation. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls. This is supplemented by various policies and procedures in respective operating areas which help to identify, mitigate and monitor risks.

The risk management framework also ensures that the level of risk accepted is within the Company's risk capacity and the level of capital adequacy is in excess of the level prescribed in the regulations.

REPORT ON MARKET CONSISTENT EMBEDDED VALUE

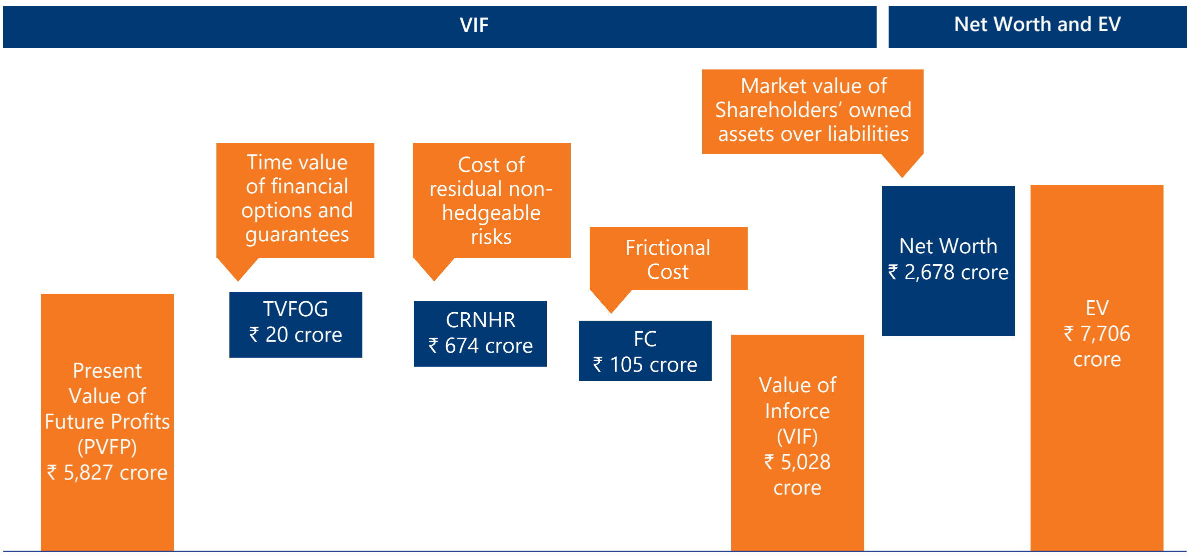
Keeping in view the requirements of long-term investors, the company has been reporting the Embedded Value (EV) for the past several years. The EV of the Company, as at 31st March 2018, stood at ₹ 7,706 crore. Post payment of final proposed shareholder dividend of ₹ 197 crore, which will be accounted post 31st March 2018, the closing EV will be ₹ 7,509 crore.

The EV is a measure of the shareholder value arising from the in-force policies and the net worth of the company as at the valuation date. The company uses a market consistent methodology approach as this approach better reflects the value of an insurance company by explicitly allowing for insurance and economic risks rather than using implicit overall allowance for risks through Risk Discount Rate in the traditional approach.

Market Consistent Embedded Value (MCEV) method

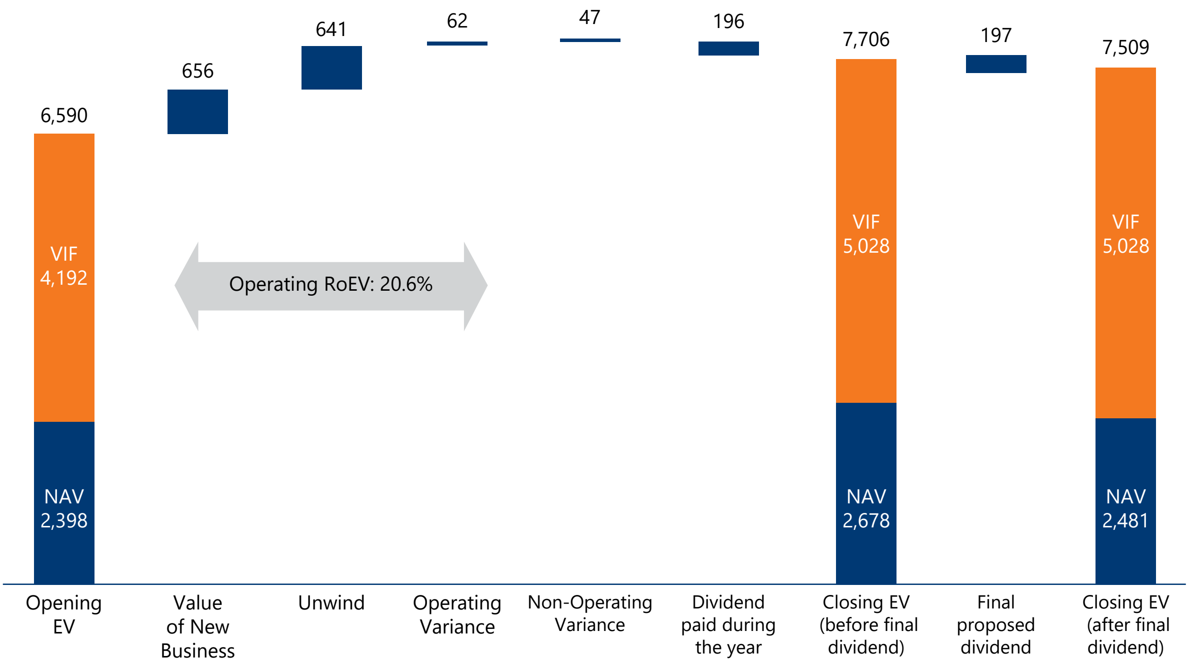
The EV of the Company is calculated keeping in view the MCEV principles issued by the Stichting CFO Forum Foundation and the Actuarial Practice Standard 10 as issued by the Institute of Actuaries of India. However, the methodology and results are not intended to be compliant with these standards.

In MCEV, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC).



Note: The deductions for risks to arrive at the VIF represent a reduction of ~14% in the PVFP, in line with last year's reduction. The largest deduction is in respect of CRNHR.

EV movement analysis: March 2017 to March 2018 (Figures in ₹ crore)



- Operating return on EV of 20.6% is mainly driven by new business growth and unwind of discounting.
- Operating variance mainly constitutes the positive impact of mortality and persistency experience variance and modeling enhancements.
- Non-operating variances are mainly driven by equity and interest rate movements since March 2017.
- The interim shareholder dividend of ₹ 196 crore has been paid during the year and a final dividend of ₹ 197 crore will be accounted post 31st March 2018. Post the payment of the final dividend, the closing EV will be ₹ 7,509 crore.

Value of New Business (VNB)

The VNB represents the value added to the EV due to the new business written by the Company during the year. For FY2018, the VNB was ₹ 656 crore, calculated at actual costs, resulting into new business margin of 20.2%.

WAY FORWARD / OUTLOOK

With increasing focus on digitisation and formalization of the economy, there is a growing market for financial savings products. In addition, the demand for life and health protection is also increasing. This creates new growth opportunities for the Indian life insurance sector which has recorded close to 20% growth per annum over the last two financial years.

Max Life Insurance is well placed to leverage this opportunity through its multi-channel distribution and a comprehensive offering of products. To further strengthen its distribution architecture, Max Life Insurance is committed to expand the geographical footprint of agency distribution, further strengthen its e-commerce and direct distribution (Customer Advisory Team) channels and drive growth through new distribution channels such as Insurance Marketing Firms. The company has already initiated implementation of these expansion programmes. At the same time, the company will further strengthen its

Max Life team winning Gold at the ASQ awards 2018 in Seattle, USA

existing bancassurance relationships with Axis Bank, Yes Bank, Lakshmi Vilas Bank and multiple Urban Cooperative Banks. In addition, the company proposes to be an active participant in the open architecture opportunities in bancassurance.

Max Life Insurance, known for its customer centric approach to business, plans to further enhance its engagement with more than 33 lakh existing customers, understand their needs through big data analysis and offer them customised solutions at every stage of their lives. The company plans to increase the share of protection and ULIPs in its product mix, keeping in mind the changing customer requirements. During the financial year 2018-19, Max Life Insurance will evaluate some of the industry first ideas including wellness which it plans to integrate with its existing product designs.

To further improve its customer service, Max Life Insurance has created Customer Centre of Excellence (CoE). The Customer CoE will benchmark our customer service practices with best in class global practices, learn from customer service practices across industries and improve our service standards.

Digitisation will continue to be a key focus area for the company with focus on Employee, Customer and Distribution digital. The company aims to create a paperless and mobile first ecosystem to provide frictionless processes. Digitisation is one of the key agenda for Max Life Insurance in the process of creating an efficient and quality organisation.

During FY2019, the company will continue on its profitable growth path and aim to outperform private life insurance industry in business growth, set new benchmarks in customer-centricity and achieve new milestones in our great workplace journey.

BUSINESS RESPONSIBILITY REVIEW

Mohini Daljeet Singh
Chief Executive

Gulnaz and her family hail from Uttarakhand. Her father, a daily wage earner supported his daughter to pursue higher education. In 2014, Gulnaz [then 17 years old] was about to complete her 12th Standard when a young man whose proposal she had rejected threw acid on her. Gulnaz was in the hospital for 2 months and underwent multiple surgeries with some help from the CM Relief Fund.

Meanwhile, Gulnaz filed an FIR and had the culprit put behind bars for 10 years. However, she still needed additional surgeries and approached Max India Foundation (MIF) through Max Super Speciality Hospital, Dehradun. Her surgery was successfully done in October 2015. Later, Gulnaz received a scholarship and enrolled in a college in Chennai. But this was not the end of her relationship with MIF.

When Gulnaz came home in May 2017 during her vacations, she was appalled to see her father's deteriorating condition because of a heart problem. Once again, she approached MIF, and given the criticality of her father's health, the Foundation came on board. Her father was successfully treated at Max Hospital, Patparganj and is back to leading a healthy, happy life in his hometown, while Gulnaz has returned to her graduation studies and aspires to pursue a dignified career.

This is just one of the 30 lakh such stories that MIF has had the privilege to be a part of over the past decade. The Max Group's Responsibility journey hit the significant milestone of 10 years of caring in January 2018. This journey has been characterised by the ethos of *Sevabhav* and *giving with dignity* to make a difference in the lives of the underprivileged. In these 10 years, MIF connected with 30,99,491 beneficiaries through 444 NGOs at 785 locations.

To commemorate 10 years of serving the underprivileged, a Coffee Table Book was released on Max Annual Day, on 15th January, 2018. On 22nd January, a special Thanksgiving Event was organised wherein many stakeholders including NGO partners joined in.

In FY 2017-18, Max India Foundation was felicitated with "Asia's Greatest CSR Brand Award" at the India Singapore Business & Social Forum 2018 on 29th January at Marina Bay Sands, Singapore. This Award is given to the most prominent brands that have lent a helping hand and worked towards the development of the society at large. The Foundation also received other Awards as highlighted in the box. The Foundation is humbled by the various laurels that have come its way and understands the responsibility entrusted to it.

Awards and Recognitions

- Mohini Daljeet Singh, CEO, Max India Foundation was felicitated with the CSR Person of the Year Award for her outstanding contribution to the social development sector by India CSR at the CSR Leadership Summit on 26th May 2017
- Max India Foundation was conferred with CSR Campaign of the Year Award towards Fight Against Cancer by India International CSR Conclave on 11th May 2017
- Mohini Daljeet Singh, CEO, Max India Foundation was honoured with CSR Leader of the Year Award at the India International CSR Conclave held on 11th May 2017.

Core Interventions

Health

Health needs are immediate, yet accessibility and affordability is a huge gap area for the underprivileged. Over the years, the Foundation has perfected various health interventions which bring much-needed support in the lives of the underprivileged. The interventions have been strategically designed with a blend of curative, preventive and promotive aspects. The key interventions include:

Immunisation Programme

This programme is meant for the children in the age group of 0-12 years who are Not Immunised or are Partially Immunised. Children are vaccinated against MMR, DPT, Hepatitis-B, and Typhoid as per the guidelines of WHO. The programme mandate is to "close the immunisation gap" and thus complement GOI's Mission Indradhanush. We believe that healthcare for a child must begin with protection through immunisation. The programme protects children against nine life-threatening diseases. As a new initiative, the Foundation introduced HPV vaccine for underprivileged girls in the age group of 9-15 years for protection against cervical cancer.

In FY 2017-18, 18,448 vaccine shots were administered to children.

Health Camps

Often underprivileged people ignore niggling symptoms of ill-health due to several reasons like losing a day's wage, travelling long distances or lack of funds for even a basic consultation. Women and the elders are the worst affected. Small issues unattended can become big problems and lead to expensive treatment or loss of life.

Max India Foundation organises health camps [including general health camps and multi-speciality health camps] for the underprivileged across urban slums and rural areas with the objective of providing quality healthcare in an accessible and affordable manner. A team of qualified doctors and paramedical staff conducts the health camps wherein free consultations and medicines are provided. The range of specialties covered includes gynaecology, paediatrics,

MIF's 9th Artificial Limbs and Polio Callipers Camp was held in April 2017 ophthalmology, oncology, dental, or diabetes check-up among others. Pathology tests like random blood sugar, HB, Bone Density, ECG, etc. are also done. In certain eye check-up camps, free eyeglasses are also provided. Critical cases are referred for further treatment.

In FY 2017-18, 1,70,201 patients have benefited through 719 camps. These health camps address immediate healthcare needs of the marginalised at their doorsteps.

Surgeries and Treatment

High out-of-pocket expenses make it impossible for the underprivileged to undergo high-value surgeries. Arranging large sums of money is out of the question for them. Max India Foundation helps them to get a new lease of life. In FY 2017-18, the Foundation reached out to 1,559 patients with timely intervention, thereby preventing them from getting caught in the vicious cycle of debt and poverty. These surgeries include a large number of paediatric cardiac surgeries, neurosurgeries, orthopaedic surgeries, cataract surgeries and oncology care through Max Healthcare Hospitals.

Provision of Free Artificial Limbs and Polio Callipers to the Needy

The programme aims to improve the mobility of physically challenged individuals so that they are able to live their life independently with dignity. This enhances their self-confidence and can improve their economic well-being.

Max India Foundation's 9th Mega Artificial Limbs and Polio Callipers Camp were held in Dehradun from 18-21st April, 2017. In addition, the Foundation in partnership with Kiwanis Club of New Delhi provides 15 artificial limbs every month to the physically challenged. Further, six physically challenged youth were provided specially-designed motorised vehicles with disabled-friendly attachments in partnership with Rajiv Gandhi Foundation under their "Access to Opportunities" initiative. 391 physically challenged have been provided free of cost artificial limbs and polio callipers in FY 2017-18.

Sateshwari was accidentally hit by a truck. Her wound had just about healed when she heard of the camp in Dehradun. Sateshwari was provided with an artificial limb at the camp and she is full of hope. *"Life took an ugly turn with that unfortunate accident. I hope to be back to leading a normal life with the help of an artificial limb"*, says Sateshwari.

Lifeline Express

MIF is proud to be associated with Lifeline Express which is a novel concept of train hospital on wheels [conceptualised by the Impact India Foundation]. Every year since 2008, the Foundation provides support for Lifeline Express at Madhya Pradesh. In the camp held in FY 2017-18, a total of 12,880 patients were examined.

SUPPORTING ALLIED HEALTH INTERVENTIONS

Good health is an outcome of multiple factors; therefore, Max India Foundation has been working on a host of allied-health sustaining factors like environment, nutrition, clean drinking water and others as elaborated below:

Sustainable and Eco-Friendly Environment

Good environment is a basic requirement to realise good health. World Health Organisation has estimated that 13 million deaths annually are attributable to preventable environmental causes. The Foundation's work around the environment is centred on environmental awareness coupled with environment-friendly action. In addition to tree plantation drives across Delhi, Haryana, Punjab and Uttarakhand, MIF has been spearheading structured monthly environment awareness campaigns. These campaigns serve the dual purpose of sensitising the people about the issue as well as suggesting various practical action points to improve the environment. The same is shared with key stakeholders including NGO partners as well as employees of the Max Group. The objective is to improve green cover, enhance oxygen supply as well as arrest soil erosion, thereby leaving the greener planet for the future generations.

MIF's Health Van was launched in 2017 to provide basic medical services to the under privileged in Delhi/NCR.

Clean Drinking Water

Waterborne diseases are a major reason for severe health problems. In order to provide access to clean drinking water, Max India Foundation has forayed into providing clean water in government schools meant for underprivileged children in Delhi as well as in the adopted villages. So far, nearly 14,000 children have benefited through this initiative. Clean drinking water not only has health benefits but also helps in improved learning outcomes since there is less absenteeism from school.

Nutrition

India is home to over one-third of the world's stunted (chronically malnourished) children (World Food Programme, 2016). Some of the partners we work with are engaged with malnourished children for whom getting two meals a day is a huge struggle. The mid-day meal or nutritious snack offered through Max India Foundation's support may be the only wholesome meal of the day for them. Max India Foundation made over 11,000 meals possible in FY 2017-18.

Drug De-addiction

It is estimated that around 7.21 crore people in India are affected by drugs. Drug abuse is emerging as a major health hazard with a sizeable number of youth caught in this vicious cycle. To address the menace, Max India Foundation has been supporting a drug de-addiction counselling centre for the youth of Baramulla, J&K since April 2016. The Centre started and anchored by the Indian Army organises drug de-addiction seminars, recreational activities, individual and group counselling sessions, motivational talks and occupational rehabilitation. In FY 2017-18, the drug de-addiction programme has benefited 742 youth.

The intervention was further broadbased through our partnership with UNODC [United Nation Office of Drug and Crime]. Under the partnership, UNODC is working in the state of Punjab to curb the drug menace with focus on counselling and awareness initiatives. The partnership will also cover village Rail Majra. The training of trainers was held in November 2017 and strives to bring effective change on the ground.

HEALTH AWARENESS

Max India Foundation has given great importance to health awareness to promote healthy behavioural practices amongst underprivileged communities. We believe preventive healthcare yields better outcomes in the long-term and saves huge sums of money which would be spent on treatment. The focus areas include ills of tobacco, vector-borne disease, cancer awareness and others which are conveyed through a mix of infotainment approaches like films, flip books, talks, demonstrations, puppet shows, etc. So far, over 18.45 lakh individuals have been reached through health and hygiene awareness initiatives. In FY 2017-18, 31,036 individuals were reached. Over the years, the awareness level of the community on various healthcare aspects has significantly improved.

Whilst health awareness remains an integrated part of all health camps, Max India Foundation runs strategic campaigns around anti-tobacco and cancer which are detailed below:

Anti-Tobacco Campaign

Tobacco kills over 10 lakh people in India every year; in Delhi alone, there are 30 lakh tobacco users. Given the gravity of the problem, Max India Foundation has been running various outreach programmes focussed against the use of tobacco with an emphasis on strict enforcement of Cigarettes and Other Tobacco Products Act (COTPA 2003). So far, 589 policemen have been sensitised including DCPs and Inspectors/ Sub-Inspectors who are emerging as champions of our cause. Doctors from Max Hospitals as well as patients who are cancer survivors have played a key role in the sensitisation of police. Further, over 27,903 people have been fined by Delhi Police for violation of COTPA which is a positive step in the enforcement of the Act.

As part of World No Tobacco Day on 31st May 2017, a televised awareness campaign was run on India Today News Channel. The campaign highlighted the alarming facts about perils of cigarette smoking. Also, the work of Max India Foundation to curb the tobacco menace was highlighted. The collaboration with India Today helped reach larger audience base.

Another element was added to the Programme when a focussed intervention on educational institutes was initiated in June 2017. Under Tobacco Free Education Institutes (TFEI) initiative, training programmes are organised for Principals of government schools so that they sensitise children on the ill-effects of tobacco as well as conduct tobacco-free audits of their respective schools. So far, 485 Principals of North Delhi Municipal Corporation schools have been trained and sensitised on COTPA.

Team Max India Foundation

An MIF immunisation camp

Cancer Screening and Awareness Camps

Recent years have witnessed a sudden spurt in cancer cases. MIF has adopted a two-pronged approach to combat the problem. On the one hand, there is an emphasis on cancer awareness as well as screening, so that cancer cases are identified at early stages for effective recovery. On the other hand, economically weak cancer patients are provided free or subsidised treatment. Max India Foundation has been conducting cancer screening camp including free mammography and pap smear tests at awareness camps. The focus is on early detection to ensure better outcomes.

Celebrate Me – Triumph Over Cancer

"Celebrate Me" celebrates the spirit of cancer survivors who braved cancer and emerged triumphant. The first season of Celebrate Me was held in 2015 and over the years it has emerged as an important annual signature event. Celebrate Me 2017 was held from 23rd to 28th September in collaboration with CanKids...KidsCan. The focus of the event was on Childhood cancer and efforts were made to spread the message from Delhi to Punjab covering a stretch of 1,500 km that childhood cancer is curable if diagnosed in time. The awareness was conducted in a unique manner with a car rally from Delhi to Punjab. The "Fight Against Cancer Champions" stopped at different locations to inform the community about prevention and cure of childhood cancer.

Max India Foundation, Evolving As Knowledge Partner

Over the years, Max India Foundation has evolved as an expert thought leader. One giant leap was taken when Max India Foundation joined hands with ASSOCHAM as Knowledge Partner for the Conference titled "Health Security For All".

The maiden Conference held on 26th May, 2016 focussed on "Health & Insurance", whereas the 2nd successive Conference held on 1st June, 2017 focussed on "Access to Quality & Affordable Healthcare". Ms. Mohini Daljeet Singh, CEO, Max India Foundation delivered the keynote address. Further, a resource paper on "Health Policy 2017" was released which was very well received by the participants.

A Health Camp organised by MIF

VILLAGE ADOPTION PROGRAMME FOR DEVELOPING SUSTAINABLE VILLAGES

Max India Foundation has adopted three villages – Rail Majra in Punjab and Dhakrani as well as Chandrothi in Dehradun, Uttarakhand. The Village Adoption programme has been making a positive difference in the lives of the underprivileged. With interventions around health, sanitation, waste management, school infrastructure upgradation, skill development in the community, the programme is creating model villages to enhance the quality of life of the underprivileged. The highlights for FY 2017-18 are as follows:

Health Facilities

Due to inadequate health facilities, provision for quality health services has been made with appropriate interventions in the form of health camps, health centres, eye check-up camps and immunisation camps. The range of health services helps the villagers to avail quality services from specialists which they would not have access to otherwise.

Environment Conservation and Preservation

Max India Foundation has been sensitising villagers about the environment conservation and preservation. Tree plantation drives are almost an annual affair across all the three villages. In particular, Max India Foundation has developed a small park in Dhakrani village for the residents. The park is centrally located near an upcoming Aanganwadi and ITI (Industrial Training Institute) and has emerged as a hub of community activity.

Hygiene Improvement through Solid Waste Management

Waste management was an issue of concern. Max India Foundation initiated activities to implement the solid waste management system by implementing clean-up drives, awareness programme, solid waste collection, and disposal system. The villagers are also regularly sensitised on the importance of cleanliness as well as educated on segregation of waste. As part of the same, a composting unit has been set up in Dhakrani. Segregation of waste is being done, so that the organic waste does not end up in landfills and can be composted which can be used by farmers in the village.

Sanitation and Sewerage Project

Dhakrani village had no sewerage system in place. Wastewater spilled onto the garbage spread on the streets as well as polluted the sources of drinking water supply. To address the issue, a sewerage treatment project is underway. So far, over 1,00,000 running feet of the pipeline has been laid. Sand filters and septic tanks are being built from which wastewater will be treated and will be fit for agricultural purpose. Three phases of this project are complete and the fourth phase is under construction.

Skill Development for the Youth [New Initiative]

On a special case basis, Max India Foundation has set up a life skills training centre at Dhakrani in partnership with NGO Head Held High (HHH) Foundation. The initiative provides Life Skills training to zero literate rural youth in a 6 months' intensive programme. The core of the initiative is to make India capable, where rural youth with no schooling are trained to be work-ready in a professional environment. This transformation enables such youth to be able to live life with dignity, opening up economic opportunities. The Centre was formally inaugurated in November 2017 and the first batch passed out in May 2018.

Science Lab [New Initiative]

In order to develop a scientific bent of mind amongst children, a science lab has been set up in all the three adopted villages. Children have got access to 60 working models and the objective is to understand and appreciate the basic principles of science. Additionally, teachers have been trained so that they are able to use the models effectively and engage with children.

IMPACT

MIF with its 360-degree approach towards holistic healthcare has been able to make a genuine difference in the lives of the underprivileged. The decade-long interventions on the ground have been successful in addressing key challenges of low-quality care, lack of health awareness and limited access to health facilities. Further, the focus on health awareness has significantly helped in bringing behavioural change in the beneficiaries. They are adopting healthy practices to safeguard their health. Today, the Foundation has been able to win the trust and confidence of the community and bring smiles to their faces. Max India Foundation in its own small way has been able to make a humble contribution towards nation-building through a healthier population.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

OUR CORPORATE GOVERNANCE PHILOSOPHY

Max Financial Services Limited continues to be committed towards maintaining the highest standards of Corporate Governance recognizing that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent, and optimizing capital sourcing and allocation.

To ensure strong discipline in capital management, robust performance management of its businesses and sustained value creation across all stakeholders, Max Financial Services embarked upon a journey a few years ago, to implement a comprehensive governance framework across the Group. This entailed implementation of various transformational initiatives across three key facets of governance:

- **Board Architecture**

  The Boards in each of the Group's operating companies were re-configured to create the right composition with an ideal number of independent Directors, ensuring board diversity with respect to functional and industry expertise, having an active and engaged lead Director on each Board, and separating the role of the respective CEOs and the Chairmen. In addition, a clear role for the Board has been articulated in areas such as strategy formulation, monitoring financial health, leadership development, risk management and succession planning.

- **Board Processes**

  Various people processes of the Board have been optimized (viz. on-boarding of Directors, Board education and business engagement, enabling independence, adherence to the code of conduct etc.). Key operational aspects such as ensuring a comprehensive and well-balanced meeting agenda, timely and adequate flow of information to the Board, inviting external speakers to take Board sessions, are in place to ensure that the Board time is spent optimally on all critical areas of the business. Further, it is ensured that the Board materials are comprehensive, crisp and relevant for strategic discussions.

  All material matters to be considered by each Board are reviewed in specific sub-committees of the Board that are composed of the right balance between executive, non-executive and independent Directors, who add value to and are specifically qualified for the particular sub-committee. Detailed charters are published for every sub-committee of the Board.

- **Board Effectiveness**

  To enhance 'Board Effectiveness' and assess the Board's performance, an annual evaluation of Board Members is conducted and inter-Company Board movements are also effected, as may be required, to ensure that each Board is well-equipped and engaged to take the right decisions for the business. In addition, various mechanisms have been implemented to improve the performance of the Board, which involves establishing clear standards of conduct & behaviour, setting a calendar of key governance interventions (such as strategy-setting sessions, risk management sessions), consequence management etc.

BOARD OF DIRECTORS

As on March 31, 2018, the Board comprised of seven members with one executive director and six non-executive directors of which four were independent. Mrs. Naina Lal Kidwai (DIN: 00017806) acting as Chairman of the Board of Directors of the Company as on March 31, 2018, is an Independent Director.

None of the Director is a member in more than ten committees or the Chairman of more than five committees, across all public companies in which he / she is a Director.

Mr. Sahil Vachani (DIN: 00761695) has been appointed as an additional director in non-executive capacity with effect from May 25, 2018. Further, Mr. Analjit Singh (DIN: 00029641), Founder and Chairman Emeritus Max Group, has been appointed as an additional director in non-executive capacity and designated as Chairman of the Board of Directors of the Company, with effect from July 23, 2018. Mrs. Naina Lal Kidwai continues to be on the Board in capacity of an Independent Director.

The details of the Directors and their attendance at the Board meeting during the year 2017-18 and at the last annual general meeting, including the details of their Directorships and Committee Memberships, as of March 31, 2018, are as under:

Name of Director	Attendance at Board meetings during the year 2017-18		Attendance at last AGM held on September 26, 2017	Number of Directorships in other companies as on March 31, 2018*	Number of committee positions held in other public companies as on March 31, 2018**	
	Held	Attended			Chairman	Member
Mrs. Naina Lal Kidwai [Independent Director & Chairman]# DIN: 00017806	5	5^	Yes	6	–	4
Mr. Mohit Talwar [Managing Director] DIN: 02394694	5	5	Yes	7	1	3
Mr. Rajesh Khanna [Independent Director] DIN: 00032562	5	5	No	3	–	0
Mr. Aman Mehta [Independent Director] DIN: 00009364	5	2	No	5	1	5
Mr. Ashwani Windlass [Non-Executive Director] DIN: 00042686	5	5	No	5	3	–
Mr. Dinesh Kumar Mittal [Independent Director] DIN: 00040000	5	3	Yes	11	–	7
Mr. Sanjay Omprakash Nayar [Non-Executive Director] DIN: 00002615	5	3^^	No	17	–	2

* *Excluding Foreign Companies and Companies formed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956*

** *Represents Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies, other than companies formed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956*

^ *Two meetings attended through Video Conferencing.*

^^ *Two meetings attended through Video Conferencing.*

Ceased to be Chairman of the Board with effect from July 23, 2018

Details of Board meetings held during the year ended March 31, 2018:

S. No.	Date	Board Strength	No. of Directors present
1	May 30, 2017	7	4
2	August 9, 2017	7	6
3	November 13, 2017	7	7
4	February 9, 2018	7	4
5	March 21, 2018	7	7

There were no inter-se relationships between our Board members, as on March 31, 2018.

Mr. Sahil Vachani and Mr. Analjit Singh, who were appointed as directors after March 31, 2018, are related to each other - Mr. Sahil Vachani being son-in-low of Mr. Analjit Singh.

The details of equity shares of ₹ 2/- each held by Directors of the Company as on March 31, 2018 are: (a) Mr. Ashwani Windlass – 28,450 shares, (b) Mr. Aman Mehta – 29,000 shares, (c) Mr. Rajesh Khanna – 25,000 shares and (d) Mr. Mohit Talwar – 27,063 shares.

How do we make sure our Board is effective?

The calendar for the Board and Committee meetings is fixed in advance for the whole year, along with significant agenda items. At least one Board meeting is held within 45 days from the close of each quarter to review financial results and business performance and the gap between two Board meetings does not exceed 120 days, as required by law.

Apart from the aforesaid four meetings, additional Board meetings are also convened to meet business exigencies, as required. Matters of exigency are approved by the Directors by resolutions passed by circulation as permissible under the provisions of the Companies Act, 2013.

Meetings of Committees of Board are generally held prior to the Board meeting. The Chairpersons of the respective Committees brief the Board about the proceedings of the Committee meetings and its recommendations on matters that the Board needs to consider and approve.

All Agenda items are accompanied by comprehensive notes on the related subject and in certain areas such as business plans / business reviews and financial results, detailed presentations are made to the Board members. The materials for the Board and committee meetings are generally circulated (electronically in a secure dedicated portal) seven days in advance. The Board is regularly updated on the key risks and the steps and process initiated for managing, reducing and, if feasible, eliminating various risks. Business risk evaluation and management is an ongoing process with the Company.

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

Further, the Company has made familiarization programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The detail of such familiarization programme is available at the following link of website of the Company www.maxfinancialservices.com/shareholder-information.

CODE OF GOVERNANCE

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company had adopted a Code of Conduct for the Directors and senior management of the Company ('the Code'), a copy of which is available on the Company's website **www.maxfinancialservices.com.** All the members of the Board of Directors and senior management personnel had affirmed compliance with the above mentioned regulation including Code for the financial year ended 31st March, 2018 and a declaration to this effect signed by the Managing Director forms part of this report as **Annexure- I.**

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted a Code of Conduct to

Regulate, Monitor and Report Trading by Insiders for prevention of insider trading, which is applicable to all the Directors, Promoters, Key Managerial Personnel and designated employees / persons.

COMMITTEES OF THE BOARD

The composition of the Committees of the Board of Directors of the Company underwent the following two changes, during the year under review:

(a) Mr. Sanjeev Kishan Mehra (DIN: 02195545) resigned from the Board of Directors of the Company effective May 19, 2017 and accordingly ceased to be a member of the Investment & Finance Committee; and

(b) Mrs. Naina Lal Kidwai was inducted as a member of Audit Committee with effect from May 30, 2017.

Audit Committee:

As on March 31, 2018, this Committee comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mr. Rajesh Khanna, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar. All members of the Committee, except Mr. Mohit Talwar, are Independent Directors. Mr. Rahul Khosla, Executive President of the Company is a permanent invitee to the Committee. The Company Secretary of the Company acts as the Secretary to this Committee.

The scope of the Audit Committee has been defined by the Board of Directors in accordance with Regulation 18 and Part C of Schedule II of the Listing Regulations and applicable provisions of the Companies Act, 2013. This Committee inter alia, recommends appointment and remuneration of statutory auditors – secretarial auditors – internal auditors; reviews Company's financial reporting processes and systems and internal financial controls, financial and risk management policies, Company's financial statements, including annual and quarterly financial results and financial accounting practices & policies and reviews the functioning of the whistle blower mechanism.

The representatives of Internal Auditors and Statutory Auditors are invited to the meetings of the Committee, as required. Mr. D. K. Mittal, Chairman of the Audit Committee, was present at the last Annual General Meeting.

Meetings & attendance during the year ended March 31, 2018:

Director	Number of meetings held	Number of meetings attended
Mr. D.K. Mittal	5	3
Mr. Aman Mehta	5	2
Mr. Rajesh Khanna	5	5
Mrs. Naina Lal Kidwai	5	5
Mr. Mohit Talwar	5	5

Nomination and Remuneration Committee:

As on March 31, 2018, this Committee comprised of Mr. Rajesh Khanna (Chairman), Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai. All the members are Independent Directors, except Mr. Ashwani Windlass who is a non-executive non-independent Director. Mr. Rahul Khosla, Executive President of the Company is a permanent invitee to the Committee.

The scope of the Nomination and Remuneration Committee has been defined by the Board of Directors in accordance with Regulation 19 and Part D of Schedule II to the Listing Regulations and applicable provisions of the Companies Act, 2013. This Committee inter alia, evaluates the compensation and benefits for Executive Directors and Senior Executives at one level below the Board, recruitment of key managerial personnel and finalization of their compensation, induction of Executive and Non-Executive Directors and fixing the method, criteria and quantum of compensation to be paid to the Non-Executive Directors. It also administers the ESOP Scheme(s) of the Company including allotment of equity shares arising from exercise of stock options. The remuneration policy of the Company is aimed at attracting and retaining the best talent to leverage performance in a significant manner. The strategy takes into account, the remuneration trends, talent market and competitive requirements.

Meetings & attendance during the year ended March 31, 2018:

Director	Number of meetings held	Number of meetings attended
Mr. Rajesh Khanna	2	2
Mrs. Naina Lal Kidwai	2	2
Mr. Aman Mehta	2	1
Mr. Ashwani Windlass	2	2

Remuneration paid to the Directors during 2017-2018

During the year 2017–18, the Company paid a sitting fees of ₹ 1,00,000/- per meeting to its non-executive / Independent Directors for attending the meetings of Board and Committees of the Board and separate meeting(s) of Independent Directors. There were no pecuniary relationships between the Company and its Non-Executive / Independent Directors, except the payment of sitting fees. Details of the sitting fees paid during 2017-18 are as under:

S. No.	Name of Director	Sitting Fee paid (In ₹)
1	Mrs. Naina Lal Kidwai	13,00,000.00
2	Mr. Ashwani Windlass	20,00,000.00
3	Mr. Rajesh Khanna	20,00,000.00
4	Mr. Aman Mehta	7,00,000.00
5	Mr. Dinesh Kumar Mittal	16,00,000.00

The remuneration payable to Managing Director of the Company, including performance incentives and grant of ESOPs / PSPs, were determined from time to time by the Nomination and Remuneration Committee, within the limits approved by the Board of Directors and shareholders of the Company, in terms of applicable provisions of the Companies Act, 2013 read with the Company's remuneration policy. The details of the remuneration policy form part of the Directors' Report attached as part of this Annual Report.

Details of the remuneration of Mr. Mohit Talwar as Managing Director for the period from April 1, 2017 to March 31, 2018 are as under:

Description	Amount in ₹
Salary and allowances	3,30,18,060
Other Benefits (Perquisites)	8,94,18,932
Performance Incentive / special payments	1,95,00,688
Retirals	17,04,960
Service contract	5 years
Notice period	3 months
Stock options granted (in numbers)	–

The severance fee, if any, shall be payable as per the provisions of Companies Act, 2013. The Variable Compensation / Performance Incentive shall be paid depending on the performance rating and Company's performance within the limits approved by shareholders of the Company.

During the year 2017-18, no Director was granted any employee stock options. Mr. Mohit Talwar was granted phantom stock units for a benefit value of ₹ 1 crore at the time of grant. During the year, 2,52,710 employee stock options were vested with Mr. Mohit Talwar, out of grants made in earlier years, and the same have since been exercised and allotted.

The performance evaluation procedure for Directors is detailed in the Directors' Report attached as part of this Annual Report.

Stakeholders' Relationship Committee:

As on March 31, 2018, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar. Key responsibilities of this Committee are formulation of procedures, in line with the statutory guidelines, for ensuring speedy disposal of various requests received from shareholders from time to time and redressal of shareholders' and investors' complaints/ grievances. The Committee also approves the transfer and transmission of securities; and issuance of duplicate certificates etc.

Meetings & attendance during the year ended March 31, 2018:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	6	6
Mr. Mohit Talwar	6	6
Mr. D.K. Mittal	6	4

The Committee has delegated the authority to effect transfer and / or transmission of shares up to 1000 per folio to Company Secretary / Compliance Officer, and such transfers are subsequently ratified in next meeting of the Committee. The Company has normally attended to the Shareholders / Investors complaints within a period of 7 working days except in cases which were under legal proceedings / disputes. During the financial year ended March 31, 2018, eight complaints were received and resolved by the Company, which were general in nature viz. issues relating to non-receipt of dividend, annual reports, share certificates etc., all of those were resolved to the satisfaction of the respective shareholders. Mr. Sandeep Pathak – Company Secretary of the Company is the designated Compliance Officer.

Investment & Finance Committee:

As on March 31, 2018, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, Mr. Rajesh Khanna and Mr. Mohit Talwar. Mr. Rahul Khosla, Executive President of the Company, is a permanent invitee to the Committee. The responsibilities of this Committee are to review financial performance of business(es) carried on by the Company and its subsidiary, review and recommend revenue and capital budgets of the Company and its subsidiary, review and recommend various fund raising options and financial resources allocation to Company's subsidiary and to review proposals on business restructuring, mergers, consolidations, acquisitions, investments, establishment of joint ventures and divestments of any businesses, etc.

Meetings & attendance during the year ended March 31, 2018:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	5	5
Mr. D. K. Mittal	5	3
Mr. Rajesh Khanna	5	5
Mr. Mohit Talwar	5	5

Corporate Social Responsibility Committee

As on March 31, 2018, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna. The responsibilities of this Committee are as enshrined in the Companies Act, 2013 read with Company's CSR Policy, as amended from time to time. The Committee met once during the year ended 31st March, 2018.

Meetings & attendance during the year ended March 31, 2018:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	1	1
Mr. Rajesh Khanna	1	1
Mr. Aman Mehta	1	1
Mr. D.K. Mittal	1	1

Risk and Compliance Review Committee

As on March 31, 2018, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna. The responsibilities of this Committee are as enshrined in the Companies Act, 2013, applicable listing regulations and as per the risk management framework of the Company. The Committee met once during the year ended March 31, 2018.

Meetings & attendance during the year ended March 31, 2018:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	1	1
Mr. Rajesh Khanna	1	1
Mr. Aman Mehta	1	1
Mr. D.K. Mittal	1	1

Separate meeting of Independent Directors

During the year under review, the Independent Directors had a separate meeting on August 9, 2017 whereat, inter alia, the following agenda items were considered, in terms of applicable regulations:

(a) Evaluation of the performance of Non-Independent Directors and the Board as a whole;

(b) Evaluation of the performance of Chairperson of the Company; and

(c) Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board, that is necessary for the Directors to effectively and reasonably perform their duties.

ANNUAL GENERAL MEETING

The Annual General Meetings (AGMs) of the Company are held at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533. The details of last three AGMs held and special resolutions passed by the shareholders in the said AGMs are as under:

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2015	September 23, 2015 4:00 PM	■ Approval for amendment to the "Max Employee Stock Option Plan – 2003" in accordance with the regulatory requirements prescribed under SEBI Regulations.
March 31, 2016	September 27, 2016 10:30 AM	■ Approval for appointment of Mr. Mohit Talwar as the Managing Director of the Company for a period of five years effective January 15, 2016 and remuneration payable to him for the initial period of three years, i.e., from January 15, 2016 until January 14, 2019.
March 31, 2017	September 26, 2017 10:30 AM	■ Approval for partial modification in respect of remuneration payable to Mr. Mohit Talwar as Managing Director of the Company, with effect from April 1, 2017 until January 14, 2019, by way of removal of sub-limits and authorization to the Board of Directors and / or Nomination and Remuneration Committee to determine and regulate the remuneration from time-to-time, within the overall limits as approved earlier by the shareholders of the Company in last Annual General Meeting.

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2017-18, the Company had not passed any resolution through postal ballot process.

No resolution requiring postal ballot process as required by the Companies (Management and Administration) Rules, 2014, is proposed to be placed for the shareholders' approval at the Annual General Meeting scheduled on September 25, 2018

MEANS OF COMMUNICATION

Timely disclosure of reliable information and corporate financial performance is at the core of good Corporate Governance. Towards this direction, the quarterly / annual results of the Company were announced within the prescribed period and published in Financial Express (English) and Desh Sewak (Punjabi). The results can also be accessed on the Company's website www.maxfinancialservices.com. The official news releases and the presentations made to the investors / analysts are also displayed on the Company's website. The Company made presentations to financial analysts and institutional investors after the quarterly/ annual financial results were approved by the Board.

DISCLOSURES

(a) Related party transactions

There are no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

The Company has formulated a policy for transacting with related parties, which is available at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

Transactions entered with the related parties are disclosed in Note no. 30 under Notes to Accounts to the financial statements in the Annual Report.

(b) Compliance by the Company

The Company has complied with all the mandatory requirements of the Listing Agreement entered into with the stock exchanges, Listing Regulations, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI, or any other statutory authorities on any matter relating to capital markets during the last three years.

(c) Vigil Mechanism - Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for directors / employees to report concerns about unethical behavior. The policy provides adequate safeguards against victimization of directors / employees.

It is hereby affirmed that no person has been denied access to the Chairman of the Audit Committee on matters relating to Whistle Blower Policy of the Company.

(d) Disclosure of compliance with corporate governance requirements

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(e) Disclosure of commodity price risk and commodity hedging activities

As the Company is holding investments in a subsidiary company and provides management services to group entities which are all operating in India, there is no foreign exchange exposure. Hence, the said disclosure is not applicable to the Company.

(f) Dividend Distribution Policy

The Board of Directors of the Company approved a Dividend Distribution Policy in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is enclosed as an annexure to the Directors' Report and is also available at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

SUBSIDIARY COMPANY

The Company had one material unlisted subsidiary company viz., Max Life Insurance Company Limited ("Max Life") during the year 2017-18, which is the only subsidiary of the Company. Further, the Company has formulated a policy for determining 'material subsidiaries' which is disclosed at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

Mr. Rajesh Khanna and Mr. D K Mittal are the common Independent Directors for the Company and Max Life. Further, Mr. Mohit Talwar – Managing Director of the Company and Mr. Sahil Vachani are non-executive directors on the Board of Max Life.

GENERAL SHAREHOLDER INFORMATION

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

MANAGEMENT DISCUSSION & ANALYSIS

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The certification by the Managing Director and Chief Financial Officer of the Company, in compliance of Regulation 17(8) read with Part B, Schedule II of the Listing Regulations, is enclosed as **Annexure II.**

M/s. Chandrasekaran Associates, Practicing Company Secretaries have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the Listing Regulations and the said certificate is annexed to the Report as **Annexure-III.**

DISCLOSURE ON NON-MANDATORY REQUIREMENTS

The Company has duly complied with all the mandatory requirements under Listing Regulations and the status of compliance with the non-mandatory recommendations under Part E of Schedule II of the Listing Regulations is given below:

Shareholders' Rights:

The quarterly, half-yearly and annual financial results of the Company are published in newspapers and also posted on the Company's website.

Audit Qualification:

It has always been the Company's endeavor to present unqualified financial statements. There is no audit qualification in respect of financial statements of the Company for the financial year 2017-18.

Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director. Mrs. Naina Lal Kidwai, Independent Director was the Chairman of the Company till July 23, 2018 and Mr. Analjit Singh, non-executive Director has been appointed as Chairman of the Company effective July 23, 2018. Mr. Mohit Talwar is the Managing Director of the Company.

Reporting of Internal Auditor

The Internal Auditors report directly to the Audit Committee, which defines the scope of Internal Audit.

For **Max Financial Services Limited**

Place: New Delhi Date: August 6, 2018	**Naina Lal Kidwai** Independent Director DIN: 00017806	**Mohit Talwar** Managing Director DIN: 02394694

ANNEXURE-I

TO THE CORPORATE GOVERNANCE REPORT

Declaration by the Managing Director on Code of Conduct as required by Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to declare and confirm that Max Financial Services Limited ("the Company") has received affirmations of compliance with the provisions of Company's Code of Conduct for the financial year ended March 31, 2018 from all Directors and Senior Management personnel of the Company.

For **Max Financial Services Limited**

Mohit Talwar
Managing Director
DIN: 02394694

Place: New Delhi
Date: August 6, 2018

ANNEXURE-II

TO THE CORPORATE GOVERNANCE REPORT

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To
The Board of Directors,
Max Financial Services Limited

We, Mohit Talwar, Managing Director and Sujatha Ratnam, Chief Financial Officer of Max Financial Services Limited ("the Company") certify that:

A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended March 31, 2018 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading; and

(b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware of, and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee, wherever applicable:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Max Financial Services Limited**

Mohit Talwar
Managing Director
DIN: 02394694

Sujatha Ratnam
Chief Financial Officer

Place: New Delhi
Date: August 6, 2018

ANNEXURE-III

TO THE CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab- 144533

We have examined all relevant records of Max Financial Services Limited (the Company) for the purpose of certifying all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. ACS 16302
Certificate of Practice No. 5673

Date: 06.08.2018
Place: Delhi

GENERAL SHAREHOLDER INFORMATION

GENERAL SHAREHOLDER INFORMATION

REGISTERED OFFICE:

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

INVESTOR HELPLINE:

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

SHARE TRANSFER AGENT:

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

ANNUAL GENERAL MEETING:

Date and Time: Tuesday, September 25, 2018 at 11.00 am

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

BOOK CLOSURE :

Wednesday, September 19, 2018 to Tuesday, September 25, 2018 (both days inclusive)

FINANCIAL YEAR

The financial year of the Company starts from April 1st of a year and ends on March 31st of the following year.

Financial Calendar – 2018-19:

1.	First quarter results	-	By first week of August 2018
2.	Second quarter & half yearly results	-	By second week of November 2018
3.	Third quarter results	-	By second week of February 2019
4.	Annual results	-	By May 30, 2019

LISTING ON STOCK EXCHANGES:

The Equity Shares of the Company are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Company confirms that it has paid annual listing fees due to BSE and NSE for the year 2018-19.

CONNECTIVITY WITH DEPOSITORIES:

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

STOCK CODE:

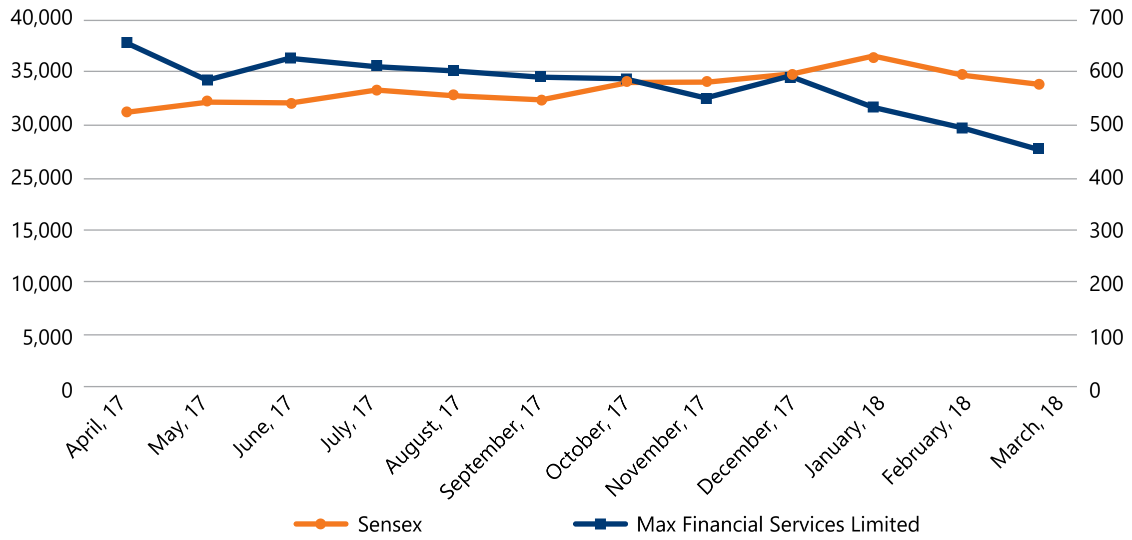
BSE	-	500271
NSE	-	MFSL
Demat ISIN No. for NSDL and CDSL	-	INE180A01020

	Reuters	Bloomberg
BSE	MAXI.BO	MAXF:IN
NSE	MAXI.NS	NMAX:IN

SHARE PRICE DATA - MONTHLY HIGH AND LOW QUOTATION ON NSE AND BSE

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 17	675.95	560.00	675.00	560.80
May, 17	683.95	514.00	683.20	513.80
June,17	640.20	568.85	638.20	570.05
July, 17	639.95	567.40	640.00	566.00
August,17	629.75	576.65	629.00	577.05
September,17	652.90	580.25	652.70	580.20
October, 17	604.00	552.95	610.00	551.00
November, 17	590.05	540.95	591.00	541.25
December, 17	611.25	520.15	610.00	516.20
January, 18	604.75	515.00	604.20	515.85
February, 18	557.35	485.65	556.65	486.05
March, 18	501.00	417.30	500.65	418.00

Share Price vs Sensex



SHAREHOLDING PATTERN AS ON MARCH 31, 2018:

Category	No. of shares held	% of shareholding
Promoters	8,13,02,738	30.29
Mutual Funds and UTI	7,47,34,785	27.85
Banks, Financial Institutions	4,16,602	0.16
Insurance Companies	45,750	0.02
Foreign Institutional Investors	1,16,33,206	4.33
Foreign Portfolio Investors	6,75,11,500	25.15
Alternate Investment Funds	11,29,369	0.42
Bodies Corporate	49,32,001	1.84
Non-resident Indians/ Overseas Corporate Bodies	15,78,081	0.59
Clearing Members	4,09,201	0.15
Resident Individuals	2,37,18,911	8.84
Trusts	5,00,823	0.19
Unclaimed Suspense Account	4,71,060	0.17
Total	**26,83,84,027**	**100.00**

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018:

No. of Shareholders	Percentage to total	Shareholdings	No. of shares	Percentage to total
63,494	97.63	1 to 5000	1,73,88,951	6.48
814	1.25	5001 to 10000	29,13,209	1.08
315	0.48	10001 to 20000	22,68,813	0.85
92	0.14	20001 to 30000	11,41,105	0.43
62	0.10	30001 to 40000	10,68,290	0.40
28	0.04	40001 to 50000	6,45,880	0.24
63	0.10	50001 to 100000	22,91,660	0.85
171	0.26	100001 - Above	24,06,66,119	89.67
65,039	**100.00**	**Total**	**26,83,84,027**	**100.00**

DEMATERIALISATION STATUS AS ON MARCH 31, 2018:

(i) Shareholding in dematerialised mode 99.41%

(ii) Shareholding in physical mode 0.59%

RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, a practicing Company Secretary carries out the Reconciliation of Share Capital Audit, on a quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total listed and paid-up capital. The audit report, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form and total number of shares in physical form.

FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALISED MODE

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

FOR SHAREHOLDERS HOLDING THEIR EQUITY SHARES IN PHYSICAL FORM

Your kind attention is drawn towards the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)(Fourth amendment) Regulations, 2018 notified on June 8, 2018, vide which SEBI prescribed that w.e.f. December 5, 2018, the transfer of securities, in physical form, shall not be processed unless securities are held in dematerialized form with any of the depository and therefore, all members holding shares in physical form are further advised to convert their shareholding from Physical form to Demat form with a Depository Participant of their choice.

Holding share(s) in Demat form has following advantages:

1. Freedom from physical storage
2. Elimination of chances of theft, mutilation, defacement etc.
3. Easy to sell and realize sale proceeds and/or dividend in the bank account linked with the Depository.
4. Contribution to the 'Green Initiative'
5. To make any change in your particulars, you can make single request with your DP, which will be applicable to shareholding in all companies in your demat account.
6. Demat account can be operated from anywhere in the world.

SHARE TRANSFER SYSTEM

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

DIVIDEND

The Company has not declared any dividend for the current financial year.

The Board of Directors approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said policy is enclosed as an annexure to the Directors' Report and is also available on the website of the Company www.maxfinancialservices.com.

UNCLAIMED DIVIDENDS

In respect of any unpaid / unclaimed dividends, the shareholders are requested to write to the Registrar and Share Transfer Agent of the Company. Further, the Companies Act, 2013, mandates companies to transfer Dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Therefore, balance if any remaining unclaimed/ unpaid against the past dividend(s), will be transferred to IEPF within the statutory period prescribed under the Act.

OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

Not Applicable

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

Not Applicable

PLANT LOCATIONS:

Not Applicable

COMMUNICATION OF FINANCIAL RESULTS

The unaudited quarterly financial results and the audited annual accounts are normally published in the Financial Express (English) and Desh Sewak (Punjabi). The financial results, press releases and presentations etc. are regularly displayed on the Company's website- www.maxfinancialservices.com

ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

Investors and shareholders can correspond with the office of the share transfer agent of the Company or the Corporate Office of the Company at the following addresses:

Mas Services Limited (Registrar & Transfer Agent)

T-34, 2nd Floor, Okhla Industrial Area, Phase – II
New Delhi – 110 020

Contact Person

Mr. Sharwan Mangla
Tel No.:-011-26387281/82/83
Fax No.:- 011 – 26387384
e-mail: info@masserv.com

Max Financial Services Limited (Corporate Office)

Secretarial Department
Max House, 1, Dr. Jha Marg
Okhla Industrial Area, Phase – III
New Delhi – 110 020

Company Secretary and Compliance Officer

Mr. Sandeep Pathak
Tel. No.:- 011-42598000
Fax No.:- 011-26324126
e-mail:- spathak@maxindia.com

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

For **Max Financial Services Limited**
(formerly Max India Limited)

Mohit Talwar
Managing Director
DIN: 02394694

New Delhi
August 6, 2018

FINANCIAL REVIEW

MAX FINANCIAL SERVICES

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirtieth Board's Report of Max Financial Services Limited ("MFSL" or "the Company") along with the audited Statement of Accounts for the financial year ended March 31, 2018.

Standalone Results

The highlights of the standalone financial results of your Company along with previous year's figures are as under:

		(Rs. Crore)
	Year ended March 31, 2018	**Year ended March 31, 2017**
Income		
Revenue from Services operations	21.24	21.22
Revenue from Investment Activities	207.50	233.70
Other income	0.68	1.36
Total Revenue (I)	**229.42**	**256.28**
Expenditure		
Employee benefits expenses	39.84	37.20
Depreciation and amortization	1.92	1.96
Other expenses	64.62	63.12
Total Expenses (II)	**106.38**	**102.28**
Profit/(Loss) Before tax (I–II)	**123.04**	**154.00**
Tax Expense	-	-
Profit/(Loss) After Tax	**123.04**	**154.00**

Your Company is primarily engaged in business of making and holding investments in its subsidiary, Max Life Insurance Company Limited and accordingly in terms of extant RBI guidelines, your Company is a Core Investment Company ("CIC") with its financial income exceeding 50% of its total income and financial assets (investment in securities etc.) exceeding 50% of the total assets. However, it does not meet the criteria stipulated by RBI for Systemically Important CIC and hence registration under Section 45-IA of RBI Act, 1934 is not required.

Net worth of your Company on a standalone basis grew by around 8.4% to Rs 1981 crore as at March 31, 2018 as against Rs.1828 crore as at March 31, 2017.

Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard ("AS") - 21 on Consolidated Financial Statements read with AS - 27 on Financial Reporting of Interests in Joint Ventures/ subsidiaries/ step – down subsidiaries, the audited consolidated financial statements are enclosed as part of this Annual Report.

The subsidiary of your Company, Max Life Insurance Company Limited ("Max Life"), delivered another year of strong performance like last year, in line with Indian Life Insurance industry which witnessed high growth in new business for second year in a row. This growth strengthens the belief that consumer confidence in financial savings is sustainable and life insurance industry is well placed to leverage that.

During the year 2017-18, renewal premium income of Max Life grew by 15% to Rs. 8,152 crore taking gross written premium to Rs. 12,501 crore, an increase of 16% over previous year. The Market Consistent Embedded value as on March 31, 2018 was Rs.7,706 crore up 14% from previous year's Rs 6,739 crore and the individual adjusted first year premium for the year was Rs. 3,215 crore, up 22% from Rs. 2,639 crore for the immediate previous year. The Assets Under Management (AUM) of Max Life as at end of the year were Rs 52,237 crore, registering a growth of around 18% over Rs 44,370 crore as at end of the previous year.

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

		(Rs. Crore)
	Year ended March 31, 2018	**Year ended March 31, 2017**
Income		
Revenue from operations	16,577.35	15,227.89
Other Income	28.77	20.81
Total Revenue (I)	**16,606.12**	**15,248.70**
Expenses		
Change in policy reserves	8,213.33	7,969.51
Claims and other benefits payout	4,946.65	3,776.81
Employee benefits expense	776.28	918.13
Finance Costs	11.03	8.93
Depreciation and Amortisation	62.77	62.53
Legal and professional expenses	70.08	64.63
Other expenses	1,987.93	1,746.60
Total Expenses (II)	**16,068.07**	**14,547.14**
Profit / (Loss) Before Tax (I-II)	**538.05**	**701.56**
Tax Expense	87.54	108.29
Profit / (Loss) After Tax	**450.51**	**593.27**
Share of profit attributable to Minority Interest	(154.34)	(197.91)
Profit / (Loss) After tax (after adjusting Minority Interest)	**296.17**	**395.36**

Material Changes affecting Financial Position

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018 and the date of the Directors' report i.e. August 6, 2018.

Your Company was contemplating raising of funds by way of equity or debt or a mix thereof, subject to necessary approvals, for making further investments in Max Life to partially fund a potential acquisition opportunity. However, as Max Life decided not to pursue the said acquisition opportunity, no funds were raised by the Company. The Board of Directors of your Company further decided not to access public funds.

Subsidiaries, Associates & Joint Venture companies

As on March 31, 2018, your Company had only 1 (one) subsidiary i.e. Max Life Insurance Company Limited ("Max Life"). There were no other associate or joint venture companies. The basic details of subsidiary form part of Form MGT–9 attached to this report as **Annexure - 1.**

During the year under review, your Company acquired 1,41,70,817 equity shares of Rs. 10/- each in Max Life in March, 2018. Accordingly, the equity stake of the Company in Max Life increased to 70.75% as at March 31, 2018.

A report on the performance and financial position of Max Life, included in the consolidated financial statements, presented in Form AOC–1 is attached to this report as **Annexure - 2,** as per Rule 8(1) of the Companies (Accounts) Rules, 2014.

Further, a detailed update on the business achievements of Max Life, being the key operating subsidiary, is furnished as part of Management Discussion and Analysis section which forms part of this Annual Report.

As provided in Section 136 of the Companies Act, 2013, the financial statements and other documents of the subsidiary company Max Life Insurance Company Limited are not being attached with the financial statements of the Company. The complete set of financial statements including financial statements of the subsidiary of the Company is available on website of the Company at www.maxfinancialservices.com. These documents will also be available for inspection during business hours at the registered office of the Company and shall also be made available to the shareholders of the Company in hard copy, on demand.

Dividend

Your Directors have not recommended any dividend for the financial year 2017-18.

The Board of Directors of your Company has approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the said policy is attached to this report as **Annexure - 3**. The said policy is also available on website of the Company at www.maxfinancialservices.com/shareholder-information.

Transfer to Reserves

The Company has not transferred any amount to reserves during the year under review.

Share Capital

The Authorized share capital of the Company as on March 31, 2018 was Rs. 60,00,00,000/- (Rupees Sixty Crores only) comprising of 30,00,00,000 equity shares of Rs. 2/- each.

During the year under review, 11,13,978 equity shares of Rs.2/- each were allotted to the option-holders under the 'Max Employee Stock Plan 2003' ('2003 Plan').

The Paid up capital of the Company as on March 31, 2018 was Rs. 53,67,68,054/- (Rupees Fifty three crores sixty seven lakhs sixty eight thousand and fifty four only) comprising of 26,83,84,027 equity shares of Rs. 2/- each.

Further, after end of the financial year on March 31, 2018 till the date of this report i.e. August 6, 2018, your Company had allotted 31,710 equity shares of Rs.2/- each to the option-holders under the aforesaid 2003 Plan.

Employee Stock Option Plan

Your Company has an employee stock option plan viz. 'Max Employee Stock Plan 2003' ('2003 Plan') in place. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees and Directors of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Company.

Details of options granted up to March 31, 2018 and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are enclosed to this report as **Annexure - 4**.

The statutory auditors of your Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants have time-to-time certified that the Employee Stock Option Scheme of the Company has been implemented in accordance with the applicable SEBI Regulations and the resolutions passed by the Members in this regard. A certificate to this effect shall also be placed before the members at the ensuing Annual General Meeting.

Further during the year under review, the Nomination and Remuneration Committee of Directors of the Company granted 17,744 phantom stock units to Mr. Mohit Talwar (DIN: 02394694) – Managing Director of the Company and 97,445 phantom stock units to Mr. Rahul Khosla – Executive President of the Company, which vest over a period of 3 years and shall be settled in cash.

Directors

As on date of this report, the Board of Directors of your Company comprised of 9 (nine) members with 1 (one) Executive Director and 8 (eight) Non-Executive Directors of which 4 (four) are independent. Mr. Analjit Singh (DIN: 00029641), Chairman of the Company is a Non Executive Promoter Director.

Mr. Sanjeev Kishen Mehra (DIN: 02195545), a non-executive director of the Company, resigned from the Board of the Company effective May 19, 2017. Simultaneously, the position held by Ms. Lavanya Ashok (DIN: 03453279) as an Alternate Director to Mr. Sanjeev Kishen Mehra on the Board of the Company stood vacated with effect from that date.

Your Directors place their deep appreciation for the valuable contributions made by Mr. Sanjeev Kishen Mehra and Ms. Lavanya Ashok during their association with the Company.

Mr. Sahil Vachani (DIN: 00761695) has been appointed as an additional director in non-executive capacity with effect from May 25, 2018. Further, Mr. Analjit Singh (DIN: 00029641), Founder and Chairman Emeritus Max Group, has been appointed as an additional director in non-executive capacity and designated as Chairman of the Board of Directors of the Company, with effect from July 23, 2018.

In terms of Section 161 of the Act, Mr. Sahil Vachani and Mr. Analjit Singh hold their respective office up to the date of the next annual general meeting. The Company is in receipt of notices under Section 160 of the Act, proposing their appointment as Directors of the Company at the ensuing Annual General Meeting and accordingly the proposals for their appointment shall be placed before the shareholders of the Company for their approval.

Further, in terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Ashwani Windlass (DIN: 00042686) and Mr. Sanjay Omprakash Nayar (DIN: 00002615) are liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashwani Windlass and Mr. Sanjay Omprakash Nayar being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. Brief profiles of these directors are annexed to the Notice convening the Annual General Meeting.

The Board met five times during the financial year 2017-18:

S.No.	Date of the Meeting	Board Strength	No. of Directors Present
1	May 30, 2017	7	4
2	August 9, 2017	7	6
3	November 13, 2017	7	7
4	February 9, 2018	7	4
5	March 21, 2018	7	7

The details regarding number of meetings attended by each Director during the year under review have been furnished in the Corporate Governance Report attached as part of this Annual Report.

Statement of Declaration by Independent Directors

In terms of Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following Non-Executive Directors are categorized as Independent Directors of the Company: Mrs. Naina Lal Kidwai (DIN: 00017806), Mr. Rajesh Khanna (DIN: 00032562), Mr. Aman Mehta (DIN: 00009364) and Mr. Dinesh Kumar Mittal (DIN: 00040000).

The Company has received declaration of independence from all the above mentioned Independent Directors as per Section 149(7) of the Act, confirming that they continue to meet the criteria of independence.

Committees of the Board of Directors

The Company has the following committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. A detailed note on the same is provided under the Corporate Governance Report forming part of this Annual Report.

1. Audit Committee:

   The Audit Committee met five times during the financial year 2017-18, viz. on May 30, 2017, August 9, 2017, November 13, 2017, February 9, 2018 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mr. Rajesh Khanna, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar. All the recommendations by the Audit Committee were accepted by the Board.

2. Nomination and Remuneration Committee:

   The Nomination and Remuneration Committee met twice during the financial year 2017-18, viz. on August 9, 2017 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Rajesh Khanna (Chairman), Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai.

3. Investment & Finance Committee:

   The Committee met five times during the financial year 2017-18, viz. on May 30, 2017, August 9, 2017, November 13, 2017, February 9, 2018 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, Mr. Rajesh Khanna and Mr. Mohit Talwar.

4. Corporate Social Responsibility Committee:

   The Committee met once during the financial year 2017-18, viz. on March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

5. Stakeholders' Relationship Committee:

   The Committee met six times during the financial year 2017-18, viz. on May 11, 2017, May 30, 2017, August 9, 2017, November 13, 2017, February 9, 2018 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

6. Risk & Compliance Review Committee:

   The Committee met once during the financial year 2017-18, viz. on March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

7. Independent Directors:

   The Board of Directors included 4 Independent Directors as on March 31, 2018 viz. Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai and Mr. Rajesh Khanna. The Independent Directors had a separate meeting on August 9, 2017 during the financial year 2017-18. The meeting was conducted to:

   (a) Review the performance of non-independent Directors and the Board as a whole;

   (b) Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors; and

   (c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance Evaluation of the Board

As per the requirements of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formal Annual Evaluation process has been carried out for evaluating the performance of the Board, the Committees of the Board and the Individual Directors including Chairperson.

The performance evaluation was carried out by obtaining feedback from all Directors through a confidential online survey mechanism through Diligent Boards, a secured electronic medium through which the Company interfaces with its Directors. The outcome of this performance evaluation was placed before the meetings of the Nomination and Remuneration Committee and Independent Directors' and the Board meeting for the consideration of the members.

The review concluded by affirming that the Board as a whole as well as its Chairman, all of its members, individually and the Committees of the Board continued to display commitment to good governance by ensuring a constant improvement of processes and procedures and contributed their best in overall growth of the organization.

Key Managerial Personnel

As on the date of this Report, Mr. Mohit Talwar - Managing Director, Mrs. Sujatha Ratnam - Chief Financial Officer and Mr. Sandeep Pathak - Company Secretary are the Key Managerial Personnel ("KMP") of the Company, pursuant to the provisions of the Companies Act, 2013.

Human Resources

We are primarily engaged in growing and nurturing business investment as a holding Company in the business of life insurance and providing management advisory services to group companies. The remuneration of our employees is competitive with the market and rewards high performers across levels. The remuneration to Directors, Key Managerial Personnel and Senior Management are a balance between fixed, incentive pay and long-term equity program based on the performance objectives appropriate to the working of the Company and its goals and is reviewed periodically and approved by the Nomination and Remuneration Committee of the Board.

Details pursuant to Section 197(12) of the Act, read with the Rule 5(1) and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this report as **Annexure - 5A** and **Annexure - 5B**.

As on March 31, 2018, there were 13 employees on the rolls of the Company.

Nomination and Remuneration Policy

In adherence to the provisions of Sections 134(3)(e) and 178(1) & (3) of the Act, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, had approved a policy on Directors' appointment and remuneration. The said policy includes terms of appointment, criteria for determining qualifications, performance evaluation and other matters. Copy of the same is available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

Corporate Social Responsibility ("CSR")

The Board of Directors of your Company has constituted a Corporate Social Responsibility Committee and adopted a CSR policy, as approved by the CSR Committee, copy of which is available on the website of the Company at www.maxfinancialservices.com/shareholder-information. The CSR Policy comprises Vision and Mission Statement, philosophy and objectives. It also explains the governance structure along with clarity on roles and responsibilities.

In terms of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, all Companies meeting the prescribed threshold criteria, i.e., net worth of Rs. 500 crores or more or turnover of Rs. 1,000 crores or more or net profits of Rs. 5 crore or more in any financial year are required to spend at least 2% of the average net profits of the Company for immediately preceding 3 financial years.

As per rule 2(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, any dividend received from other companies in India which are already covered and complying with the provisions of the CSR, shall not be included for the purposes of computation of 'net profits' for a company.

As Max Life Insurance Company Limited ("Max Life") from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2017–18, the dividend income received by the Company will be excluded for the purposes of computation of its 'net profits'. After excluding the dividend income received from Max Life, the Company does not have net profits computed as per the CSR rules. Therefore, it is not mandatorily required for the Company to spend on Corporate Social Responsibility for the financial year 2017-18. However, the Company has voluntarily given certain donations.

Business Responsibility Report

In terms of Clause 34(2)(f) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Business Responsibility Report, on various initiatives taken by the Company, is enclosed to this report as **Annexure - 6**.

Policy for Prevention of Sexual Harassment

Your Company has requisite policy for Prevention of Sexual Harassment, which is available on the website of the Company at www.maxfinancialservices.com/shareholder-information. The comprehensive policy ensures gender equality and the right to work with dignity. Your company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case was reported to the Committee during the year under review.

Loans, Guarantees or Investments in Securities

The details of loans given and investments made by the company pursuant to the provisions of Section 186 of the Act are provided in Note nos.12 and 11 respectively, to the standalone financial statements of the Company for the FY 2017-18.

Management Discussion & Analysis

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a review of the performance of the Company, including those of your Company's subsidiary, is provided in the Management Discussion & Analysis section, which forms part of this Annual Report.

Report on Corporate Governance

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities and Exchange Board of India through Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required by the said Clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company.

A certificate from M/s Chandrasekaran Associates, Practicing Company Secretaries regarding compliance with the conditions of Corporate Governance pursuant to Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a certificate from the Managing Director and Chief Financial Officer on compliance of Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Corporate Governance Report.

Copies of various policies adopted by the Company are available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

Statutory Auditors and Auditors' Report

Pursuant to Sections 139 & 142 of the Act, M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company at 27th Annual General Meeting ("AGM") held on September 23, 2015 for a period of five years i.e. till the conclusion of the 32nd AGM of the Company to be held in the year 2020. Pursuant to an amendment in Section 139 of the Companies Act, 2013 effective May 7, 2018, there is no requirement of annual ratification of such appointment and hence the same is not being put up for shareholders' approval in the ensuing AGM.

There are no audit qualifications, reservations, disclaimers or adverse remarks or reporting of fraud in the Statutory Auditors Report given by M/s Deloitte Haskins and Sells, LLP, Statutory Auditors of the Company for the financial year 2017-18 as annexed in this Annual Report.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Act, your Company had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2017-18. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2017-18 is annexed to this report as **Annexure - 7.**

There are no audit qualifications, reservations, disclaimers or adverse remarks in the said Secretarial Audit Report.

Further, your Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

Internal Auditors

The Company follows a robust Internal Audit process and audits are conducted on a regular basis, throughout the year, as per agreed audit plan. During the year under review, M/s MGC and KNAV, Global Risk Advisory LLP were re-appointed as Internal Auditors for conducting the Internal Audit of key functions and assessment of Internal Financial Controls etc.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed. The Management has reviewed the existence of various risk-based controls in the Company and also tested the key controls towards assurance for compliance for the present fiscal.

In the opinion of the Board, the existing internal control framework is adequate and commensurate with the size and nature of the business of the Company. Further, the testing of adequacy of internal financial controls over financial reporting has been also been carried out independently by the Statutory Auditors as mandated under the provisions of the Act.

During the year under review, there were no instances of fraud reported by the auditors to the Audit Committee or the Board of Directors.

Risk Management

Your Company considers that risk is an integral part of its business and therefore, it takes proper steps to manage all risks in a proactive and efficient manner. The Board has formed a Risk and Compliance Review Committee to identify the risks impacting the business, formulate strategies/ policies aimed at risk mitigation as part of risk management. Further, a core team comprising of senior management has also been formed to identify and assess key risks, risk appetite, tolerance levels and formulate strategies for mitigation of risks identified in consultation with process owners.

On the recommendation of the Committee, the Company has adopted a Risk Management policy, whereby, risks are broadly categorized into Strategic, Operational, Compliance and Financial & Reporting Risks. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business performance.

There are no risks which, in the opinion of the Board, threaten the very existence of your Company. However, some of the challenges / risks faced by its subsidiary have been dealt in detail in the Management Discussion and Analysis section of said subsidiary, forming part of this Annual Report.

Vigil Mechanism

The Company has a vigil mechanism pursuant to which a Whistle Blower Policy has been adopted and is in place. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns raised and also that no discrimination will be meted out to any person for a genuinely raised concern in respect of any unethical and improper practices, fraud or violation of Company's Code of Conduct.

The said Policy, covering all employees, Directors and other persons having association with the Company, is hosted on the Company's website at www.maxfinancialservices.com/ shareholder-information. A brief note on Vigil Mechanism / Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

Cost Records

Your Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

Public Deposits

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

Contracts or Arrangements with Related Parties

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis, except one transaction with Max Life Insurance Company Limited for allowing usage of trademarks without any consideration and an approval was obtained from shareholders for the Company for the said transaction.

There is no material contract or arrangement in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Form AOC-2 furnishing particulars of contracts or arrangements entered into by the Company with related parties referred in Section 188(1) of the Companies Act, 2013, is annexed to this report as **Annexure - 8.**

The details of all the Related Party Transactions form part of Note no. 30 to the standalone financial statements attached to this Annual Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at www.maxfinancialservices.com/shareholder-information.

Particulars of Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo as stipulated under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is as follows:

a) Conservation of Energy

(i) the steps taken or impact on conservation of energy: Regular efforts are made to conserve the energy through various means such as use of low energy consuming lightings, etc.

(ii) the steps taken by the Company for using alternate sources of energy: Since your Company is not an energy intensive unit, utilization of alternate source of energy may not be feasible.

(iii) capital investment on energy conservation equipment : Nil

b) Technology Absorption

Your Company is not engaged in manufacturing activities, therefore there is no specific information to be furnished in this regard.

There was no expenditure incurred on Research and Development during the period under review.

c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo are given below:

Total Foreign Exchange earned	:	Nil
Total Foreign Exchange used	:	Rs. 605.58 Lacs

Extracts of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2018 forms part of this report as **Annexure - 1**.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis;

(e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Significant and material orders passed by the regulators or courts or tribunals

During the year under review, there were no such significant and material orders passed by the regulators or courts or tribunals which could impact the going concern status and company's operations in future.

Unclaimed Shares

Regulation 39(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 inter alia requires every listed company to comply with certain procedure in respect of shares issued by it in physical form, pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

The face value of the shares of the Company was split from Rs. 10/- each to Rs. 2/- each in the year 2007. Certain share certificates were returned undelivered and were lying unclaimed. The Company had sent 3 reminders to concerned shareholders, and subsequently such shares (*2203 folios comprising 475310 equity shares*) were transferred to the Unclaimed Suspense Account during the year under review. A separate Demat account has been opened by the Company for this purpose.

The voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account.

The concerned shareholder(s) are requested to write to the Registrar and Share Transfer Agent to claim the said equity shares. On receipt of such claim, additional documents may be called for and subject to its receipt and verification, the said shares lying in the said Unclaimed Suspense Account shall be transferred to the depository account provided by the concerned shareholder(s) or the physical share certificate shall be delivered to the registered address of the concerned shareholder(s).

The details of Equity Shares held in the Unclaimed Suspense Account are as follows:

S. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of shareholders and the outstanding shares originally lying in the Unclaimed Suspense Account ***(at the time of transfer & dematerialization)***	2,203	4,75,310
2.	Number of shareholders who approached listed entity for transfer of shares from the Unclaimed Suspense Account during the year	14*	5,150

S. No.	Particulars	No. of Shareholders	No. of Equity Shares
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account, during the year	12	4,250
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account ***(as at end of the financial year i.e. March 31, 2018)***	2,191	4,71,060

** In remaining two cases, 900 shares were transferred from the Unclaimed Suspense Account in physical form in April, 2018.*

Till date of this report, the Company has approved overall 20 such claims from shareholders, comprising 7280 shares, for transfer back of their shareholding from the Unclaimed Suspense Account in demat / physical form.

Cautionary Statement

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

Acknowledgements

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

On behalf of the Board of Directors
Max Financial Services Limited
(Formerly Max India Limited)

New Delhi
August 6, 2018

Naina Lal Kidwai
Independent Director
DIN: 00017806

Mohit Talwar
Managing Director
DIN: 02394694

Annexure 1 to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

Financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24223PB1988PLC008031
2.	Registration Date	24-02-1988
3.	Name of the Company	Max Financial Services Limited (Formerly Max India Limited)
4.	Category / Sub-category	Public Company Limited by Shares; Indian Non-Government Company
5.	Address of the Registered office & contact details	419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533 Phone : 01881-462000 Fax : 01881-273607 E-mail : investorhelpline@maxindia.com
6.	Whether listed company	Listed Company
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area Phase – II, New Delhi – 110020 Phone : 011- 26387281/82/83 Fax : 011 – 26387384 E-mail : info@masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is engaged in the business of investments and providing consultancy services to group companies. However, since it is primarily engaged only in one business segment viz, "Business Investment" and most of the operations are in India, there are no separate reportable segments as per applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

The Business Activities of the Company namely Management Consultancy (NIC Code: 70200) and Investing in Subsidiaries (NIC Code: 64200), respectively constituted approx 9.3% and 90.7% of total turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

As on March 31, 2018, the Company had only 1 subsidiary as detailed hereunder, and there was no holding / associate company :

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	Max Life Insurance Company Limited 419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533	U74899PB2000PLC045626	Subsidiary	70.75%	2 (87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding									
Category of Shareholders	**No. of Shares held at the beginning of the year [As on 31-March-2017]**				**No. of Shares held at the end of the year [As on 31-March-2018]**				**% Change during the year**
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	420,833	0	420,833	0.16	420,833	0	420,833	0.16	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	80,881,905	0	80,881,905	30.26	80,881,905	0	80,881,905	30.14	-0.12
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	**81,302,738**	**0**	**81,302,738**	**30.42**	**81,302,738**	**0**	**81,302,738**	**30.29**	**-0.13**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	54979410	5565	54984975	20.57	74734385	400	74734785	27.85	7.28
b) Banks / FI	448528	14450	462978	0.17	403352	13250	416602	0.16	-0.01
c) Alternate Investment Funds	0	0	0	0.00	1129369	0	1129369	0.42	0.42
d) Central Govt	0	0	0	0	0	0	0	0	0.00
e) State Govt(s)	0	0	0	0	0	0	0	0	0.00
f) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
g) Insurance Companies	0	45750	45750	0.02	0	45750	45750	0.02	0.00
h) FIIs	13953722	55	13953777	5.22	11633206	0	11633206	4.33	-0.89
i) Foreign Portfolio Investors	56683352	0	56683352	21.21	67511500	0	67511500	25.15	3.94
j) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
k) Others (specify) FDI	25528470	0	25528470	9.55	0	0	0	0	-9.55
Sub-total (B)(1):-	**151593482**	**65820**	**151659302**	**56.74**	**155411812**	**59400**	**155471212**	**57.93**	**1.19**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6579789	67480	6647269	2.49	4871876	60125	4932001	1.84	-0.65
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals	0	0	0	0	0	0	0	0	0.00
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	21412263	2016980	23429243	8.77	21534733	1449665	22984398	8.56	-0.21
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2085626	0	2085626	0.78	625000	0	625000	0.23	-0.55
c) Others (specify)									
Non Resident Indians	1269024	33670	1302694	0.49	1559808	17755	1577563	0.59	0.10
Overseas Corporate Bodies	518	0	518	0	518	0	518	0.00	0.00
Foreign Nationals	0	0	0	0	0	0	0	0	0.00
Clearing Members	585079	0	585079	0.22	409201	0	409201	0.15	-0.07
Trusts	5292	0	5292	0.00	500823	0	500823	0.19	0.19
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0.00
Directors	252288	0	252288	0.09	109513	0	109513	0.04	-0.05
Unclaimed Suspense Account	0	0	0	0	471060	0	471060	0.17	0.17
Sub-total (B)(2):-	**32189879**	**2118130**	**34308009**	**12.84**	**30082532**	**1527545**	**31610077**	**11.78**	**-1.06**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**183783361**	**2183950**	**185967311**	**69.58**	**185494344**	**1586945**	**187081289**	**69.71**	**0.13**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	**265086099**	**2183950**	**267270049**	**100.00**	**266797082**	**1586945**	**268384027**	**100.00**	**0.00**

B) **Shareholding of Promoter-**

S. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2017]			Shareholding at the end of the year [As on 31-March-2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Mr. Analjit Singh	10000	0.00	0.00	10000	0.00	0.00	0.00
2.	Mrs. Neelu Analjit Singh	100000	0.04	0.00	100000	0.04	0.00	0.00
3.	Ms. Piya Singh	110333	0.04	0.00	110333	0.04	0.00	0.00
4.	Mr. Veer Singh	100500	0.04	0.00	100500	0.04	0.00	0.00
5.	Ms. Tara Singh Vachani	100000	0.04	0.00	100000	0.04	0.00	0.00
6.	Liquid Investment & Trading Co. P. Ltd	23818876	8.91	65.34	23818876	8.87	97.72	-0.04
7.	# Mohair Investment & Trading Co. P. Ltd.	8086560	3.02	0.00	13690570	5.10	83.95	2.08
8.	# Boom Investments P. Ltd.	5604010	2.10	52.76	0.00	0.00	0.00	0.00
9.	Max Ventures Investment Holdings P. Ltd	43372459	16.23	55.88	43372459	16.16	71.87	-0.07

Boom Investments Private Limited got merged with Mohair Investment and Trading Company Private Limited, pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Delhi, with effect from December 2, 2016. However, actual transfer of shares in the demat account of Mohair Investment and Trading Company Private Limited was reflected post March 31, 2017. Hence the shareholding of Boom Investment Private Limited mentioned at the beginning of the year i.e. March 31, 2017, later stood transferred to Mohair Investment and Trading Company Private Limited.

C) **Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. Analjit Singh**				
	At the beginning of the year	10,000	0.00	10,000	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			10000	0.00
2.	**Mrs. Neelu Analjit Singh**				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04
3.	**Ms. Piya Singh**				
	At the beginning of the year	110333	0.04	110333	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			110333	0.04
4.	**Mr. Veer Singh**				
	At the beginning of the year	100500	0.04	100500	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100500	0.04
5.	**Ms. Tara Singh Vachani**				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04

S. No.	Particulars	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	**Liquid Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	23818876	8.91	23818876	8.91
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			23818876	8.87
7.	**Mohair Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	8086560	3.02	8086560	3.02
	Increase / Decrease in Shareholding during the year # 02.12.2016	5604010	2.10	13690570	5.12
	At the end of the year			13690570	5.10
8.	**Boom Investments P. Ltd.**				
	At the beginning of the year	5604010	2.10	5604010	2.10
	Increase / Decrease in Shareholding during the year # 02.12.2016	(5604010)	2.10	0	0.00
	At the end of the year			0	0.00
9.	**Max Ventures Investment Holdings P. Ltd.**				
	At the beginning of the year	43372459	16.23	43372459	16.23
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			43372459	16.16

Boom Investments Private Limited got merged with Mohair Investment and Trading Company Private Limited, pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Delhi, with effect from December 2, 2016. However, actual transfer of shares in the demat account of Mohair Investment and Trading Company Private Limited was reflected post March 31, 2017. Hence the shareholding of Boom Investment Private Limited mentioned at the beginning of the year i.e. March 31, 2017, later stood transferred to Mohair Investment and Trading Company Private Limited.

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the Year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Moneyline Portfolio Investments Limited**				
	At the beginning of the year	26570048	9.94	26570048	9.94
	Increase / Decrease in Shareholding during the year 18.08.2017	(8500000)	3.17	18070048	6.77
	At the end of the year			18070048	6.73
2.	**Xenok Limited**				
	At the beginning of the year	24079700	9.00	24079700	9.00
	Increase / Decrease in Shareholding during the year 21.04.2017 08.09.2017	 (13000000) (11079700)	 4.86 4.13	 11079700 0	 4.14 0
	At the end of the year			0	0.00
3.	**Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund**				
	At the beginning of the year	5223731	1.95	5223731	1.95

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the Year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	07.04.2017	(223500)	0.08	5000231	1.87
	27.10.2017	100000	0.04	5100231	1.91
	12.01.2018	100000	0.04	5200231	1.95
	19.01.2018	100000	0.03	5300231	1.98
	02.02.2018	100000	0.03	5400231	2.01
	At the end of the year			5400231	2.01
4.	**Motilal Oswal Most Focused Multicap 35 Fund**				
	At the beginning of the year	4939407	1.85	4939407	1.85
	Increase / Decrease in Shareholding during the year				
	28.04.2017	305401	0.11	5244808	1.96
	19.05.2017	(77519)	0.03	5167289	1.93
	26.05.2017	(40189)	0.01	5127100	1.92
	09.06.2017	283081	0.10	5410181	2.02
	25.08.2017	168647	0.06	5578808	2.08
	01.09.2017	222394	0.08	5801222	2.16
	08.09.2017	151080	0.06	5952302	2.22
	15.09.2017	403240	0.15	6355542	2.37
	22.09.2017	390744	0.14	6746286	2.51
	30.09.2017	393000	0.15	7139286	2.66
	13.10.2017	125000	0.05	7264286	2.71
	15.12.2017	300763	0.11	7565049	2.82
	At the end of the year			7565049	2.82
5.	**ICICI Prudential Value Discovery Fund**				
	At the beginning of the year	4517866	1.69	4517866	1.69
	Increase / Decrease in Shareholding during the year	-	-	-	0
	At the end of the year			4517866	1.68
6.	**Kotak Select Focus Fund**				
	At the beginning of the year	3117954	1.17	3117954	1.17
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			3117954	1.16
7.	**Government Pension Fund Global**				
	At the beginning of the year	2693071	1.01	2693071	1.01
	Increase / Decrease in Shareholding during the year 22.09.2017	208262	0.07	2901333	
	At the end of the year			2901333	1.08
8.	**HDFC Trustee Company Limited – A/C HDFC MID – Cap Opportunities Fund**				
	At the beginning of the year	2400000	0.90	2400000	0.90
	Increase / Decrease in Shareholding during the year				
	13.10.2017	425000	0.16	2825000	1.06
	08.12.2017	872000	0.32	3697000	1.38
	15.12.2017	984300	0.37	4681300	1.75
	22.12.2017	470000	0.18	5151300	1.93
	29.12.2017	479000	0.18	5630300	2.11
	05.01.2018	200000	0.07	5830300	2.18
	12.01.2018	200000	0.07	6030300	2.25
	At the end of the year			6030300	2.25
9.	**SBI Magnum Balanced Fund**				
	At the beginning of the year	2300000	0.86	2300000	0.86

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the Year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	09.06.2017	(1713457)	0.64	586543	0.22
	16.06.2017	(586543)	0.22	0	0.00
	At the end of the year			0	0.00
10.	**GS Mace Holdings Limited**				
	At the beginning of the year	2196381	0.82	2196381	0.82
	Increase / Decrease in Shareholding during the year				
	28.07.2017	(950000)	0.35	1246381	0.47
	04.08.2017	(500000)	0.19	746381	0.28
	15.09.2017	(746381)	0.28	0	0.00
	At the end of the year			0	0.00
11.	**National Westminster Bank PLC as Trustee of the Jupiter India Fund**				
	At the beginning of the year	1551870	0.58	1551870	0.58
	Increase / Decrease in Shareholding during the year				
	28.04.2017	679237	0.25	2231107	0.83
	30.06.2017	135208	0.05	2366315	0.88
	22.12.2017	166180	0.06	2532495	0.94
	29.12.2017	177459	0.07	2709954	1.01
	09.02.2018	24330	0.01	2734284	1.02
	At the end of the year			2734284	1.02
12.	**Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund**				
	At the beginning of the year	1383915	0.52	1383915	0.52
	Increase / Decrease in Shareholding during the year				
	14.04.2017	(118000)	0.04	1265915	0.48
	21.04.2017	(116000)	0.04	1149915	0.44
	28.04.2017	714231	0.27	1864146	0.71
	02.06.2017	705000	0.26	2569146	0.97
	07.07.2017	126000	0.05	2695146	1.02
	25.08.2017	(133000)	0.05	2562146	0.97
	08.09.2017	(150000)	0.06	2412146	0.91
	19.09.2017	1510000	0.56	3922146	1.47
	30.09.2017	(1882)	0.00	3920264	1.47
	02.02.2018	58000	0.02	3978264	1.49
	23.03.2018	142000	0.04	4120264	1.53
	At the end of the year			4120264	1.53
13.	***Baron Emerging Markets Fund**				
	At the beginning of the year	999067	0.37	999067	0.37
	Increase / Decrease in Shareholding during the year				
	21.04.2017	704347	0.26	1703414	0.63
	28.04.2017	671586	0.25	2375000	0.88
	19.05.2017	325000	0.12	2700000	1.00
	16.06.2017	115000	0.04	2815000	1.04
	21.07.2017	125000	0.05	2940000	1.09
	08.09.2017	78339	0.03	3018339	1.12
	15.09.2017	150000	0.06	3168339	1.18
	22.09.2017	520475	0.19	3688814	1.37
	30.09.2017	829525	0.31	4518339	1.68
	30.03.2018	400000	0.15	4918339	1.83
	At the end of the year			4918339	1.83

* became shareholder w.e.f. April 14, 2017

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Mohit Talwar, Managing Director**				
	At the beginning of the year	35,438	0.01	35,438	0.01
	Increase / Decrease in Shareholding during the year				
	*10.04.2017	31,210	0.01	66,648	0.02
	*18.08.2017	2,21,500	0.08	2,88,148	0.11
	**29.08.2017 to 31.08.2017	(2,61,085)	0.10	27,063	0.01
	At the end of the year			27,063	0.01
2	**Mr. Ashwani Windlass, NED**				
	At the beginning of the year	1,62,850	0.06	1,62,850	0.06
	Increase / Decrease in Shareholding during the year				
	**07.04.2017	(50,700)	0.02	1,12,150	0.04
	**16.08.2017	(8,700)	0.00	1,03,450	0.04
	**15.09.2017	(35,000)	0.01	68,450	0.03
	**18.09.2017 – 20.09.2017	(27,500)	0.01	40,950	0.01
	**21.09.2017	(7,500)	0.00	33,450	0.01
	**26.09.2017	(5,000)	0.00	28,450	0.01
	At the end of the year			28,450	0.01
3	**Mr. Rajesh Khanna, ID**				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			25,000	0.01
4	**Mr. Aman Mehta, ID**				
	At the beginning of the year	29,000	0.01	29,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			29,000	0.01
5	**Mrs. Sujatha Ratnam, CFO**				
	At the beginning of the year	35,000	0.01	35,000	0.01
	Increase / Decrease in Shareholding during the year				
	**15.09.2017	(34,900)	0.01	100	0.00
	At the end of the year			100	0.00

* Allotment of equity shares under ESOP
**Sale of shares in open market

V. INDEBTEDNESS:

Indebtedness of the Company, including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. Mohit Talwar Managing Director	Total Amount (Rs.)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,25,18,748	5,25,18,748
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	35,54,956	35,54,956
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2	Stock Options^	8,57,92,501	8,57,92,501
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL
5	Others:		
	- Company Contribution to PF	17,04,960	17,04,960
	- Medical Reimbursements	15,000	15,000
	- Medical Insurance Premium	56,070	56,070
	- Personal Accident Insurance Premium	405	405
	Total	14,36,42,640	14,36,42,640
	Ceiling as per the Act	NA	

^ *Perquisite value of stock options exercised during the year*

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Mrs. Naina Lal Kidwai (ID)	Mr. Rajesh Khanna (ID)	Mr. Aman Mehta (ID)	Mr. D.K. Mittal (ID)	Mr. Ashwani Windlass (NED)	Mr. Sanjay Omprakash Nayar (NED)	Mr. Sanjeev Kishen Mehra * (NED)	Ms. Lavanya Ashok* (NED)	Total Amount
1	**Independent Directors (ID):**									
	Fee for attending board and committee meetings	13,00,000	20,00,000	7,00,000	16,00,000	NIL	NIL	NIL	NIL	56,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	13,00,000	20,00,000	7,00,000	16,00,000	NIL	NIL	NIL	NIL	56,00,000
2	**Other Non-Executive Directors (NED):**									
	Fee for attending board and committee meetings	NIL	NIL	NIL	NIL	20,00,000	NIL	NIL	NIL	20,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	20,00,000	NIL	NIL	NIL	20,00,000
	Total Remuneration = (1) + (2)	13,00,000	20,00,000	7,00,000	16,00,000	20,00,000	NIL	NIL	NIL	76,00,000

*ceased to be Director of the Company effective May 19, 2017.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs.)
		CEO	Mrs. Sujatha Ratnam (CFO)	Mr. Sandeep Pathak (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,80,71,250	48,80,713	2,29,51,963
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	-	2,95,551	-	2,95,551
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others:				
	- Company Contribution to PF	-	7,78,913	2,58,382	10,37,295
	- Medical Reimbursements		15,000	15,000	30,000
	- Medical Insurance Premium	-	56,070	56,070	1,12,140
	- Personal Accident Insurance Premium		405	405	810
	Total	**-**	**1,92,17,189**	**52,10,570**	**2,44,27,759**

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Annexure-2 to the Directors' Report

Form AOC-1

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of subsidiaries / associate companies / joint ventures

Part "A" - Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

(Amount in Rs. Lakhs)

Sl. No.	Name of Subsidiary Company	Date since when subsidiary was acquired	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Extent of Shareholding (in %)
1	Max Life Insurance Company Limited	11 July, 2000	31 March, 2018	INR	191,881.29	77,023.93	5,496,283.88	5,227,378.66	5,223,654.85	1,638,076.51	61,517.42	8,754.55	52,762.87	12,280.40	70.75%

Part "B" - Associate Companies and Joint-Ventures

Not Applicable, as there are no Associates / Joint Ventures

Annexure- 3 to the Directors' Report

Dividend Distribution Policy

BACKGROUND:

Max Financial Services Limited ("the Company") has been paying dividends in past, based on the dividend distributed by its subsidiary Max Life Insurance Company Limited and after taking into account liquidity requirements of the Company.

While the aforesaid is the stated dividend distribution policy of the Company, it is proposed to formulate a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations").

OBJECTIVE:

The objective of the Dividend Distribution Policy ("the policy") is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend. The policy is broadly in line with the provisions of the Companies Act, 2013 and SEBI Regulations ("applicable laws") read with the relevant clauses of the Articles of Association of the Company, to the extent applicable.

The policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The Company currently has no other class of shares. Therefore, dividend declared if any will be distributed amongst all equity shareholders, based on their shareholding on the record date. The Company stands committed to deliver sustainable value to all its stakeholders.

PARAMETERS FOR DECLARATION OF DIVIDEND:

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting ("AGM") of the shareholders. The Board may also declare interim dividends as may be permitted as per the applicable laws.

The Board of Directors of the Company would consider the following financial parameters and factors before declaring or recommending dividend to shareholders:

Internal Factors / Financial Parameters:

- Operating cash flow of the Company
- Profits earned during the year
- Profits available for distribution
- Earnings Per Share (EPS)
- Dividend, if any, declared by Subsidiary
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystalization of contingent liabilities, if any
- Additional investment in subsidiary
- Creation of contingency fund
- Acquisition of brands and business
- Cost of Borrowing
- Past dividend payout ratio / trends

External Factors:

- Economic environment
- Statutory provisions and guidelines
- Dividend pay-out ratios of companies in the same industry

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

The Company shall not recommend dividend, if it is of the opinion that it is financially not prudent to do so. The shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion which would require higher allocation of resources
- If the Company requires significant amount of working capital to fund its future growth
- In case the Company proposes to utilise surplus cash for buy-back of securities
- Whenever the Company undertakes any acquisitions or joint ventures requiring significant allocation of capital or in case the company expands its stake in its subsidiary
- In the event of inadequacy of profits or whenever the Company has incurred losses

The profits being retained in the business shall be continued to be deployed in the Company and thus contributing to the growth to the business and operations of the Company.

MODIFICATIONS IN THE POLICY:

The Board of Directors is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the applicable laws.

DISCLOSURE:

The policy will be available on the Company's website and will also be disclosed in the Company's annual report.

Annexure - 4 to the Directors' Report

Details of Max Employees Stock Plan – 2003, pursuant to SEBI Regulations and Companies Act, 2013 for the year ended 31st March, 2018

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Details provided in Note no. 27.1 of Standalone Financial Statements for the year ended 31st March, 2018.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Rs. 4.57 per share.

C. Summary of status of ESOS granted:

i. The description of Max Employee Stock Plan 2003 is summarised as under:

S. No.	Particulars	
1	Date of shareholders' approval	September 30, 2003
2	Total number of options approved under ESOS	1,33,14,787
3	Vesting requirements	Vesting may be time based or performance based as determined by the Nomination and Remuneration Committee ("NRC"), from time to time, under the relevant Option Agreement.
4	Exercise price or pricing formula	As determined by the NRC, under the relevant Option Agreement.
5	Maximum term of options granted	As determined by the NRC, subject to the compliance of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	In August 2017, NRC approved the acceleration of the vesting of the unvested options granted on December 12, 2014, to vest as per revised graded vesting schedule detailed hereunder:

	Mr. Mohit Talwar (Managing Director)	Mr. Rahul Khosla (Executive President)
Total number of options	4,43,000	13,30,000
Immediate vesting on August 9, 2017	2,21,500	6,65,000
Vesting on December 1, 2018	1,10,750	3,32,500
Vesting on December 1, 2019	1,10,750	3,32,500

ii. Method used to account for ESOS:

The Company has adopted intrinsic value method of Valuation.

iii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. :

Profits would have been lower by Rs.585.9 lakhs and Basic EPS Rs.0.22 per share & Diluted EPS Rs. 0.22 per share, if the Company would have recognized the compensation cost based on fair value.

iv. Option movement during the year:

Number of options outstanding at the beginning of the period	22,46,745
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	11,13,978
Number of options exercised during the year	11,13,978
Number of shares arising as a result of exercise of options	11,13,978
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 27,63,33,756/-
Loan repaid by the Trust during the year from exercise price received	Not Applicable. The ESOP Plan is not administered by any Trust.
Number of options outstanding at the end of the year	11,32,767

v. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock:

Weighted average exercise price for options exercised during FY17-18 was Rs.248.11 Further, the weighted average fair value of the outstanding options as on 31st March 2018 was Rs. 219.48. For details, please refer to Note no.27.1 of Standalone Financial Statements.

vi. Employee wise details of options granted - *No ESOPs were granted by the Company* during the financial year 2017-18.

a)	Senior Managerial Personnel	NIL
b)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	NA
c)	Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL

vii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

No ESOPs were granted by the Company during the financial year 2017-18.

weighted-average values of share price (at time of grant)	NA
exercise price	NA
expected volatility	NA
expected option life (in years)	NA
expected dividends	NA
risk-free interest rate	NA
any other inputs to the model	NA
the method used and the assumptions made to incorporate the effects of expected early exercise	NA
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	NA
whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	NA

Annexure 5A to the Directors' Report

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is appended below:

Key Managerial Remuneration (including Whole–time Directors' Remuneration)

Sl. No.	Name	Designation	Remuneration for FY17 (INR Cr.)	Remuneration for FY18 (INR Cr.)	% Increase in Remuneration in FY18 vs. FY17
1	Mr. Mohit Talwar[1]	Managing Director	6.76	14.36	112.42%
2	Ms. Sujatha Ratnam	Chief Financial Officer	1.76	1.92	8.9%
3	Mr. Sandeep Pathak	Company Secretary	0.47	0.52	NA[2]

[1] Mr. Mohit Talwar's remuneration includes the perquisite value of Rs. 8.58 crores, being the value of ESOPs exercised during the year under review against the ESOPs granted earlier (corresponding value in FY17 was Rs.1.43 crores)

[2] Mr. Sandeep Pathak was appointed as the Company Secretary of the Company with effect from July 5, 2016. The remuneration for FY 2017 is for part of the year and hence it is not comparable with remuneration for FY 2018.

B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs.39,04,383/- in FY18 as against Rs.35,67,162/- in FY17. The increase in MRE in FY18 as compared to FY17 is around 9.45%.

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2018) to the MRE for FY18 is around 36.8:1

As the Non-executive Directors of the Company have been receiving remuneration only in the form of Sitting Fees for attending the meetings of Board of directors or committees thereof, their remuneration details have not been considered while disclosing particulars under A and B above.

C. The number of permanent employees on the rolls of the Company as on March 31, 2018 was 13, i.e. same as on March 31, 2017.

D. The average increase in remuneration (excluding WTD remuneration and the impact of ESOPs / Phantom Stock Options exercised) in FY18 over FY17 was around 14.2%. This was based on the industry benchmarks and approval of the Nomination and Remuneration Committee.

E. The increase in fixed remuneration for WTD and KMPs was 9.31% over previous year.

Managerial personnel's variable components are linked to assessment of individual performance with differentiation for high performers, potential, criticality of the role for the Company and relative market competitiveness. All long term variable components are linked to value creation for shareholders. The Company's Remuneration policy ensures that it attracts, motivates, and retains key talent by enabling differentiated rewards for high performers who live by the values of the Company. The remuneration policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for all stakeholders.

The Remuneration paid during the financial year under review was as per the remuneration policy of the Company.

During FY18, there was no such employee who received remuneration in excess of the remuneration paid to Executive Director(s) and held 2% or more of the equity shares in the Company, along with spouse and / or dependent children.

Annexure 5B to the Directors' Report

Particulars of Employees

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION, AND INCLUDES ALL EMPLOYEES WHO WERE IN RECEIPT OF REMUNERATION OF (A) RS. 102,00,000/- PER ANNUM OR MORE, OR (B) RS. 8,50,000/- PER MONTH OR MORE, IF EMPLOYED FOR PART OF THE YEAR

Sr. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (In Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Held Organisation	Position held
A.	**Employed throughout the year**									
1	Khosla, Rahul	59	Executive President	General Management	574,289,394	BA (Hons), CA	18.08.2011	34	Visa	Group Head of Products
2	Pai, Ramachandra Vishnu	51	Manager - Administration	Administration	2,005,583	B.Com	18.09.1995	30	Johnson & Johnson	Warehousing Supervisor
3	Pandey, Archana	58	Senior Director - Corporate Affairs	Corporate Affairs	29,035,786	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt.	08.06.2012	35	Abbott Healthcare Pvt Ltd.	Head - Government Affairs
4	Pathak, Sandeep	38	Company Secretary	Company Secretary	5,210,570	B.Com (Hons), FCS, FCMA, ACA, LL.B.	05.07.2016	18	Sembcorp Green Infra Limited	General Manager - Company Secretary
5	Ramsundar, K K	60	Admn. Assistant, Office of Founder & Chairman Emeritus	Administration	4,919,378	B.Com (P), PGDBA, PGDMM	21.06.1981	42	Ranbaxy Labs Limited	Steno Typist
6	Ratnam, Sujatha	54	Chief Financial Officer	Corporate Treasury	19,217,189	B. Com (Hons), ACA	12.07.2004	29	Jubilant Organosys Ltd.	General Manager - Finance
7	Rao, Anuradha	59	Executive Assistant, Office of Founder & Chairman Emeritus	Executive Assistant	5,719,834	BA (Hons)	03.06.1987	39	Northern Engineering Industries (India) Limited	Assistant cum Secretary
8	Talwar, Mohit	58	Managing Director	General Management	143,642,640	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	39	Standard Chartered Bank	Director & Head Wholesale Bank, East India
9	Thakur, Ananth Singh	44	Deputy General Manager - External Affairs	External Affairs	2,637,413	MBA	06.06.2011	23	Aviva Life Insurance	State Head (BSA)
10	Trehan, Vandana	43	Executive Assistant to Executive President	Executive Assistant	2,889,389	PGDBM	16.08.2011	18	TSYS International	Executive Assistant
B.	**Employed for part of the year**									
	NIL									

Notes:

1 Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites, as applicable.

2 None of the above employees is a relative of any director of the Company.

3 All appointments are / were contractual in accordance with the terms and conditions as per Company Rules / Policies.

4 Mr. Mohit Talwar holds 48,773 equity shares constituting 0.017% of the equity share capital of the Company, as of the date of this report.

5 None of the above employees held 2% or more equity shares of the Company, by himself / herself or alongwith his / her spouse and dependent children .

For Max Financial Services Limited

Naina Lal Kidwai
Independent Director
DIN: 00017806

Mohit Talwar
Managing Director
DIN: 02394694

New Delhi
August 6, 2018

Annexure – 6 to the Directors' Report

Business Responsibility Report

Section A	General information about the Company	
1	Corporate Identification Number	L24223PB1988PLC008031
2	Name of the Company	Max Financial Services Limited (formerly Max India Limited)
3	Registered address	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr Punjab 144533
4	Website	www.maxfinancialservices.com
5	Email address	investorhelpline@maxindia.com
6	Financial year reported	1 April 2017 – 31 March 2018
7	Sector(s) that the Company is engaged in	Investments and Consultancy services to group companies
8	Three key products/services manufactured/ provided by the Company	Investments in subsidiaries (NIC Code – 64200) Management Consultancy (NIC Code – 70200)
9	Total number of locations where business activity is undertaken by the Company	Two locations: Registered office at Nawanshahr (Punjab) and Corporate office at New Delhi
10	Markets served by the Company	India
Section B	**Financial details of the Company**	
1	Paid-up capital	Rs. 53.68 crore
2	Total turnover	Rs. 228.74 crore (revenue from operations)
3	Total profit after tax	Rs. 123.04 crore
4	Total spending on CSR as percentage of profit after tax	N.A. (Refer Directors' Report)
5	List of the activities in which expenditure in 4 above has been incurred	N.A.
Section C	**Other details**	
1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Company's subsidiary Max Life Insurance Company Limited engages in BR initiatives for the group. For detailed information, please refer to Business Responsibility Review section of this Annual Report.
3	Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No NA
Section D	**BR information**	
1a	Details of Director(s) responsible for BR	Mr. Mohit Talwar (DIN: 02394694)
		Managing Director
1b	Details of the BR head	Name: Mrs. Sujatha Ratnam
		Designation: CFO
		Telephone number: (011) 42598000
		Email ID: sratnam@maxindia.com
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report
Section E	**Principle-wise performance**	
1	Principle-wise performance	Included in this report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 500 listed entities based on market capitalisation on the BSE and NSE, are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report. Max Financial Services Limited (MFSL) presents its second BRR in line with the requirements of SEBI. This BRR provides information on key initiatives undertaken by the Company and / or its subsidiary.

MFSL is the holding company of Max Life Insurance Company Limited (an unlisted material subsidiary), which continued to work with Max India Foundation to implement its CSR programme which has a focus on healthcare, sanitation, safe drinking water, environment protection, financial literacy & insurance awareness and village adoption. It is committed to attaining the highest standards of service in protecting and enhancing the financial future of its customers by adhering to a set of values that is shared across the Group – Sevabhav (spirit of service), Excellence and Credibility.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

MFSL continues to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of life insurance business, MFSL considers ethics, transparency and accountability to be its top-most priority.

MFSL has a Code of Conduct for the Company's Directors and Senior Management. A declaration of the Directors and Senior Management's affirmation to this Code of Conduct is communicated to all stakeholders by the Managing Director in the Annual Report.

MFSL has established a Whistle Blower Policy, which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behaviour, or suspected fraud or violation of the Code of Conduct. Adequate measures are in place to ensure safeguards against victimization of employees who report any unethical behaviour. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated and action is initiated, wherever required.

No complaints linked to the Code of Conduct adherence were received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

MFSL endeavors to contribute to sustainability and conservation of resources in all possible manners. All Board level meetings have been paperless for more than 5 years, with Directors and other participants accessing relevant material electronically.

Principle 3: Businesses should promote the well-being of all employees

As of 31st March 2018, MFSL had a total of 13 employees, which included 5 women employees. There were no temporary or contractual employees in the reporting year. As a holding company with limited areas of operations, the Company's staffing is adequate and commensurate with the scale of its business. The Company believes its employees are its greatest strength and invests in the growth and development of all its employees and engages with them on a regular basis. Employees are also given opportunities to move across other Group companies to get wider exposure.

MFSL has policies and procedures in place to prevent any kind of discrimination. It has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2017-18 and none were pending as of 31 March 2018.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

MFSL is an equal opportunity employer. Remuneration practices are based on merit, without regard to the person's ethnic background or gender, and are periodically updated based on market benchmarks. The Company ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

MFSL regularly undertakes initiatives to engage with its internal and external stakeholders. The Company has robust mechanisms in place which ensure full, fair, accurate, timely and understandable disclosures to all our shareholders and investors.

Principle 5: Businesses should respect and promote human rights

MFSL is dedicated to upholding the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights.

All policies of the Company comply with conventionally understood provisions of human rights. There is no discrimination whatsoever in the Company on the basis of cast, creed, race, gender, religion or physical handicap. The Company did not receive any complaint relating to violation of human rights in 2017-18.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

MFSL is committed to conducting its business in a manner that protects the natural environment. Given that MFSL is a holding company with no manufacturing operations and small number of employees, the Company does not have any significant direct environmental impacts. However, regular efforts are made to conserve the energy through various means.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

MFSL is a holding company with no direct business operations however its subsidiary Max Life actively engages in policy advocacy to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

For detailed information on steps taken towards inclusive growth and equitable development through Max India Foundation, a CSR arm of the Max Group, please refer to the Business Responsibility Review section of this Annual Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

MFSL, being a holding company, is having investments in its subsidiary and primarily engaged in growing and nurturing the business investments and providing management consultancy services to group companies. Accordingly, it does not have any direct customers or consumers under the scope of this BRR.

Annexure – 7 to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

The Members,
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Max Financial Services Limited, formerly known as Max India Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and
h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Not Applicable

(vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on the Sectors / Businesses. Further, the management confirmed that the Company is a non-systemically important Core Investment Company and hence does not require registration as a NBFC.

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has acquired 14,170,817 Equity Shares of Rs 10/- each in Max Life Insurance company Limited and the said event deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No.:16302
Certificate of Practice No.:5673

Date: 06.08.2018
Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.

Annexure-A to the Secretarial Audit Report

The Members,
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No.:16302
Certificate of Practice No.:5673

Date: 06.08.2018
Place: Delhi

Annexure – 8 to the Directors' Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

    a) Name(s) of the related party and nature of relationship: Max Life Insurance Company Limited (Subsidiary company)

    b) Nature of contracts/arrangements/transactions: Sub-licensing of trademarks

    c) Duration of the contracts/arrangements/transactions: 10 years

    d) Salient terms of the contracts or arrangements or transactions including the value, if any: The contract for sub-licensing of trademarks has been entered into with subsidiary company, pursuant to a Scheme of Demerger approved by Hon'ble High Court of Punjab at Chandigarh, which allows usage of trademarks without any consideration.

    e) Justification for entering into such contracts or arrangements or transactions: The trademarks have been licensed to the Company for limited usage. Prior to the Scheme of Demerger, Max Life Insurance Company Limited had been using such trademarks. It was contemplated to allow usage of such trademarks by Max Life, without impacting the ownership of such trademarks.

    f) Date(s) of approval by the Board: August 8, 2016

    g) Amount paid as advances, if any: NIL

    h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: September 27, 2016

2. Details of material contracts or arrangement or transactions at arm's length basis: **N.A.**
    a) Name(s) of the related party and nature of relationship:
    b) Nature of contracts/arrangements/transactions:
    c) Duration of the contracts/arrangements/transactions:
    d) Salient terms of the contracts or arrangements or transactions including the value, if any:
    e) Date(s) of approval by the Board, if any:
    f) Amount paid as advances, if any:

For Max Financial Services Limited

Naina Lal Kidwai
Independent Director
DIN: 00017806

Mohit Talwar
Managing Director
DIN: 02394694

New Delhi
August 6, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Max Financial Services Limited (Formerly known as MAX INDIA LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Max Financial Services Limited (Formerly known as MAX INDIA LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 23 of the standalone financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 32 of the standalone financial statements.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer Note 33 of the standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: 25 May, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Max Financial Services Limited (Formerly known as MAX INDIA LIMITED)** ("the Company") as of 31 March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India." These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: 25 May, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of the building is held in the erstwhile name of the Company (i.e 'MAX INDIA LIMITED') as at the balance sheet date. We are informed that the Company is in the process of getting the name changed to Max Financial Services Limited.

The Company does not have any immovable properties of freehold or leasehold land.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from public.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods & Services Tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods & Services Tax, Service Tax, cess and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax and Customs Duty which have not been deposited as on 31 March, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. in Lacs)	Amount unpaind (Rs. in Lacs)
Customs Act, 1962	Custom Duty Demand on non-fulfillment of export obligation	Directorate General of Foreign Trade	FY 1994-95	429.40	429.40
Finance Act, 1994 (Service tax)	Service Tax Demand on consultancy services	Commissioner (Central Excise), Chandigarh	FY 1997-98 To FY 2000-01	213.00	201.00
Finance Act, 1994 (Service tax)	Service Tax Demand on Banking and Financial Services	Joint/Additional Commissioner, Service Tax Commissionerate Delhi-II	FY 2011-12 To FY 2015-16	139.58	139.58
Income Tax Act, 1961	Income Tax Demand in disallowance made on various matters	High Court, Punjab	AY 2003-04	159.04	159.04

We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company do not give rise to any liability for Sales Tax, Excise Duty and Value Added Tax.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) As per section 45-IA of the Reserve Bank of India Act, 1934 read with RBI / 2006-07 / 158 DNBS (PD) C.C. No. 81 / 03.05.002 / 2006-07 dated 19 October, 2006, a Company whose 50% of total assets and 50% of total income is from financial activity, as at the last audited balance sheet, is said to carry on financial activity as its principal business and hence is required to obtain registration as a Non-Banking Finance Company (NBFC).

As indicated in note 35, the Company is of the view supported by legal opinion that the Company is a ‘Core Investment Company’ (‘CIC’) and does not meet the criteria for Systemically Important Core Investment Company (‘CIC-SI’) as laid down in the CIC Master Circular dated 1 July, 2015 and hence registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required. We report as such.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: 25 May, 2018

Standalone Balance Sheet

as at March 31, 2018

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A. Equity and liabilities			
1. Shareholders' funds			
(a) Share capital	3	5,367.68	5,345.40
(b) Reserves and surplus	4	192,775.35	177,483.55
		198,143.03	**182,828.95**
2. Non-current liabilities			
(a) Deferred tax liabilities (net)	5	-	-
(b) Long-term provisions	6	770.47	328.33
		770.47	**328.33**
3. Current liabilities			
(a) Trade payables	7		
i. total outstanding dues to micro enterprises and small enterprises		-	-
ii. total outstanding dues to creditors other than micro enterprises and small enterprises		1,016.93	1,168.01
(b) Other current liabilities	8	924.72	945.96
(c) Short-term provisions	9	542.67	418.62
		2,484.32	**2,532.59**
Total		**201,397.82**	**185,689.87**
B. Assets			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	553.52	619.63
(ii) Intangible assets	10	21.44	33.88
(b) Non-current investments	11	194,633.56	179,343.99
(c) Long term loans and advances	12	836.73	756.45
(d) Other non-current assets	13	9.98	9.38
		196,055.23	**180,763.33**
2. Current assets			
(a) Current investments	14	4,224.71	2,840.00
(b) Trade receivables	15	668.74	769.06
(c) Cash and cash equivalents	16	288.53	978.44
(d) Short term loans and advances	17	160.61	339.04
		5,342.59	**4,926.54**
Total		**201,397.82**	**185,689.87**
See accompanying notes forming part of the standalone financial statements	1 to 39		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars			Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
1.	**Income**				
	(a)	Revenue from operations (net)	18	22,873.80	25,491.43
	(b)	Other income	19	68.38	136.30
2.	Total revenue			**22,942.18**	**25,627.73**
3.	**Expenses**				
	(a)	Employee benefits expense	20	3,984.22	3,720.07
	(b)	Depreciation and amortisation expense	21	191.99	195.73
	(c)	Legal and professional expenses		4,630.92	4,114.75
	(d)	Other expenses	22	1,830.55	2,197.43
4.	**Total expenses**			**10,637.68**	**10,227.98**
5.	**Profit before tax (2 - 4)**			12,304.50	15,399.75
6.	Tax expense				
	(a)	Current tax		-	-
	(b)	Deferred tax		-	-
				-	-
7.	**Profit after tax**			**12,304.50**	**15,399.75**
8.	**Earnings per equity share**		26		
	(Face value of Rs. 2 per share)				
	(a) Basic (Rs.)			**4.59**	**5.76**
	(b) Diluted (Rs.)			**4.57**	**5.71**
See accompanying notes forming part of the standalone financial statements			1 to 39		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Standalone Cash Flow Statement

For the year ended March 31, 2018

			(Rs. in Lakhs)
Particulars		**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Cash flow from operating activities			
Profit before tax		12,304.50	15,399.75
Adjustments for:			
Depreciation and amortisation expense		191.99	195.73
Interest income		(38.42)	(96.55)
Dividend income on long term investments		(20,016.07)	(22,064.81)
Net loss / (profit) on sale / disposal of fixed assets		5.60	0.55
Profit on sale of current investments in:			
- mutual funds		(720.96)	(1,288.31)
- equity instruments		-	(2.78)
Fixed assets written off		-	97.09
Liabilities/provisions no longer required written back		(1.19)	(0.68)
Provision for doubtful service tax credit receivable		289.94	443.61
Expense on employee stock option scheme		966.73	812.58
Unrealised foreign exchange (gain) / loss		-	(1.51)
Operating profit/(loss) before working capital changes		**(7,017.88)**	**(6,505.33)**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		100.32	154.04
Short-term loans and advances		(111.51)	(312.06)
Long-term loans and advances		3.84	(5.94)
Dividend received		20,016.07	22,064.81
Interest received		37.82	95.96
		20,046.54	**21996.81**
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(870.38)	282.43
Other current liabilities		(21.24)	46.57
Short-term provisions		124.05	172.68
Long-term provisions		442.14	(148.92)
		(325.43)	**352.76**
Net cash from operations		12,703.23	15,844.24
Net income tax (paid)/ refunds		(84.12)	123.66
Net cash from operating activities	**(A)**	**12,619.11**	**15,967.90**
Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances		(107.35)	(128.02)
Proceeds from sale of fixed assets		31.56	97.70
Purchase of non-current investments		(15,332.82)	(35,906.50)
Proceeds from sale of long term investment		-	3.43
Purchase of current investments in mutual funds		(29,553.00)	(69,763.28)
Proceeds from sale/maturity of current investments		28,889.25	95,208.59
Bank balances not considered as Cash and cash equivalents (net)		3.09	(17.94)
Net cash flow from investing activities	**(B)**	**16,069.27**	**10,506.02**
Cash flow from financing activities			

			(Rs. in Lakhs)
Particulars		**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Proceeds from ESOPs exercised (Including share premium a/c)		2,763.34	5.72
Dividend paid		-	(4,806.62)
Net cash from/(used in) financing activities	**(C)**	**2,763.34**	**(4,800.90)**
Net Increase/(decrease) in cash and cash equivalents (A + B + C)		(686.82)	660.98
Cash and cash equivalents at the beginning of the year		728.51	67.53
Cash and cash equivalents at the end of the year		**41.69**	**728.51**
Components of cash and cash equivalent (Refer note 16)			
Cash on hand		1.29	0.38
Balances with banks in current account		40.40	728.13
Total cash and cash equivalents		**41.69**	**728.51**
See accompanying notes forming part of the standalone financial statements	1 to 39		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Notes forming part of the standalone financial statements

1. Corporate information

Max Financial Services Limited [formerly known as MAX INDIA LIMITED] ("the Company") is a public limited company domiciled in India. The shares of the Company are listed on National Stock Exchange (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies.

The name of the Company has been changed from MAX INDIA LIMITED to Max Financial Services Limited with effect from February 1, 2016.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of leasehold improvements which is amortised over the initial duration of the lease.

Intangible assets are amortised over their estimated useful life of 3 years on straight line method. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.6 Revenue recognition

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

Income from services

Revenue from shared services contracts are recognised over the period of the contract as and when services are rendered.

Interest

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

Notes forming part of the standalone financial statements

Dividend

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

2.7 Tangible fixed assets (Property, plant and equipment)

Fixed assets are carried at cost less accumulated depreciation, amortisation and impairment loss, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use. Exchange difference arising on restatement/settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining life of fixed assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

The assets which are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.10 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fee and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for impairment of assets.

2.11 Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

a) Post employment benefit plan

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to such benefits.

Notes forming part of the standalone financial statements

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

c) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.12 Employee share based payments

The Company has constituted an Employee Stock Option Plan - 2003. Employee Stock Options granted on or after 1 April, 2005 are accounted under the ‘Intrinsic Value Method’ stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India and in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The Scheme provides for grant of options to employees (including directors) of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

The Company had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company, Max India Limited and Max Ventures and Industries Limited as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

The Company has constituted another Phantom Stock option plan in 2017, which will be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company as at end of each financial period/ year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss accounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

Notes forming part of the standalone financial statements

2.14 Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Notes forming part of the standalone financial statements

2.17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Service tax / Goods and services tax input credit

Input tax credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.20 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Share capital

Particulars		As at March 31, 2018		As at March 31, 2017	
		Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. in Lakhs)
(a)	**Authorised**				
	Equity share capital				
	Equity shares of Rs. 2 (previous year: Rs. 2) each with voting rights	**300,000,000**	**6,000.00**	**300,000,000**	**6,000.00**
(b)	**Issued, subscribed and fully paid-up**				
	Equity share capital				
	Equity shares of Rs. 2 (previous year: Rs. 2) each with voting rights	**268,384,027**	**5,367.68**	**267,270,049**	**5,345.40**

Notes forming part of the standalone financial statements

Refer notes (i) to (v) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. in Lakhs)
Equity Shares with voting rights				
At the beginning of the year	267,270,049	5,345.40	266,983,999	5,339.68
Issued during the year relating to Employee Stock Option Scheme (Refer note 27)	1,113,978	22.28	286,050	5.72
Outstanding at the end of the year	**268,384,027**	**5,367.68**	**267,270,049**	**5,345.40**

(ii) The Company has only one class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Equity shares of Rs. 2 each fully paid				
(with voting rights)				
- ICICI Prudential Value Discovery fund	13,759,730	5.13%	4,517,866	1.69%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.87%	23,818,876	8.91%
- Max Ventures Investment Holdings Private Limited	43,372,459	16.16%	43,372,459	16.23%
- Mohair Investment and Trading Company Private Limited	13,690,570	5.10%	8,086,560	3.03%
- Moneyline Portfolio Investments Limited	18,070,048	6.73%	26,570,048	9.94%
- Reliance Capital Trustee Co Ltd	18,368,381	6.84%	5,223,731	1.95%
- Xenok Limited	-	-	24,079,700	9.01%

(iv) Shares reserved for issuance

As at March 31, 2018 - 11,32,767 (previous year: 22,46,745) shares, face value of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (Refer note 27.1)

(v) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has issued total 2,863,738 shares (previous year: 2,700,939 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employee services.

Notes forming part of the standalone financial statements

4. Reserves and surplus

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	**Securities premium account**		
	Opening balance	32,265.01	31,709.03
	Add : Premium on shares issued during the year	3,241.59	555.98
	Closing balance	**35,506.60**	**32,265.01**
(b)	**Employee stock option outstanding**		
	Opening balance	803.61	927.43
	Add : Compensation expensed during the year	246.24	432.16
	Less : Transferred to securities premium account on excercise	500.53	555.98
	Closing balance	**549.32**	**803.61**
(c)	**General reserve**		
	Opening balance	16,418.22	16,418.22
	Add: Transferred from surplus in Statement of Profit and Loss	-	-
	Closing balance	**16,418.22**	**16,418.22**
(d)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	127,996.71	112,597.87
	Profit for the year	12,304.50	15,399.75
	Less : Appropriations		
	Final dividend of earlier year	-	0.91
	Closing balance	**140,301.21**	**127,996.71**
	Total reserves and surplus	**192,775.35**	**177,483.55**

5. Deferred tax liabilities (net)

The Company has carried out its tax computation in accordance with Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. The major components of deferred tax assets / liabilities as recognised in the financial statements are as follows:

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities (DTL)		
Tax impact on difference between carrying amount of fixed assets in the financial statements and the income tax return	(125.11)	(108.87)
Total (A)	**(125.11)**	**(108.87)**
Deferred tax assets (DTA)		
Carry forward business loss to be adjusted in future years	125.11	108.87
Total (B)	**125.11**	**108.87**
Deferred tax liabilities (net) (A+B)	**-**	**-**

Notes forming part of the standalone financial statements

6. Long term provisions

(Rs. in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
Provision for employee benefits			
(i)	Provision for compensated absences	98.75	30.76
(ii)	Provision for gratuity (Refer note 25)	268.72	85.39
(iii)	Provision for employee stock appreciation rights	403.00	212.18
Total		**770.47**	**328.33**

7. Trade payables

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 39)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,016.93	1,168.01
	1,016.93	**1,168.01**

8. Other current liabilities

(Rs. in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
(a)	Unclaimed / unpaid dividends (Refer note 16)	246.84	249.93
(b)	Other payables		
	(i) Security deposit received	3.91	7.94
	(ii) Statutory remittances (Contribution to PF, GST, Service Tax, withholding taxes etc.)	568.28	585.14
	(iii) Other payables	105.69	102.95
		924.72	**945.96**

9. Short term provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits:		
(i) Provision for compensated absences	41.07	69.44
(ii) Provision for gratuity (Refer to note 25)	77.60	180.94
(iii) Provision for employee stock appreciation rights	424.00	168.24
	542.67	**418.62**

Notes forming part of the standalone financial statements

10. Fixed Assets

(Rs. in Lakhs)

	Particulars	Gross block				Accumulated depreciation and amortisation				Net block
		As at April 1, 2017	Additions	Deletions/ adjustments	As at March 31, 2018	As at April 1, 2017	Depreciation and amortisation expense for the year	Deletions/ adjustments	As at March 31, 2018	As at March 31, 2018
A	**TANGIBLE ASSETS - OWNED**									
(a)	Building	50.83	-	-	50.83	21.76	0.80	-	22.56	28.27
		50.83	*-*	*-*	*50.83*	*20.96*	*0.80*	*-*	*21.76*	*29.07*
(b)	Furniture and fixtures	384.14	-	-	384.14	141.44	36.40	-	177.84	206.30
		383.82	*0.32*	*-*	*384.14*	*105.02*	*36.42*	*-*	*141.44*	*242.70*
(c)	Vehicles	509.98	60.25	112.83	457.40	251.46	55.40	75.73	231.13	226.27
		493.41	*22.71*	*6.14*	*509.98*	*197.47*	*58.99*	*5.00*	*251.46*	*258.52*
(d)	Office equipment	379.92	17.99	0.10	397.81	303.14	37.32	0.04	340.42	57.39
		377.42	*2.50*	*-*	*379.92*	*266.49*	*36.65*	*-*	*303.14*	*76.78*
(e)	Leasehold improvements	393.34	-	-	393.34	393.34	-	-	393.34	-
		540.97	*-*	*147.63*	*393.34*	*443.89*	*-*	*50.55*	*393.34*	*-*
(f)	Computers	52.62	4.83	-	57.45	40.06	6.38	-	46.44	11.01
		47.62	*5.40*	*0.40*	52.62	*33.69*	*6.74*	*0.37*	*40.06*	*12.56*
	Total (A)	**1,770.83**	**83.07**	**112.93**	**1,740.97**	**1,151.20**	**136.30**	**75.77**	**1,211.73**	**529.24**
	Previous year (D)	*1,894.07*	*30.93*	*154.17*	*1,770.83*	*1,067.52*	*139.60*	*55.92*	*1,151.20*	*619.63*
B	**CAPITAL WORK IN PROGRESS**									24.28
	Total (B)									**24.28**
	Previous year (E)									-
	Total (A+B)	**1,770.83**	**83.07**	**112.93**	**1,740.97**	**1,151.20**	**136.30**	**75.77**	**1,211.73**	**553.52**
	Previous year (D+E)	*1,894.07*	*30.93*	*154.17*	*1,770.83*	*1,067.52*	*139.60*	*55.92*	*1,151.20*	*619.63*
C	**INTANGIBLE ASSETS - OWNED**									
	Computer software	83.30	-	-	83.30	49.42	12.44	-	61.86	21.44
		83.30	*-*	*-*	*83.30*	*36.54*	*12.88*	*-*	*49.42*	*33.88*
	Total (C)	**83.30**	**-**	**-**	**83.30**	**49.42**	**12.44**	**-**	**61.86**	**21.44**
	Previous year (F)	*83.30*	*-*	*-*	*83.30*	*36.54*	*12.88*	*-*	*49.42*	*33.88*

Note: Amounts in italics represent previous year's figures.

Notes forming part of the standalone financial statements

11. Non - current investments

Particulars	As at March 31, 2018		As at March 31, 2017	
	(Nos.)	(Rs. inLakhs)	(Nos.)	(Rs. in Lakhs)
A. Investments (valued at cost unless stated otherwise)				
Trade investment in equity instruments - unquoted				
Investment in fully paid up equity shares of Rs. 10 each in subsidiary company - Max Life Insurance Company Limited	1,357,531,196	192,065.07	1,343,360,379	176,732.25
Total - Trade investments		**192,065.07**		**176,732.25**
B. Other investments				
Investment property (net of accumulated depreciation)				
Cost of building given on operating lease		2,731.66		2,731.66
Less: Accumulated depreciation (Refer note below)		163.17		119.92
Total - Other investment		**2,568.49**		**2,611.74**
Total		**194,633.56**		**179,343.99**
Aggregate amount of unquoted investments		192,065.07		176,732.25

Note: Depreciation for the year aggregates to Rs. 43.25 lakhs (previous year: Rs. 43.25 lakhs).

During the year, Max Financial Services Limited ('the Company') has acquired 14,170,817 (previous year: 38,300,000) equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Axis Bank Limited (previous year : Axis Bank Limited and IDFC Limited) for a consideration of Rs. 15,332.82 lakhs (previous year: Rs. 35,906.50 lakhs), thereby increasing its equity stake in MLIC from 70.01% to 70.75%.

12. Long term loans and advances

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Capital advances		
	- Unsecured, considered good	20.00	-
(b)	Security deposits		
	- Unsecured, considered good	110.86	112.15
(c)	Loans and advances to employees		
	- Unsecured, considered good	70.54	82.93
(d)	Prepaid expenses		
	- Unsecured, considered good	18.27	28.43
(e)	Deposit against cases with (Refer note 23) - Unsecured, considered good		
	- Service tax authorities	12.00	12.00
(f)	Advances recoverable in cash or kind		
	- Considered doubtful	303.00	303.00
		303.00	303.00
	Less : Provision for doubtful advances	(303.00)	(303.00)
		-	-
(g)	Advance income tax - Unsecured, considered good (net of provisions Rs. 22,829.43 lakhs (previous year: Rs. 22,829.43 lakhs)	605.06	520.94
Total		**836.73**	**756.45**

Notes forming part of the standalone financial statements

13. Other non-current assets

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Accruals		
	- Interest accrued on deposits	2.40	1.80
(b)	Others		
	- Balances held as margin money against guarantees*	7.58	7.58
	Total	**9.98**	**9.38**

* Includes deposits with remaining maturity of more than 12 months from the balance sheet date.

14. Current Investments

Particulars			As at March 31, 2018		As at March 31, 2017	
			(Nos.)	(Rs. in Lakhs)	(Nos.)	(Rs. in Lakhs)
Current investments (at lower of cost and fair value, unless otherwise stated):						
A.	**Investment in mutual funds (unquoted)**					
	(a)	Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	532,783.20	1,451.59	-	-
	(b)	DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	-	-	265,084.74	560.00
	(c)	DSP BlackRock Liquidity Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	1,548.45	36.00
	(d)	Invesco India Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	6,285.51	150.00	25,383.40	568.00
	(e)	JM High Liquidity Fund - Direct Plan Growth- Face value Rs. 10 per unit	-	-	1,276,613.47	568.00
	(f)	L&T Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	25,481.92	568.00
	(g)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	139,919.89	2,623.12	29,616.49	540.00
		Total (A)		**4,224.71**		**2,840.00**
Aggregate amount of unquoted investments				4,224.71		2,840.00

15. Trade receivables (unsecured)

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	- Unsecured, considered good	128.87	320.69
(b)	Other trade receivables		
	- Unsecured, considered good	539.87	448.37
	Total	**668.74**	**769.06**

Notes forming part of the standalone financial statements

16. Cash and cash equivalents

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
A.	Cash and cash equivalents (As per AS 3 cash flow statement)		
	(a) Cash on hand	1.29	0.38
	(b) Balances with banks - in current accounts	40.40	728.13
	Total - Cash and cash equivalents (As per AS 3 cash flow statement) (A)	**41.69**	**728.51**
B.	Other bank balances		
	- In earmarked accounts - unpaid dividend accounts (Refer note 8)	246.84	249.93
	Total - Other bank balances (B)	**246.84**	**249.93**
	Total - Cash and cash equivelants (A+B)	**288.53**	**978.44**

17. Short term loans and advances

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Loans and advances to related parties (Refer note 30)		
	- Unsecured, considered good	6.47	5.65
(b)	Loans and advances to employees		
	- Unsecured, considered good	12.25	12.80
(c)	Prepaid expenses		
	- Unsecured, considered good	35.84	37.76
(d)	Advances recoverable in cash or kind		
	- Unsecured, considered good	5.72	22.63
(e)	Balances with statutory/government authorities (unsecured)		
	- Input tax credit receivable		
	(i) Considered good	100.33	260.20
	(ii) Considered doubtful	-	443.61
		100.33	703.81
	Less: Provision for doubtful balances	-	(443.61)
		100.33	260.20
	Total	**160.61**	**339.04**

18. Revenue from operations (net)

(Rs. in Lakhs)

	Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Sale of services		
	- Income from shared services	2,123.54	2,121.65
(b)	Other operating revenues (Refer note below)	20,750.26	23,369.78
	Revenue from operations	**22,873.80**	**25,491.43**
	Notes:		
	Other operating revenue comprises:		
(a)	Dividend income on long term investments*	20,016.07	22,064.81
(b)	Interest income on fixed deposits	13.23	13.88
(c)	Profit on sale of current investments in:		
	(i) mutual funds	720.96	1,288.31
	(ii) equity instruments	-	2.78
	Total - other operating revenues	**20,750.26**	**23,369.78**

***** The Company has recognised dividend income of Rs. 20,016.07 lakhs (previous year: Rs. 22,064.81 lakhs) of its share of final dividend in the previous year and interim dividend declared during the year by Max Life Insurance Company Limited (Subsidiary Company).

Notes forming part of the standalone financial statements

19. Other Income

(Rs. in Lakhs)

Particulars			For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Interest income on:			
	(i)	income tax refund	21.75	78.72
	(ii)	loan to employees	3.44	3.95
(b)	Other non operating income			
	(i)	Liabilities / provisions no longer required written back	1.19	0.68
	(ii)	Net gain on foreign currency transactions and translation	-	10.45
	(iii)	Rental income	42.00	42.00
	(iv)	Miscellaneous income	-	0.50
Total			**68.38**	**136.30**

20. Employee benefits expense

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Salaries and wages	2,800.14	2,730.19
(b)	Contribution to provident and other funds (Refer note 25)	173.81	117.17
(c)	Expense on employee stock option scheme (Refer note 27)	966.73	812.58
(d)	Staff welfare expenses	43.54	60.13
	Total	**3,984.22**	**3,720.07**

21. Depreciation and amortisation expense

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Depreciation of tangible assets (Refer note 10)	136.30	139.60
(b)	Amortisation of intangible assets (Refer note 10)	12.44	12.88
(c)	Depreciation of investment property (Refer note 11)	43.25	43.25
	Total	**191.99**	**195.73**

22. Other expenses

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Recruitment and training expenses	1.18	10.51
(b)	Rent including lease rentals (Refer note 28)	378.22	313.35
(c)	Insurance	42.84	26.68
(d)	Rates and taxes	3.08	3.14
(e)	Repairs and maintenance - others	374.80	298.72
(f)	Power and fuel	44.86	48.31
(g)	Printing and stationery	20.17	32.53
(h)	Travelling and conveyance	321.55	469.28
(i)	Communication	42.40	63.85
(j)	Director's sitting fees	81.99	83.42
(k)	Business promotion	70.23	53.42
(l)	Advertisement and publicity	36.02	99.59
(m)	Net loss on sale / disposal of fixed assets	5.60	0.55
(n)	Allowance on service tax credit receivable*	289.94	443.61
(o)	Fixed assets written off	-	97.09
(p)	Charity and donation	79.61	106.00
(q)	Net loss on foreign currency transactions and translations	4.78	-
(r)	Miscellaneous expenses	33.28	47.38
	Total	**1,830.55**	**2,197.43**

Notes forming part of the standalone financial statements

* Allowance on service tax credit receivable

(Rs. in Lakhs)

	Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
a.	Doubtful service tax credit receivable written off	733.55	-
b.	Allowance for service tax credit receivable written back	(443.61)	-
		289.94	-
c.	Allowance for service tax credit receivable	-	443.61
		289.94	**443.61**

23. Commitments and contingent liabilities

(Rs. in Lakhs)

		Particulars	As at March 31, 2018	As at March 31, 2017
A.	**Commitments**			
	(i)	Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	42.39	-
	(ii)	The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company is required to buy back the stake held by Axis Bank Limited in Max Life Insurance Company Limited, upon exercise of put option by Axis Bank Limited in 5 equal tranches at a price linked to fair market value.		
B.	**Contingent liabilities**			
	Claims against the Company not acknowledged as debts (Refer note a)			
	(i)	Disputed demands raised by custom authorities	429.40	418.26
	(ii)	Disputed demand raised by service tax authorities (Refer note b)	352.58	352.58
	(iii)	Disputed demand raised by income tax authorities (Refer note c)	159.04	159.04
	(iv)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note c)	-	33.42
	(v)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (Refer note e)		
	(vi)	Litigation against the Company relating to Company Law matters (Refer note d)		

Notes :

a. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums / authorities. Based on management estimation and opinions from legal advisors, management believes that its position is likely to be upheld in appellate process. No tax has been accrued in the financials statements for tax / legal case demands. The management believes that the ultimate outcome of the proceedings will not have material adverse effect on the Company's financial position and result of operations.

b. The Company has not made any provision for the demands in service tax cases as the Company believes that they have a good case based on existing judicial pronouncements. Advance paid against the same is Rs. 12.00 lakhs (previous year: Rs. 12.00 lakhs).

c. Income tax cases represent the cases pending with income tax authorities / appellate authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of

Notes forming part of the standalone financial statements

judgments / decisions pending with various courts / authorities. The Company has not made any provision for the demands in income tax cases as the Company believes that they have a good case based on existing judicial pronouncements.

d. During the year 2006, the Ministry of Corporate Affairs had carried out an inspection, wherein certain technical offences were alleged by the Inspection Officer based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petition against the prosecution proceedings with the Hon'ble High Court of Punjab and Haryana. The High Court stayed the proceedings and listed the case for arguments.

e. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains of Rs. 47,493.09 lakhs realised by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 lakhs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 lakhs which included the demand of Rs. 24,368.00 lakhs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL, which is pending as of date.	High Court

Notes forming part of the standalone financial statements

S. No.	Assessment Year	Brief Description	Pending Before
4	2006-07	The capital gains of Rs. 41,153.88 lakhs realised from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 lakhs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled. The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	High Court
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 lakhs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

24. Expenditure in Foreign Currency (on accrual basis)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Legal and professional expenses	558.25	550.12
Travelling and conveyance	47.33	65.17
Total	**605.58**	**615.29**

25. Retirement benefit plans

(i) Defined contribution plans

The Company makes provident fund contribution to a defined contribution retirement benefit plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund trust set up by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 ("Scheme") and recognises as an expense in the year it is determined.

As of 31 March, 2018, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 1,772.54 lakhs (previous year: Rs. 1,540.89 lakhs) and Rs. 1,748.07 lakhs (previous year: Rs. 1,521.10 lakhs)

Notes forming part of the standalone financial statements

respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.55% (previous year: 8.65%). The actuarial assumptions include discount rate of 7.18% (Previous year: 6.67%) and an average expected future period of 27.11 years (previous year: 27.11 years).

The Company recognised Rs. 93.82 lakhs (previous year: Rs. 84.05 lakhs) for provident fund contribution in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at the rates specified in rules to the Scheme.

(ii) Defined benefit plans

The Company makes annual contribution to the Max Financial Services Limited Employees Group Gratuity Fund of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company financial statements as at March 31, 2018:

		(Rs. in Lakhs)
Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Components of employer expense		
Current service cost	40.48	35.32
Interest cost	19.20	18.70
Expected return on plan assets	(2.40)	(2.24)
Actuarial losses/(gains)	22.71	(8.77)
Adjustment in fair value of plan assets	-	(9.89)
Total expense recognised in the Statement of Profit and Loss	**79.99**	**33.12**
Actual contribution and benefit payments for year		
Actual benefit payments	-	2.56
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(377.73)	(295.34)
Fair value of plan assets	31.41	29.01
Net asset / (liability) recognised in the Balance Sheet	**(346.32)**	**(266.33)**
Net liability has been classified under:		
Long-term provisions	268.72	85.39
Short-term provisions	77.60	180.94
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	295.34	252.68
Current service cost	40.48	35.32
Interest cost	19.20	18.70
Actuarial loss/(gains)	22.71	(8.80)
Benefits paid	-	(2.56)
Present value of DBO at the end of the year	**377.73**	**295.34**

Notes forming part of the standalone financial statements

(Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in fair value of assets during the year		
Plan assets at beginning of the year	29.01	16.92
Adjustment in fair value of plan assets	-	9.89
Expected return on plan assets	2.40	2.24
Actuarial gain / (loss) on plan assets	-	(0.04)
Benefits paid	-	-
Plan assets at the end of the year	**31.41**	**29.01**
Actual return on plan assets	**2.40**	**2.20**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	7.20%	6.50%
Expected return on plan assets	8.25%	8.25%
Salary escalation	10.00%	10.00%
Retirement age	58-65 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%) - All ages	5% p.a.	5% p.a.
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	48.51	60.16

Notes:

a. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

b. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c. The planned assets of the Company are managed by the Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information on categories of plan assets is not available with the Company.

d. Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in Lakhs)

Particulars	Gratuity				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value of DBO	377.73	295.34	252.68	430.63	828.63
Fair value of plan assets	31.41	29.01	16.92	41.10	360.97
Funded status [Surplus / (Deficit)]	(346.32)	(266.33)	(235.76)	(389.53)	(467.66)
Experience gain / (loss) adjustments on plan liabilities	(30.31)	12.54	(14.69)	(74.40)	16.03
Experience gain / (loss) adjustments on plan assets	-	(0.04)	(0.54)	(1.76)	(1.70)

Notes forming part of the standalone financial statements

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	12,304.50	15,399.75
Weighted average number of equity shares outstanding during the year (Nos.)	267,948,970	267,137,946
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**4.59**	**5.76**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	1,567,824	2,378,848
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,516,794	269,516,794
Diluted Earnings Per Share (Rs.)	**4.57**	**5.71**

27 Employee Stock Option Plan

27.1 Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved the shareholders in Annual General Meeting held on September 30, 2014, the Option Price will be determined by the Nomination and Remuneration Committee, from time to time, in accordance with the provisions of applicable law, provided that the Option Price shall not be below the face value of the equity shares of the Company.

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	2,246,745	246.05	2,503,560	221.02
Granted during the year	-	-	29,235	2.00
Forfeited during the year	-	-	-	-
Exercised during the year	(1,113,978)	248.11	(286,050)	2.00
Outstanding at the end of the year	1,132,767	244.03	2,246,745	246.05

For the period, the weighted average share price at the exercise date was Rs. 601.93 (previous year: Rs. 531.30)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.14 years (March 31, 2017: 1.63 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 311.34 (March 31, 2017: 2.00 to 311.34).

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.

Notes forming part of the standalone financial statements

Particulars	March 31, 2018	March 31, 2017
Date of option granted	-	1-Apr-16
Stock Price Now (in Rupees)	-	344.05
Exercise Price (X) (in Rupees)	-	2.00
Expected Volatility (Standard Dev - Annual)	-	36.82%
Life of the options granted (Vesting and exercise period) in years	-	3.00-6.00
Expected Dividend	-	0.51%
Average Risk- Free Interest Rate	-	7.49%-7.91%
Weighted average fair value of options granted	-	332.46 - 337.24

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

27.2 Employees Phantom Stock Plans (PSP Plans)

The Company had instituted PSP Plans, which were approved by the Board of Directors. The PSP Plans provide for issue of units to eligible employees of the Compay. Under the Plans, eligible employees receive cash equivalent to fair market value of units upon completion of vesting conditions, as administered by the Nomination and Remuneration Committee including rendering of services across vesting period. Vesting period ranges from 1 to 4 years.

Accordingly Rs. 720.49 lakhs (previous year: Rs. 380.42 lakhs) has been accrued as an expense in the Statement of Profit and Loss account as applicable. The details of the units granted during the year are as under:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	143,052	6.00	-	-
Granted during the Year	115,189	5.38	143,052	6.00
Forfeited during the year	-	-	-	-
Exercised during the year	(35,763)	6.00	-	-
Outstanding at the end of the year	222,478	5.68	143,052	6.00

For the period, the weighted average share price at the exercise date was Rs. 765.90 (previous year: Rs. Nil)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.00 years (March 31, 2017: 1.59 years).

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

Particulars	March 31, 2018	March 31, 2018	March 31, 2017
Date of option granted	1-Apr-17	1-Apr-17	8-Aug-16
Stock price now (in rupees)	565.55	734.62	551.60
Exercise price (X) (in rupees)	2.00	6.00	6.00
Expected volatility (standard dev - annual)	36.82%	36.82%	49.00%
Life of the options granted (vesting and exercise period) in years	3.00-5.00	3.00-5.00	3.00-5.65
Expected dividend	0.31%	0.24%	0.32%
Average risk- free interest rate	6.68%-6.88%	6.68%-6.88%	7.05%-7.32%
Weighted average fair value of options granted	555.44 - 558.68	721.65 - 724.48	537.84 - 541.52

Notes forming part of the standalone financial statements

The Company measures the cost of ESOP using intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and EPS as reported would have changed to amount indicated below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit as reported (Rs. in lakhs)	12,304.50	15,399.75
Add: Employee stock compensation under intrinsic value method (Rs. in lakhs)	966.73	812.58
Less: Employee stock compensation under fair value method (Rs. in lakhs)	(1,552.63)	(1,471.05)
Performa profit (Rs. in lakhs)	11,718.60	14,741.28
Earnings Per Share (Rupees)		
Basic		
- As reported	4.59	5.76
- Performa	4.37	5.52
Diluted		
- As reported	4.57	5.71
- Performa	4.35	5.47

28. Leases

The Company has entered into operating lease arrangements for certian facilities and office premises. Rent expense of Rs. 378.22 lakhs (previous year Rs. 313.35 lakhs) in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss.

29. Segment Reporting

Being a holding company, the Company is having business investments and is primarily engaged in growing and nurturing the business investments and providing management advisory services to group companies. Accordingly, the Company views these activities as one business segment, therefore there are no separate reportable segments as per Accounting Standard 17 prescribed under Section 133 of the Companies Act, 2013.

30. Related parties disclosures as per Accounting Standard - 18

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

Subsidiary company	-	Max Life Insurance Company Limited (MLIC)

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

Key Management Personnel (KMP)	-	Mr. Mohit Talwar (Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	-	Max India Foundation
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Notes forming part of the standalone financial statements

30.1 Transactions with related parties during the year:

(Rs. in Lakhs)

Particulars	Subsidiary Max Life Insurance Company Limited	Key Management Personnel Mr. Mohit Talwar	Enterprises owned or significantly influenced by key management personnel or their relatives Max India Foundation	Employee Benefit Fund Max Financial Services Limited Employees' Provident Fund Trust	Total
Reimbursement of expenses (Received from)	19.95	-	-	-	19.95
	(19.88)	-	-	-	(19.88)
Income from shared services	979.23	-	-	-	979.23
	(892.90)	-	-	-	(892.90)
Reimbursement of expenses (Paid to)	4.79				4.79
	(0.54)	-	-	-	(0.54)
Services received - Insurance related	9.89	-	-	-	9.89
	(8.30)	-	-	-	(8.30)
Managerial remuneration	-	1,436.52	-	-	1,436.52
	-	(676.23)	-	-	(676.23)
Donation paid	-	-	77.00	-	77.00
	-	-	(55.00)	-	(55.00)
Company's contribution to Provident Fund Trust	-	-	-	91.86	91.86
	-	-	-	(84.05)	(84.05)
Dividend income	20,016.07	-	-	-	20,016.07
	(22,064.81)	-	-	-	(22,064.81)
Investments made	15,332.82	-	-	-	15,332.82
	(35,906.50)	-	-	-	(35,906.50)
30.2 Balance outstanding as at the year end:					
Loans and advances given	6.47				6.47
	(5.65)	-	-	-	(5.65)
Trade receivables	381.22				381.22
	(235.73)	-	-	-	(235.73)
Investment in equity share capital	192,065.07				192,065.07
	(176,732.25)	-	-	-	(176,732.25)

Figures in brackets represents previous year numbers

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences benefits, as they are determined on an actuarial basis for the Company as a whole.

Notes forming part of the standalone financial statements

31. Disclosure of section 186 (4) of the Companies Act 2013
Particulars of Investments made:

(Rs. in Lakhs)

Name of the Investee	As at March 31, 2017	Investment made during the year	Investment redeemed / extinguished	As at March 31, 2018	Purpose
Investment in equity shares of					
Max Life Insurance Company Limited	176,732.25	15,332.82	-	192,065.07	Strategic investment
	(140,825.75)	(35,906.50)	(-)	(176,732.25)	

Figures in brackets represents previous year numbers

32. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

33. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

34. The Company is primarily engaged in the business of making business investment in its subsidiaries. The investments (financial assets) and dividend income (financial income) on the same has resulted in financial income to be in excess of 50% of its total income and its financial assets to be more than 50% of total assets. The Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systemically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated July 1, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

35. In terms of Companies (Indian Accounting Standards) Rules 2015, as amended, the Non Banking Finance Companies (NBFCs), including Core Investment Companies (CIC), having a net worth of Rs. 500 crores or more are required to prepare Ind-AS based financial statements for accounting periods beginning on or after April 1, 2018 with comparatives for the periods ending March 31, 2018 or thereafter. Hence, the current financials have been drawn in accordance with Indian GAAP as Ind-AS provisions are not applicable to the Company for the current accounting year, the Company being a Core Investment Company (non-systemically important CIC) under the Non Banking Finance Company (NBFC) rules as defined under the RBI Act, 1934.

36. At the year end, unhedged foreign currency exposures are as follows:

Particulars	As at March 31, 2018			As at March 31, 2017		
	Foreign Currency (in lakhs)	Exchange Rate (Rupee)	Indian Rupee (in lakhs)	Foreign Currency (in lakhs)	Exchange Rate (Rupee)	Indian Rupee (in lakhs)
Trade payables (USD)	-	-	-	0.01	64.84	0.88
Trade payables (GBP)	1.52	92.28	140.27	1.41	80.88	114.04

37. Payment to auditor (excluding GST/Service tax) (included in legal and professional)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
To statutory auditor:		
For audit	18.00	18.00
For other services	3.00	5.00
Reimbursement of expenses	1.09	1.47
Total	**22.09**	**24.47**

Notes forming part of the standalone financial statements

38. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(Rs. in Lakhs)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
(i) the principal amount remaining unpaid to any supplier	-	-
(ii) interest due thereon	-	-
(iii) interest paid in terms of section 16 of the Micro,Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	-	-
(iv) interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) interest accrued and remaining unpaid	-	-
(vi) further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39. The previous year's figures have been regrouped / reclassified, wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Max Financial Services Limited (formerly known as 'MAX INDIA LIMITED")

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Max Financial Services Limited (formerly known as 'MAX INDIA LIMITED")** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

The auditors of Max Life Insurance Company Limited ('MLIC'), subsidiary company have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March, 2018 is the responsibility of the MLIC's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") and the Institute of Actuaries of India in concurrence with the IRDAI. MLIC's auditors have relied upon Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in Financial Statements of MLIC.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 29 to the consolidated financial statements.

ii. The liability for insurance contracts, is determined by the MLIC's Appointed Actuary as per Note 36 to the consolidated financial statements, and is covered by the Appointed Actuary's certificate, referred to in Other Matter paragraph above, on which we have placed reliance; and the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 41 to the consolidated financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India – Refer Note 42 to the consolidated financial statements.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: 25 May, 2018

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2018, we have audited the internal financial controls over financial reporting of **Max Financial Services Limited (formerly known as 'MAX INDIA LIMITED")** (hereinafter referred to as "the Holding Company" / "Parent") and its subsidiary company, which includes internal financial controls over financial reporting of the Company's and its subsidiary as of that date.

The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued but liability exists as at 31 March, 2018 is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations", and has been relied upon by us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended 31 March, 2018. Accordingly, we have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary company, which is company incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors and other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

The auditors of Max Life Insurance Company Limited ('MLIC'), subsidiary company have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March, 2018 is required to be certified by the MLIC's Appointed Actuary (the "Appointed Actuary") as per the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") and has been relied upon by them, as mentioned in "Other Matter" para of our audit report on the Consolidated Financial Statements of the Company as at and for the year ended 31 March, 2018. Accordingly, MLIC's auditors have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1 subsidiary company, which is company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: 25 May, 2018

Consolidated Balance Sheet

as at March 31, 2018

(Rs. in Lakhs)

Particulars			Note No.	As at March 31, 2018	As at March 31, 2017
A.	**Equity and liabilities**				
1.	**Shareholders' funds**				
	(a)	Share capital	3	5,367.68	5,345.40
	(b)	Reserves and surplus	4	255,760.23	228,120.09
				261,127.91	**233,465.49**
2.	**Minority interest**			**77,132.22**	**74,897.13**
3.	**Non-current liabilities**				
	(a)	Deferred tax liabilities (net)	5	-	-
	(b)	Other long-term liabilities	6	9,869.05	5,778.55
	(c)	Long-term provisions	7	4,573.22	3,607.09
	(d)	Long-term policyholders' funds	8	4,361,320.73	3,680,947.73
	(e)	Funds for future appropriations - participating policies		186,554.42	155,648.24
				4,562,317.42	**3,845,981.61**
4.	**Current liabilities**				
	(a)	Trade payables	9		
		i. total outstanding dues of micro enterprises and small enterprises		33.90	-
		ii. total outstanding dues of creditors other than micro enterprises and small enterprises		84,171.53	86,481.06
	(b)	Other current liabilities	10	71,965.95	60,959.62
	(c)	Short-term provisions	11	5,879.46	16,629.56
	(d)	Short-term policyholders' funds	12	465,572.51	355,518.67
				627,623.35	**519,588.91**
		Total		**5,528,200.91**	**4,673,933.14**
B.	**Assets**				
1.	**Non-current assets**				
	(a)	Fixed assets			
		(i) Tangible assets	13	5,451.78	6,203.23
		(ii) Intangible assets	13	8,915.36	10,349.00
		(iii) Capital work-in-progress		2,026.13	327.61
	(b)	Goodwill on consolidation		65,908.05	52,525.44
	(c)	Non-current investments	14	4,618,964.61	3,942,461.43
	(d)	Long-term loans and advances	15	32,598.31	22,804.36
	(e)	Other non-current assets	16	3,933.90	2,419.16
				4,737,798.14	**4,037,090.23**
2.	**Current assets**				
	(a)	Current investments	17	573,329.03	468,295.91
	(b)	Trade receivables	18	66,168.78	53,083.85
	(c)	Cash and cash equivalents	19	44,338.70	35,623.34
	(d)	Short-term loans and advances	20	20,522.79	16,469.31
	(e)	Other current assets	21	86,043.47	63,370.50
				790,402.77	**636,842.91**
		Total		**5,528,200.91**	**4,673,933.14**
See accompanying notes forming part of the consolidated financial statements			1 to 44		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

				(Rs. in Lakhs)
Particulars		**Note No**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
1.	**Income**			
	(a) Revenue from operations (net)	22	1,657,735.32	1,522,788.76
	(b) Other income	23	2,877.25	2,081.32
2.	**Total revenue**		**1,660,612.57**	**1,524,870.08**
3.	**Expenses**			
	(a) Change in policy reserves	24	821,333.02	796,951.41
	(b) Claims and other benefits payout		494,664.57	377,681.13
	(c) Employee benefits expense	25	77,628.32	91,812.66
	(d) Finance costs	26	1,102.75	893.26
	(e) Depreciation and amortisation expense	27	6,277.40	6,252.83
	(f) Legal and professional expenses		7,007.89	6,463.06
	(g) Other expenses	28	198,793.06	174,659.34
4.	**Total expenses**		**1,606,807.01**	**1,454,713.69**
5.	**Profit before tax (2 - 4)**		53,805.56	70,156.39
6.	**Tax expense**			
	(a) Current tax		8,754.54	10,829.00
	(b) Deferred tax		-	-
			8,754.54	**10,829.00**
7.	**Profit after tax (5 - 6)**		**45,051.02**	**59,327.39**
8.	Share of profit attributable to Minority interest		**(15,433.86)**	**(19,791.11)**
9.	**Profit for the year arrtibutable to the shareholders of the Company (7+8)**		**29,617.16**	**39,536.28**
10.	**Earnings per equity share**	31		
	(Face value of Rs. 2 per share)			
	(a) Basic (Rs.)		**11.05**	**14.80**
	(b) Diluted (Rs.)		**10.99**	**14.67**
	See accompanying notes forming part of the consolidated financial statements	1 to 44		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Consolidated Cash flow statement

for the year ended March 31, 2018

			(Rs. in Lakhs)
Particulars		**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Cash flow from operating activities			
Profit before tax		53,805.56	70,156.39
Adjustments for:			
Depreciation and amortisation expense		6,277.40	6,252.83
Interest income		(268,452.99)	(222,235.64)
Amortisation of discount/(premium)		(60.83)	-
Dividend income on long term investments		(15,086.86)	(14,401.82)
Net loss / (profit) on sale/disposal of fixed assets		(28.48)	(55.58)
Profit on sale of current investments in:			
- mutual funds		(135,070.61)	(114,226.26)
- equity instruments		-	(2.78)
Unrealised (gain) / loss on long term investments		-	(103,750.11)
Fixed assets written off		-	97.09
Doubtful advances written off		-	49.20
Provision for doubtful debts and service tax credit receivable		351.82	443.61
Liabilities/provisions no longer required written back		(1.19)	(0.68)
Expense on employee stock option scheme		(3,914.62)	8,994.31
Net unrealised exchange loss		-	(1.51)
Change in policy reserves		821,333.02	796,951.49
Operating profit before working capital changes		**459,152.22**	**428,270.54**
Changes in working capital:			
Adjustments for (increase)/decrease in operating assets:			
Trade receivables		(13,618.08)	(553.96)
Short-term loans and advances		(10,617.86)	4,533.24
Long-term loans and advances		(966.96)	(4,873.03)
Other current assets		(3,532.29)	(3,405.22)
Other non-current assets		-	(749.46)
Interest Received		266,716.00	225,941.62
Dividend Received		-	0.28
		237,980.81	**220,893.47**
Adjustments for increase/(decrease) in operating liabilities:			
Short-term trade payables		(14,742.70)	18,449.13
Other current liabilities		7,478.45	(781.34)
Other long-term liabilities		2,602.27	(567.23)
Short-term provisions		11,876.05	(121.77)
Long-term provisions		(391.18)	(2,869.69)
		6,822.89	**14,109.10**
Net cash generated from operations		**703,955.92**	**663,273.11**
Net income tax paid		**(8,838.66)**	**(10,705.34)**
Net cash flow from operating activities	**(A)**	**695,117.26**	**652,567.27**
Cash flow from investing activities			
Capital expenditure on fixed assets including capital advances		(4,918.84)	(8,106.88)
Proceeds from sale of fixed assets		111.12	227.90
Purchase of non-current investments		(15,332.82)	(35,906.50)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
			(Rs. in Lakhs)
Proceeds from sale of non-current investment		-	3.43
Proceeds from loans against policies		(8,994.04)	(5,692.33)
Purchase of current investments		(52,152,374.35)	(40,136,218.83)
Proceeds from sale/maturity of current investments		51,506,738.25	39,556,721.18
Bank balances not considered as Cash and cash equivalents (net)		3.09	(17.94)
Net cash used in investing activities	**(B)**	**(674,767.59)**	**(628,989.97)**
Cash flow from financing activities			
Proceeds from ESOPs exercised (including share premium a/c)		2,763.34	5.72
Dividend paid on equity shares		-	(4,806.62)
Dividend paid to minority shareholders		(8,574.25)	(10,171.52)
Tax on equity dividend paid		(5,820.31)	(6,562.50)
Net cash used in financing activities	**(C)**	**(11,631.22)**	**(21,534.92)**
Net Increase/(decrease) in cash and cash equivalents (A + B + C)		8,718.45	2,042.88
Cash and cash equivalents at the beginning of the year		35,373.41	33,330.53
Cash and cash equivalents at the end of the year		**44,091.86**	**35,373.41**

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
			(Rs. in Lakhs)
Components of cash and cash equivalent			
Cash on hand		366.57	550.91
Cheques on hand		5,681.72	6,353.02
Balance with banks in current account		37,475.97	28,153.00
Stamps on hand		567.60	316.48
Total cash and cash equivalents		**44,091.86**	**35,373.41**
See accompanying notes forming part of the consolidated financial statements	1 to 44		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564

Place : New Delhi
Date : May 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Notes forming part of the consolidated financial statements

1. Corporate Information

Max Financial Services Limited [formerly known as MAX INDIA LIMITED] ("the Company") is a public limited company domiciled in India. The shares of the Company are listed on National Stock Exchange (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies.

The name of the Company has been changed from MAX INDIA LIMITED to Max Financial Services Limited with effect from February 1, 2016.

Max Life Insurance Company Limited ('the Subsidairy Company') was incorporated on July 11, 2000 as a public limited company under the Companies Act, 1956 to undertake and carry on the business of life insurance and annuity. The Subsidiary Company obtained a license from the Insurance Regulatory and Development Authority of India ('IRDAI') for carrying on life insurance business on November 15, 2000. The license has been renewed regularly and is in force as at March 31, 2018. The Subsidiary Company offers a range of participating, non participating and linked products covering life insurance, pension and health benefits including riders for individual and group segments. These products are distributed by individual agents, corporate agents, banks, brokers and other channels.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Consolidated Financial Statements (CFS) comprises the financial statements of Max Financial Services Limited ("the Company") and its Subsidiary Company (together the "Group"). The CFS of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act").

The financial statements of Max Life Insurance Company Limited, a subsidiary of the Company, which are included in these CFS, are prepared and presented under the historical cost convention, unless otherwise stated, and on accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP). The subsidiary has prepared the financial statements in compliance with the accounting standards notified under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of financial reporting and are consistent with the accounting principles as prescribed with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the Financial Statements Regulations'), the Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business Ref No. IRDA/F&A/ Cir/232/12/2013 dated December 11, 2013, ('the Master Circular'), the regulations framed thereunder and various orders/directions/circulars issued by the IRDAI and the practices prevailing within the insurance industry in India.

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

2.2 Principles of Consolidation

The consolidated financial statements relate to Max Financial Services Limited ('formerly Max India Limited') (the 'Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2018.

(ii) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iii) The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.

Notes forming part of the consolidated financial statements

(iv) The excess of cost to the Group of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

(v) Minority Interest in the net assets of the consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / (loss) for the year of the subsidiary company attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

(vi) Goodwill arising on consolidation is not amortised but tested for impairment.

(vii) Subsidiary company have been considered in the preparation of the consolidated financial statements.

Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at March 31, 2018	Proportion of ownership as at March 31, 2017
Max Life Insurance Company Limited	India	70.75%	70.01%

2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported balances of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company and its subsidiary company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of assets has been assessed as under based on technical advice, taking into account the nature of asset, the estimated usage of asset, the estimated usage of asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

(i) Vehicles - 5 to 8 years

(ii) Handheld devices (included in office equipment) - 1 year

Notes forming part of the consolidated financial statements

(iii) IT equipment including server and network - 4 years

(iv) Leasehold improvements are amortised over the duration of the lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

(i) Software (excluding policy administration system and satellite systems) - 3 to 4 years

(ii) Policy administration and satellite systems - 6 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

In the subsidiary company, Assets individually costing upto rupees five thousands and not as part of a composite contract are fully depreciated in the month of acquisition. Fixed assets at third party locations and not under direct physical control of the subsidiary are fully depreciated over twelve months when it is available for use in the manner intended by management.

2.7 Revenue recognition

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

a) Income from services

Revenues from shared services contracts are recognised over the period of the contract as and when services are rendered.

b) Interest income

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

c) Dividend

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

For **Life Insurance Business (Subsidiary Company)**

a) Premium Income

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

b) Income from linked policies

Income on linked policies including fund management charges, policy administration charges, surrender penalty charges, mortality charges, and other charges, wherever applicable are recovered from the linked fund and recognised when due in accordance with the terms and conditions mentioned in the policies.

c) Income earned on investments

Other than Linked Business

Interest income from investments is recognised on accrual basis. Amortisation of premium/accretion of discount on debt securities including money market instruments is recognised over the maturity period on its intrinsic yield. Dividend income is recognised when the right to receive dividend is established. Realised gains/loss on debt securities is the difference between the sale consideration and the amortised cost computed on weighted average basis on the date of sale. Sale consideration for the purpose of realised gain/loss excludes interest accrued till transaction settlement date and is net of brokerage and statutory levies, if any.

In case of listed equity shares, mutual fund units, additional tier-I bonds and alternate investment funds the profit/loss on actual sale of investment includes the accumulated changes in the fair value, previously recognised under "Fair Value Change Account" in the Balance Sheet. Unrealised gains/losses due to change in fair value of listed equity shares ,mutual funds, additional tier-1 bonds and alternate investment funds units are credited / debited to the 'Fair Value Change Account'. Income from alternative investment fund is recognised when a right to receive payment is established.

Linked Business

Interest income from investments is recognised on an accrual basis. Amortisation of premium/accretion of discount on debt securities with a residual maturity upto 182 days and money

Notes forming part of the consolidated financial statements

market instruments is recognised uniformly over the remaining maturity period. Dividend income is recognised on the ex-dividend date.

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

d) Income earned on loans

Interest income on loans is recognised on an accrual basis. Fees and charges also include policy reinstatement fees and loan processing fees which are recognised on receipt basis.

e) Rental income on investment property

Lease rentals on investment property is recognised on accrual basis and include only the realisable rent. Costs related to operating and maintenance of investment property are recognised as expense in the Revenue Account.

2.8 Tangible fixed assets (Property, plant and equipment)

Fixed assets are carried at costs less accumulated depreciation, amortisation and impairment loss, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use. Exchange difference arising on restatement/settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining life of fixed assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Capital work-in-progress:

The assets which are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.9 Intangible fixed assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.10 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.11 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments

Notes forming part of the consolidated financial statements

are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for impairment of Assets.

For **Life Insurance Business (Subsidiary Company)**

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

Classification

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

Valuation - Shareholder's Investments and Non-linked Policyholder's Investments

Debt securities, which include government securities and redeemable preference shares are considered as 'held to maturity' and measured at historical cost subject to amortisation. The premium/discount, if any, on purchase of debt securities including money market instruments is recognised and amortised in the Statement of Profit and Loss, over the remaining period to maturity on the basis of their intrinsic yield.

Reverse repos are valued at cost. Fixed deposits are valued at cost till the date of maturity.

Listed shares, as at balance sheet date, are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the Bombay Stock Exchange Ltd (BSE). Unlisted equity shares (including awaiting listing) are stated at historical cost subject to diminution, if any, determined separately for each individual investment. Investments in Mutual fund units are valued at previous day's net asset value of the respective funds.

Alternate Investment Funds are valued at Net Asset Value (NAV) if applicable or Historical Cost less diminution in value of Investments.

Additional Tier-1 bonds are valued on the basis of values generated by bond valuer based on matrix released by Credit Rating Information Services of India Limited (CRISIL) on daily basis.

Infrastructure Investment Trusts are valued at Market Value or latest NAV published by trust, in case the market value is not available for last 30 days.

Money market instruments like Commercial Papers, Certificate of Deposit, Treasury Bills (T-Bills) and Collaterised Borrowing and Lending Obligation (CBLO) are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a yield to maturity.

Land or building or part of a building or both held to earn rental income or capital appreciation or for both, if any, rather than for use in services or for administrative purposes is classified as real estate investment property and is valued at historical cost (including cost of improvements and other incidental costs) subject to revaluation on an annual basis. The change in the carrying amount of the investment property shall be taken to Revaluation Reserve. The depreciation charge shall be ignored for the valuation of Investment Property.

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

Bonus entitlements are recognised as investments on the 'ex- bonus date'.

Valuation - Linked Investments

Government securities are valued at the prices obtained from CRISIL. Debt securities other than Government Securities are valued on the basis of

Notes forming part of the consolidated financial statements

values generated by bond valuer based on matrix released by the CRISIL on daily basis.

Listed shares are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the BSE Ltd (BSE). Unlisted equity shares (including awaiting listing) are stated at historical cost subject to diminution, if any, determined separately for each individual investment. Mutual fund units are taken at the previous day's net asset values.

Compulsory Convertible Debentures (CCD's) are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the BSE Ltd(BSE).

Securities with call options are valued at the lower of the values as obtained by valuing the security to the final maturity date or to the call option date by using the benchmark rate based on the matrix released by CRISIL on daily basis. Securities with put options are valued at the higher of the value as obtained by valuing the security to the final maturity date or to the put option date by using the benchmark rate based on the matrix released by CRISIL on daily basis.

Reverse repos are valued at cost. Fixed deposits are valued at cost till the date of maturity.

Money market and debt securities with a residual maturity upto 182 days are valued at amortised cost being the difference between the redemption value and historical cost/last valuation price, spread uniformly over the remaining maturity period of the instrument.

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

Bonus entitlements are recognised as investments on the 'ex- bonus date'.

Valuation of Derivative Instrument:-

Interest rate swaps are contractual agreements between two parties to exchange fixed rate and floating rate interest by means of periodic payments, calculated on a specified notional amount and defined interest rates. Interest payments are netted against each other, with the difference between the fixed and floating rate payments paid by one party.

For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect Revenue/Profit or loss.

At the inception of the transaction, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction. The Company also documents its assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item, both at inception and on an ongoing basis.

Hedge effectiveness is the degree to which changes in cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The portion of fair value gain/loss on the Interest Rate Derivative that is determined to be an effective hedge is recognised directly in appropriate equity account i.e. 'Hedge Fluctuation Reserve' which is included in 'Credit/(Debit) Fair Value Change Account' under Policyholders funds in the balance sheet. The ineffective portion of the change in fair value of such instruments is recognised in the Revenue Account in the period in which they arise. If the hedging relationship ceases to be effective or it becomes probable that the expected forecast transaction will no longer occur, hedge accounting is discontinued and accumulated gains or losses that were recognised directly in the Hedge Fluctuation Reserve are reclassified into Revenue Account.

All derivatives are initially recognised in the Balance sheet at their fair value, which usually represents their cost. They are subsequently re-measured at their fair value, with the method of recognising movements in this value depending on whether they are designated as hedging instruments and, if so, the nature of the item being hedged. Fair values are obtained from quoted market prices. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do

Notes forming part of the consolidated financial statements

not represent the fair value of these transactions.

Transfer of Investments

Investments in debt securities are transferred from shareholders to policyholders at the lower of the market price and net amortised cost. Investments other than debt securities are transferred from shareholders to policyholders at lower of book value or market value. Transfers of investments between unit linked funds are effected at prevailing market price. No transfer of investments is carried out between different policyholders' funds.

Impairment of Investments

The Company assesses at each Balance Sheet date, using internal and external sources, whether there is any indication of impairment of investment or reversal of impairment loss earlier recognised. An impairment loss is accounted for an expense in the Revenue Account or the Profit and Loss Account to the extent of the difference between the remeasured fair value of the investments and its acquisition cost as reduced by any earlier impairment loss accounted for as an expense in the Revenue Account or the Profit and Loss Account. Any reversal of impairment loss earlier recognised, is accounted in Revenue/Profit and Loss Account.

2.12 Employee benefits

Employee benefits include provident fund, gratuity fund, compensated absences and long-term incentive plan.

a) Post employment benefit plan

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to such benefits.

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

c) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

d) Long term incentive

The liability towards Long Term Incentive Plan is accounted for on the basis of independent actuarial valuations carried out as per 'Projected Unit Credit Method' at the balance sheet date. Actuarial gains / losses related thereof are recognised in the revenue account.

2.13 Employee share based payments

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the

Notes forming part of the consolidated financial statements

SEBI (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

The Company had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company, Max India Limited and Max Ventures and Industries Limited as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

The Company has constituted another Phantom Stock option plan in 2017, which will be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company as at end of each financial period/ year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

For **Life Insurance Business (Subsidiary Company)**

The options are accounted for on an intrinsic value basis in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India (ICAI). Intrinsic value of option, which is the difference between derived market price of the underlying stock and the exercise price on the grant date is amortised over the vesting period. The intrinsic value is being measured at each reporting date and at the date of settlement, with any changes in such value being recognised in the Statement of Profit and Loss. Options that lapse are reversed by a credit to Statement of Profit and Loss equal to the amortised portion of the value of the lapsed options.

In a cash settled employee share based payment plan, the Subsidiary company recognises expense for the services received, as employees render services over the vesting period.

2.14 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.15 Leases

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially

Notes forming part of the consolidated financial statements

vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Taxes on income

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

2.18 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

Notes forming part of the consolidated financial statements

2.19 Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.20 Service tax / Goods and services tax input credit

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.21 Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.22 Other Life Insurance business specific accounting policies

a) Reinsurance Premium

Reinsurance premium ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the reinsurer. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

b) Acquisition Costs

Acquisition costs include expenses which are incurred to solicit and underwrite insurance contracts such as commission, medical fee, stamp duty, policy printing expenses, and other related expenses. These costs are expensed in the year in which they are incurred. Clawback of the commission paid, if any, is accounted for in the year in which it becomes recoverable.

c) Benefits Paid

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

Death and other claims are accounted for, when notified. Surrenders / withdrawal under non linked policies are accounted on the receipt of the consent from the policyholder. Surrenders / withdrawals under linked policies are accounted in the respective schemes when the associated units are cancelled. Surrenders, withdrawals and lapsation are disclosed net of charges recoverable. Amount payable on lapsed and discontinued policies are accounted for on expiry of lock in period.

Survival and maturity benefits are accounted for when due for payment to the policyholders.

d) Liability for Policies

The actuarial liability for policies in-force as at the valuation date is determined using appropriate methods and assumptions that conform to the regulations issued by the IRDAI and the Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India (IAI). Specifically, the key principles considered for the valuation relate to the IRDAI (Assets & Liabilities and Solvency Margin of Life Insurance business) Regulations, 2016 and the APS 1, APS 2 and APS 7 issued by the IAI.

The liability, valued on a policy by policy basis, is so calculated that together with future premium payments and investment income, the Company is able to meet all future claims (including bonus entitlements to policyholders, if applicable) and expenses, on the basis of actuarial estimates.

A brief description of the methodology used for valuing key categories of products is provided below:

1. The liability for individual non-linked business is valued using gross premium reserving methodology. For participating

Notes forming part of the consolidated financial statements

business, a reference is also made to the asset share of the policies as at the valuation date in order to appropriately allow for policyholders' reasonable expectations. The liability is floored to zero or the surrender value payable under the policies, if any.

2. The liability for individual (and group) unit linked business comprises of two parts – a unit reserve and a non-unit reserve. Unit reserve represents the value of units using the net asset value at the valuation date. Non-unit reserve is calculated using a discounted cashflow method and is similar to gross premium reserves.

3. The liability for group one year renewable term business is calculated using an unearned premium approach where the premium representing the unexpired policy term is held as a liability. For longer term group business, gross premium reserving methodology is used.

4. The liability for riders attached to a non-linked policy is calculated as higher of gross premium reserves and unearned premium reserves.

   The liabilities above also allow (either explicitly or implicitly) for any cost of guarantees/options inherent in the products.

   The regulations also require the insurers to hold certain additional reserves. The key additional reserves cover the following sources of liability:

   i) Additional source of liability for policies which are lapsed as at the valuation date but represent a potential source of future liability if they revive within their revival period (generally termed as lapse revival reserves). The reserves are calculated using an assumption of revival probability, based on Company experience.

   ii) Additional source of liability for policies which may exercise their option of cancelling the policy within the free look period offered (generally termed as free look cancellation reserves). The reserves are calculated using an assumption of free look cancellation, based on Company experience.

   iii) Liability against policies for which the insured event has already occurred but the claim has not been reported to the Company (generally termed as incurred but not reported reserves).

e) Contribution to Policyholders' Account (Technical Account)

Contribution to Policyholders' Account (Technical Account), if any, is made as decided by the Board of Directors of the Subsidiary.

f) Loans

Loans against policies are valued at the aggregate of book values (net of repayments) plus capitalised interest, subject to provision for impairment, if any

g) Funds for future appropriations

Non-Linked:- Funds for future appropriations in non linked account represents funds, the allocation of which, either to participating policyholders or to shareholders, has not been determined at the balance sheet date. Transfers to and from the fund reflect the excess or deficit of income over expenses and appropriations in each accounting period arising in the Company's policyholder fund.

Unit-Linked:- The FFA in the linked segment represents an amount that is estimated by the Appointed Actuary in respect of lapsed unit linked policies and is set aside in the Balance Sheet. This amount is required to be held within the policyholder fund till the time policyholder are eligible for revival of their policies and this amount is not made available for distribution to Shareholders until the expiry of the maximum revival period. After expiry of the revival period, the Company may appropriate FFA amount as a surplus on the Appointed Actuary's recommendation.

Notes forming part of the consolidated financial statements

3. Share Capital

Particulars		As at March 31, 2018		As at March 31, 2017	
		Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. in Lakhs)
(a)	**Authorised**				
	Equity share capital				
	Equity shares of Rs. 2 (previous year: Rs. 2) each with voting rights	**300,000,000**	**6,000.00**	**300,000,000**	**6,000.00**
(b)	**Issued, subscribed and fully paid-up**				
	Equity share capital				
	Equity shares of Rs. 2 (previous year: Rs. 2) each with voting rights	**268,384,027**	**5,367.68**	**267,270,049**	**5,345.40**

Refer notes (i) to (v) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. in Lakhs)
Equity shares of with voting rights				
At the beginning of the year	267,270,049	5,345.40	266,983,999	5,339.68
Issued during the year relating to Employee Stock Option Scheme (Refer note 32)	1,113,978	22.28	286,050	5.72
Outstanding at the end of the year	**268,384,027**	**5,367.68**	**267,270,049**	**5,345.40**

(ii) The Company has only one class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Equity shares of Rs. 2/- each fully paid				
(with voting rights)				
- ICICI Prudential Value Discovery fund	13,759,730	5.13%	4,517,866	1.69%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.87%	23,818,876	8.91%
- Max Ventures Investment Holdings Private Limited	43,372,459	16.16%	43,372,459	16.23%
- Mohair Investment and Trading Company Private Limited	13,690,570	5.10%	8,086,560	3.03%
- Moneyline Portfolio Investments Limited	18,070,048	6.73%	26,570,048	9.94%
- Reliance Capital Trustee Co Ltd	18,368,381	6.84%	5,223,731	1.95%
- Xenok Limited	-	-	24,079,700	9.01%

Notes forming part of the consolidated financial statements

(iv) Shares reserved for issuance

As at March 31, 2018 1,132,767 (previous year: 2,246,745) shares of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (Refer note 32)

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

The Company has issued total 2,863,738 shares (previous year: 2,700,939 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employees services.

4. Reserves and Surplus

(Rs. in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
(a)	**Capital redemption reserve**		
	Opening balance	2,587.84	2,587.84
	Add: Addition during the year	-	-
	Closing balance	**2,587.84**	**2,587.84**
(b)	**Securities premium account**		
	Opening balance	32,265.01	31,709.03
	Add : Premium on shares issued during the year	3,241.59	555.98
	Closing balance	**35,506.60**	**32,265.01**
(c)	**Employee stock option outstanding**		
	Opening balance	803.61	927.43
	Add : Compensation expensed during the year	246.24	432.16
	Less : Transferred to securities premium account on excercise	500.53	555.98
	Closing balance	**549.32**	**803.61**
(d)	**Hedging Reserve**		
	Opening balance	(568.50)	69.77
	Add: Additions during the year	(1,292.33)	(638.27)
	Closing balance	**(1,860.83)**	**(568.50)**
(e)	**General reserve**		
	Opening balance	15,358.07	15,358.07
	Add: Additions during the year	-	-
	Closing balance	**15,358.07**	**15,358.07**
(f)	**Surplus in consolidated statement of profit and loss**		
	Opening balance	177,674.06	140,579.93
	Add: Profit for the year	29,617.16	39,536.28
	Add: Adjustment for change in minority and cost of control	402.81	(444.86)
	Final dividend of earlier year	-	(0.91)
	Corporate dividend tax	(4,074.80)	(1,996.38)
	Total appropriations	**(4,074.80)**	**(1,997.29)**
	Closing balance	**203,619.23**	**177,674.06**
	Total reserves and surplus	**255,760.23**	**228,120.09**

Notes forming part of the consolidated financial statements

5. Deferred tax liabilities (net)

The Group has carried out its tax computation in accordance with Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. The major components of deferred tax assets / liabilities as recognised in the consolidated financial statements are as follows:

		(Rs. in Lakhs)
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Deferred tax liabilities (DTL)		
Tax impact on difference between carrying amount of fixed assets in the financial statements and the income tax return	(125.11)	(108.87)
Total (A)	**(125.11)**	**(108.87)**
Deferred tax assets (DTA)		
Carry forward business loss to be adjusted in future years	125.11	108.87
Total (B)	**125.11**	**108.87**
Deferred tax liabilities (net) (A+B)	**-**	**-**

6. Other long-term liabilities

			(Rs. in Lakhs)
Particulars		**As at March 31, 2018**	**As at March 31, 2017**
(a)	Trade payables	8,684.44	4,954.66
(b)	Others		
	- Lease equalisation reserve	1,184.61	823.89
Total		**9,869.05**	**5,778.55**

7. Long-term provisions

		(Rs. in Lakhs)
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Provision for employee benefits		
(i) Provision for compensated absences	2,537.08	2,049.38
(ii) Provision for gratuity (Refer note 30)	1,391.84	717.55
(iii) Provision for employee stock appreciation rights	644.30	840.16
Total	**4,573.22**	**3,607.09**

8. Long-term policyholders' funds

		(Rs. in Lakhs)
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Opening balance	3,680,947.73	2,947,821.00
Add : Change in valuation of liability against life policies in force (net)	680,373.00	733,126.73
Closing balance	**4,361,320.73**	**3,680,947.73**

Notes forming part of the consolidated financial statements

9. Trade payables

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Other than acceptances		
i. total outstanding dues of micro enterprises and small enterprises (Refer note 40)	33.90	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	84,171.53	86,481.06
Total	**84,205.43**	**86,481.06**

10. Other current liabilities

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Unclaimed / unpaid dividend (Refer note 19)	246.84	249.93
(b)	Others:		
	(i) Advance from customers and policyholders	21,989.43	31,316.50
	(ii) Claims outstanding (includes claims pending investigation)	8,782.39	4,713.34
	(iii) Unclaimed amount - policyholders	3,816.65	4,988.31
	(iv) Payable to policyholder	18,220.22	11,962.10
	(v) Security deposit received	3.91	7.94
	(vi) Statutory remittances (Contributions to PF, Service Tax, Withholding Taxes etc.)	13,085.00	4,613.53
	(vii) Payable on purchase of fixed assets	3,094.25	2,184.06
	(viii) Derivative Liabilities	2,617.70	806.85
	(ix) Lease equalisation reserve	3.87	14.11
	(x) Other payables	105.69	102.95
	Total	**71,965.95**	**60,959.62**

11. Short term provisions

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	**Provision for employee benefits:**		
	(i) Provision for compensated absences	397.83	356.03
	(ii) Provision for gratuity (Refer note 30)	77.60	180.94
	(iii) Provision for employee stock appreciation rights	5,307.72	15,927.77
(b)	**Provision - Others:**		
	(i) Provision for income tax (net of advance tax)	96.31	164.82
	Total	**5,879.46**	**16,629.56**

Notes forming part of the consolidated financial statements

12. Short-term policyholders' funds

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	355,518.67	301,713.93
Add : Change in valuation of liability against life policies in force (net)	1,605.50	(31,557.88)
Add : Policyholder bonus provided	108,448.35	85,362.62
Closing balance	**465,572.51**	**355,518.67**

13. Fixed Assets

(Rs. in Lakhs)

	Particulars	Gross block				Accumulated depreciation and amortisation				Net block
		As at April 1, 2017	Additions	Deletions/ adjust-ments	As at March 31, 2018	As at April 1, 2017	Depreci-ation and amor-tisation expense for the year	Deletions/ adjust-ments	As at March 31, 2018	As at March 31, 2018
A	**TANGIBLE ASSETS - OWNED**									
(a)	Building	50.83	-	-	50.83	21.76	0.80	-	22.56	28.27
		50.83	-	-	*50.83*	*20.96*	*0.80*	-	*21.76*	*29.07*
(b)	Furniture and fixtures	4,151.54	50.08	170.32	4,031.30	3,231.15	218.70	145.68	3,304.17	727.13
		4,076.52	*199.23*	*124.21*	*4,151.54*	*3,023.63*	*313.29*	*105.77*	*3,231.15*	*920.39*
(c)	Vehicles	886.36	60.25	150.33	796.28	484.48	116.87	109.55	491.80	304.48
		935.71	*53.98*	*103.33*	*886.36*	*412.53*	*136.59*	*64.64*	*484.48*	*401.88*
(d)	Office equipment	5,974.99	192.58	386.20	5,781.37	4,884.84	361.47	371.96	4,874.35	907.02
		5,663.78	*577.84*	*266.63*	*5,974.99*	*4,723.76*	*414.85*	*253.77*	*4,884.84*	*1,090.15*
(e)	Leasehold improvements	12,260.12	272.48	428.65	12,103.95	10,504.12	359.50	428.51	10,435.11	1,668.84
		11,840.14	*755.01*	*335.03*	*12,260.12*	*9,957.60*	*782.70*	*236.18*	*10,504.12*	*1,756.00*
(f)	Computers	13,565.26	1,028.69	1,386.24	13,207.71	11,559.52	1,215.52	1,383.37	11,391.67	1,816.04
		12,230.60	*1,752.08*	*417.42*	*13,565.26*	*10,552.39*	*1,421.08*	*413.95*	*11,559.52*	*2,005.74*
	Total (A)	**36,889.10**	**1,604.08**	**2,521.74**	**35,971.44**	**30,685.87**	**2,272.86**	**2,439.07**	**30,519.66**	**5,451.78**
	Previous year (C)	*34,797.58*	*3,338.14*	*1,246.62*	*36,889.10*	*28,690.87*	*3,069.31*	*1,074.31*	*30,685.87*	*6,203.23*
B	**INTANGIBLE ASSETS - OWNED**									
(a)	Computer software	31,496.66	2,527.65	-	34,024.31	21,147.66	3,961.29	-	25,108.95	8,915.36
		25,817.67	*5,678.99*	-	*31,496.66*	*18,007.39*	*3,140.27*	-	*21,147.66*	*10,349.00*
	Total (B)	**31,496.66**	**2,527.65**	**-**	**34,024.31**	**21,147.66**	**3,961.29**	**-**	**25,108.95**	**8,915.36**
	Previous year (D)	*25,817.67*	*5,678.99*	-	*31,496.66*	*18,007.39*	*3,140.27*	-	*21,147.66*	*10,349.00*

Note: Amouns in italics represent previous year figures.

14. Non- current investments

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
A.	**Non-trade investments (valued at cost unless stated otherwise)**		
	Life Insurance Business:		
(i)	Investment in equity instruments (quoted)	935,187.19	932,482.58
(ii)	Investment in preference shares (unquoted)	110.53	137.39
(iii)	Investment in bonds (quoted)	375,631.86	175,332.30
(iv)	Investment in government and trust securities (quoted)	2,354,220.21	1,892,415.34
(v)	Investment in term deposits (unquoted)	1,850.00	3,848.00
(vi)	Investment in infrastructure & social sector (quoted)	769,883.11	697,054.67
(vii)	Investment in other approved securities (quoted)	177,234.43	236,300.62
	Total non-trade investments	**4,614,117.33**	**3,937,570.90**

Notes forming part of the consolidated financial statements

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
B.	**Other investments**		
	Investment property (net of accumulated depreciation)		
	Cost of building given on operating lease	5,010.45	5,010.45
	Less: accumulated depreciation (Refer note below)	163.17	119.92
	Total - Other investment	**4,847.28**	**4,890.53**
	Total	**4,618,964.61**	**3,942,461.43**
Aggregate amount of quoted investments (Market value: Rs. 47,03,556.80 Lakhs) (previous year Rs. 40,68,291.35 Lakhs)		4,612,156.80	3,933,585.51
Aggregate amount of unquoted investments		1,960.53	3,985.39

Depriciation for the year aggregated to Rs. 43.25 Lakhs (Previous year: Rs. 43.25 Lakhs)

15. Long term loans and advances

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Capital Advances		
	Unsecured, considered good	20.00	1.16
(b)	Security Deposits		
	Unsecured, considered good	2,969.24	3,068.24
(c)	Loan to policyholders		
	Secured, considered good	22,018.07	13,274.03
(d)	Loans and advances to employees		
	Unsecured, considered good	70.54	82.93
(e)	Prepaid expenses		
	Unsecured, considered good	185.85	1,635.32
(f)	Balances with statutory/government authorities (unsecured, considered good)		
	(i) Deposit against cases with service tax authorities	12.00	12.00
	(ii) Others	5,245.48	2,722.78
		5,257.48	2,734.78
(g)	Advances recoverable in cash or in kind		
	Considered doubtful	303.00	303.00
		303.00	303.00
	Less: Provision for doubtful advances	(303.00)	(303.00)
		-	-
(h)	Advance income tax - Unsecured, considered good (net of provisions Rs. 22,829.43 Lakhs (previous year Rs. 22,829.43 Lakhs)	2,077.13	2,007.90
	Total	**32,598.31**	**22,804.36**

16. Other non-current assets

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Accruals		
	(i) Interest accrued on deposits	2.40	1.80
	(ii) Interest accrued on investments	1,699.63	2,409.78
		1,702.03	**2,411.58**
(b)	Others		
	(i) Balances held as margin money against guarantee*	2,231.87	7.58
		2,231.87	**7.58**
	Total	**3,933.90**	**2,419.16**

* Includes deposits with remaining maturity of more than 12 months from the balance sheet date.

Notes forming part of the consolidated financial statements

17. Current Investments

Particulars		As at March 31, 2018		As at March 31, 2017	
		(Nos.)	(Rs. in Lakhs)	(Nos.)	(Rs. in Lakhs)
A.	**Current portion of long-term investments (valued at cost)**				
	Life Insurance Business:				
(i)	Investment in infrastructure and social sector (quoted)		79,734.44		37,485.97
(ii)	Investment in government and trust securities (quoted)		36,136.63		38,399.44
(iii)	Investment in bonds (quoted)		22,591.10		14,380.87
(iv)	Investment in term deposits (unquoted)		39,844.55		1,295.62
(v)	Investment in other approved securities (quoted)		29,272.85		22,377.08
(vi)	Investment in unit in mutual funds (unquoted)		207,631.30		265,841.07
(vii)	Investment in certificate of deposit (quoted)		16,581.83		9,970.22
(viii)	Investment in commercial paper (quoted)		47,562.80		-
(ix)	Reverse Repo		59,353.96		52,106.24
(x)	Other investments		30,394.86		23,599.40
	Total (A)		**569,104.32**		**465,455.91**
B.	**Other current investments (At lower of cost and fair value, unless otherwise stated)**				
(a)	**Investment in mutual funds (unquoted)**				
(i)	Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	532,783.20	1,451.59	-	-
(ii)	DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	-	-	265,084.74	560.00
(iii)	DSP BlackRock Liquidity Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	1,548.45	36.00
(iv)	Invesco India Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	6,285.51	150.00	25,383.40	568.00
(v)	JM High Liquidity Fund - Direct Plan Growth- Face value Rs. 10 per unit	-	-	1,276,613.47	568.00
(vi)	L&T Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	25,481.92	568.00
(vii)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth - Face value Rs. 1000/- per unit	139,919.89	2,623.12	29,616.49	540.00
	Total (B)		**4,224.71**		**2,840.00**
	Total (A+B)		**573,329.03**		**468,295.91**
	Aggregate amount of quoted investments (Market value: Rs. 232,279.05 Lakhs) (previous year Rs. 123,334.07 Lakhs)		231,879.65		122,613.58
	Aggregate amount of unquoted investments		341,449.38		345,682.33

Notes forming part of the consolidated financial statements

18. Trade receivables (unsecured)

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	- Considered good	128.87	320.69
		128.87	**320.69**
(b)	Other trade receivables		
	- Considered good	66,039.91	52,763.16
	- Considered doubtful	332.08	272.07
		66,371.99	53,035.23
	Less: Provision for doubtful receivables	(332.08)	(272.07)
		66,039.91	**52,763.16**
	Total	**66,168.78**	**53,083.85**

19. Cash and cash equivalents

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
A.	**Cash and cash equivalents (As per AS 3 cash flow statement)**		
(a)	Cash on hand	366.57	550.91
(b)	Cheques/drafts on hand	5,681.72	6,353.02
(c)	Balances with banks in current accounts	37,475.97	28,153.00
(d)	Stamps on hand	567.60	316.48
	Total - Cash and cash equivalents (As per AS 3 cash flow statement)	**44,091.86**	**35,373.41**
B.	Other bank balances		
	- In earmarked accounts - unpaid dividend accounts (Refer note 10)	246.84	249.93
	Total - Other bank balances	**246.84**	**249.93**
	Total	**44,338.70**	**35,623.34**

20. Short-term loans and advances

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Security deposits		
	- Unsecured, considered good	882.05	639.16
(b)	Advances recoverable in cash or in kind - unsecured		
	(i) Considered good	13,083.73	10,077.44
	(ii) Considered doubtful	656.80	587.43
		13,740.53	10,664.87
	Less: Provision for doubtful advances	(656.80)	(587.43)
		13,083.73	10,077.44
(c)	Loan to policyholders		
	- Secured, considered good	307.69	57.69
(d)	Balances with statutory/government authorities (unsecured)		
	- Input tax credit receivable		
	(i) Considered good	3,446.45	3,648.37
	(ii) Considered doubtful	-	443.61
		3,446.45	4,091.98
	Less: Provision for doubtful balances	-	(443.61)
		3,446.45	3,648.37
(e)	Prepaid expenses		
	- Unsecured, considered good	2,790.62	2,033.85
(f)	Loans and advances to employees		
	- Unsecured, considered good	12.25	12.80
	Total	**20,522.79**	**16,469.31**

Notes forming part of the consolidated financial statements

21. Other current assets

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	**Accruals**		
	- Interest accrued on investments	75,915.60	58,382.19
(b)	**Others**	10,127.87	4,988.31
	Total	**86,043.47**	**63,370.50**

22. Revenue from operations (net)

(Rs. in Lakhs)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Sale of services		
	(i) Life insurance premium (net)	1,237,944.91	1,068,015.65
	(ii) Income from shared services	1,144.31	1,228.75
(b)	Other operating revenues (Refer note below)	418,646.10	453,544.36
	Revenue from operations	**1,657,735.32**	**1,522,788.76**
	Note:		
	Other Operating revenue comprise:		
	(i) Dividend income on long term investments	15,086.86	14,401.82
	(ii) Interest income on		
	(a) Government securities	210,008.01	178,764.40
	(b) Bonds	56,153.74	40,460.69
	(c) Fixed deposits	715.51	579.55
	(d) Others	1,550.54	1,358.75
	(iii) Amortisation of discount/(premium)	60.83	-
	(iv) Unrealised gain on long term investments	-	103,750.11
	(v) Profit on sale of current investments in:		
	(a) mutual funds	135,070.61	114,226.26
	(b) equity instruments	-	2.78
Total other operating revenues		**418,646.10**	**453,544.36**

23. Other Income

(Rs. in Lakhs)

Particulars			For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Interest income on:**			
	(i)	income tax refund	21.75	78.72
	(ii)	loans to employees	3.44	3.95
	(iii)	policy loan	1,729.51	989.58
(b)	**Other non operating income:**			
	(i)	Liabilities/provisions no longer required written back	1.19	5.15
	(ii)	Policy reinstatement charges	766.69	810.96
	(iii)	Net profit on sale/disposal of fixed assets	34.08	56.13
	(iv)	Net gain on foreign currency transactions and translation	-	10.45
	(v)	Scrap sales	12.28	48.49
	(vi)	Rental income	42.00	42.00
	(vii)	Miscellaneous income	266.31	35.89
		Total	**2,877.25**	**2,081.32**

Notes forming part of the consolidated financial statements

24. Change in policy reserves

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Change in policy reserves	790,426.84	786,931.47
(b)	Transfer to/from Fund for future appropriations-participating policies	30,906.18	10,019.94
	Total	**821,333.02**	**796,951.41**

25. Employee benefits expense

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Salaries, wages and bonus	76,089.69	78,503.21
(b)	Contribution to provident and other funds (Refer note 30)	3,283.83	2,860.36
(c)	Expense on employee stock option scheme (Refer note 32)	(3,914.62)	8,994.31
(d)	Staff welfare expenses	2,169.42	1,454.78
	Total	**77,628.32**	**91,812.66**

26. Finance costs

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Bank charges	1,102.75	893.26
Total	**1,102.75**	**893.26**

27. Depreciation and amortisation expense

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Depreciation of tangible assets (Refer note 13)	2,272.86	3,069.31
(b)	Amortisation of intangible assets (Refer note 13)	3,961.29	3,140.27
(c)	Depreciation of investment property (Refer note 14)	43.25	43.25
	Total	**6,277.40**	**6,252.83**

28. Other expenses

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Agents' commission for insurance business	89,287.52	93,642.73
(b)	Policy issuance cost	9,680.30	17,675.23
(c)	Power and fuel	2,689.47	2,587.35
(d)	Unrealised loss on long term investment	20,599.10	-
(e)	Recruitment and training expenses	12,769.30	8,573.31
(f)	Rent including lease rentals (Refer note 33)	7,272.81	6,865.07
(g)	Insurance	664.41	524.23
(h)	Rates and taxes	13,475.51	11,134.56
(i)	Repairs and maintenance:		
	- Building	0.13	0.86
	- Others	7,399.30	6,385.02
(j)	Printing and stationery	642.57	1,074.95
(k)	Travelling and conveyance	5,851.18	5,062.39

Notes forming part of the consolidated financial statements

(Rs. in Lakhs)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(l)	Communication	4,339.54	4,044.52
(m)	Directors' sitting fee	81.99	83.42
(n)	Freight and forwarding expenses	235.95	607.52
(o)	Branding, advertisement and publicity	21,150.28	13,652.60
(p)	Allowances on advances and service tax credit receivable*	481.20	492.81
(q)	Net loss on sale/disposal of fixed assets	5.60	0.55
(r)	Fixed assets written off	-	97.09
(r)	Charity and donation	79.61	106.00
(s)	Net loss on foreign currency transactions and translation	14.33	4.36
(t)	Expenditure on corporate social responsibility (Refer note (i) below)	1,173.87	1,003.97
(u)	Miscellaneous expenses	899.09	1,040.80
	Total	**198,793.06**	**174,659.34**

Note:

(i) As per Section 135 of the Companies Act, 2013, the subsidiary company has provided for and spent Rs. 1,173.87 Lakhs (March 31, 2017: Rs. 1,003.97 Lakhs) on various CSR initiatives, during the year, which are as given below:

CSR Project/Activity		Sector in which project is covered	Amount spent	
			2017-18	2016-17
(a)	Village adoption	Rural Development	347.70	361.63
(b)	Surgeries and treatments	Health	254.95	214.08
(c)	NGO work on healthcare platform	Health	248.93	207.17
(d)	Immunization/Health camp/Blood donation camp	Health	58.78	88.32
(e)	Health centre	Health	50.49	54.50
(f)	Artificial limb and polio calipers	Health	35.63	18.00
(g)	Health awareness	Health	55.98	36.35
(h)	Training in health programs	Health	14.00	16.36
(i)	Mobile health clinic	Health	4.54	-
(j)	Financial literary CSR	Rural Development	100.00	-
(k)	Donations	Others	2.87	7.56
Total			**1,173.87**	**1,003.97**

* Allowances on advances and service tax credit receivable

(Rs. in Lakhs)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
a.	Doubtful advances and service tax credit receivable written off	795.43	49.20
b.	Allowance for service tax credit receivable written back	(443.61)	-
		351.82	49.20
c.	Allowance for doubtful advances and service tax credit receivable	129.38	443.61
		481.20	**492.81**

Notes forming part of the consolidated financial statements

29 Commitments and contingent liabilities

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	**Commitment**		
	(i) Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	595.34	620.13
	(ii) The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company is required to buy back the stake held by Axis Bank Limited in Max Life Insurance Company Limited, upon exercise of put option by Axis Bank Limited in 5 equal tranches at a price linked to fair market value		
(b)	**Contingent liabilities**		
	(i) Claims against the Company not acknowledged as debts (Refer note a)		
	- Demand from custom authorities	429.40	418.26
	- Demand raised by service tax authorities (Refer note b and c)	26,554.07	44,085.52
	- Legal claims	1,236.17	1,104.25
	- Partly paid-up investment	779.67	-
	- Potential liability in respect of repudiated policyholders claims	1,872.76	1,034.30
	- Litigation against the Group on Company Law matters (Refer note d)		
	- Demand raised by income tax authorities (Refer note e and g)	159.04	159.04
	- Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note e)	-	33.42
	- Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the group with effect from December 1, 2005) (Refer note f)		

Notes:

a. Claims against the Group not acknowledged as debts represent the cases pending with judicial forums/ authorities. Based on management estimation and opinions from legal advisors, management believes that its position will likely to be upheld in appellate process. The Group has not made any provisions for the demand since the management believes that the ultimate outcome of the proceedings will not have material adverse effect on the Group's financial position and result of operations.

b. Service tax demands against show cause cum demand notices received by Max Life Insurance Company Limited (MLIC) from the Central Excise & Service Tax, Office of Commissioner and Directorate General Central Excise Intelligence (DGCEI), vide show cause notice dated March 30, 2013, April 22, 2013, April 16, 2014, October 14, 2014 and December 19, 2014. Further, Commissioner vide its order dated March 24, 2015, against one of such SCNs, confirmed demand of service tax. MLIC has filed a writ before High court and stay was granted by the honourable court on April 29, 2015 towards service tax demand of Rs 10,005.79 Lacs and penalty thereon. Given that MLIC is strong on merit and available precedence, it does not expect future liability. Also appeal has been filed before CESTAT on remaining matters. Further, Commissioner confirmed service tax demand for Rs 6,202.95 lacs vide its order dated Sept 01, 2015 against SCN dated April16, 2014. Company has filed appeal to CESTAT.

c. The Group has not made any provision for the demands in Excise, Service Tax, Sales Tax, Customs, Entry Tax and legal claims as the Group believes that they have a favourable case based on existing judicial pronouncements. The advance paid against the above is Rs. 12.00 Lacs (previous year: Rs. 12.00 Lacs).

d. On an inspection carried out by the Ministry of Corporate Affairs in the year 2006, certain technical offences were alleged by the Inspection Officer based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The

Notes forming part of the consolidated financial statements

group filed writ petitions against the prosecution proceedings with the Hon'ble High Court of Punjab & Haryana. The High Court stayed the proceedings and listed the case for arguments. The amount of liability/fine or penalty on account of the above is currently unascertainable. Based on the legal opinion obtained by the group management believes that the group have a good case and no provision is required to be made in the financials statements.

e. Income tax cases represent the cases pending with Income Tax authorities/Appellate authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various courts/authorities. The Company has not made any provision for the demands in income tax cases as the group believes that they have a good case based on existing judicial pronouncements.

f. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains realised by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 lakhs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 lakhs which included the demand of Rs. 24,368.00 lakhs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT

Notes forming part of the consolidated financial statements

S. No.	Assessment Year	Brief Description	Pending Before
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL, which is pending as of date.	High Court
4	2006-07	The capital gains realised from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled.	High Court
		The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

Notes forming part of the consolidated financial statements

g. Max Life Insurance Company Limited ("MLIC")

S. No.	Assessment Year	Brief Description	Pending Before
1	2002-2003	The Assessing Officer has reduced the returned loss of Rs. 6,684.09 Lacs to Rs. 6,482.08 Lacs by making disallowance of Rs. 202.01 Lacs u/s 92CA(3) of the Income-tax Act, 1961 relating to Transfer Pricing.	High Court
2	2003-04	The returned losses have been reduced from Rs. 7,408.37 lakhs to Rs. 7,331.92 lakhs by the Assessing Officer by making disallowance of Rs. 76 lakhs u/s 92CA(3) of the Income-tax Act, 1961 relating to Transfer Pricing.	Appeal to be filed before High Court
3	2004-05	The returned losses have been reduced from Rs. 7,563.42 lakhs to Rs. 7,285.17 lakhs by the Assessing Officer by making disallowance of Rs. 278 lakhs u/s 92CA(3) of the Income-tax Act, 1961 relating to Transfer Pricing.	Appeal to be filed before High Court
4	2005-06	The returned loss has been reduced from Rs. 9,427.20 lakhs to Rs. 8,999.80 lakhs by making disallowance of Rs. 121.70 lakhs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing and Rs. 105.70 lakhs due to disallowance of loss on sale of investment. CIT (Appeals) has passed favourable orders for all the above mentioned assessment years i.e 2002-03 to 2005-06. The department has appealed on the applicability of TP provisions. The ITAT has referred the case to AO to recompute the Arms Length price.	Appeal to be filed before High Court
5	2006-07	The returned loss has been reduced from Rs. 5,805.44 lakhs to Rs. 5414.09 lakhs by making disallowance of Rs. 11.83 lakhs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing, Rs. 90.48 lakhs due to disallowance of loss on sale of investment, Rs. 255.75 lakhs on provision for FBT and Rs. 33.28 lakhs on provision for bad & doubtful debts.	ITAT
6	2007-08	The returned loss has been reduced from Rs. 5,671.22 lakhs to Rs. 5023.02 lakhs by making disallowance of Rs. 270.19 lakhs on account of loss on sale of investment, Rs. 311.43 lakhs on provision for FBT and Rs. 58.08 lakhs on provision for bad & doubtful debts & Rs. 8.50 lakhs on donation paid. CIT(A) has decided in favour of company except on disallowance of FBT provision & income on sale of investment. The company has filled the appeal with ITAT also we have filed cross objections with ITAT against the appeal filed by DCIT to ITAT.	ITAT
7	2008-09	The returned loss for AY 2008-09 has been reduced from Rs. 14,684.45 lakhs to Rs. 13,471.61 lakhs by making disallowance of Rs. 635.02 lakhs on account of loss on sale of investment, Rs. 468.91 lakhs on provision for FBT and Rs. 100.03 lakhs on provision for bad & doubtful debts & Rs. 8.88 lakhs on donation paid. CIT(A) has decided in favour of company except on disallowance of FBT provision & income on sale of investment. The company has filled the appeal with ITAT also we have filed cross objections with ITAT against the appeal filed by DCIT to ITAT.	ITAT
8	2009-10	The returned loss has been reduced from Rs. 32,270.85 lakhs to Rs. 30,449.38 lakhs by making disallowance of Rs. 653.53 lakhs on account of loss on sale of investment, Rs. 794.30 lakhs for provision for FBT, Rs. 132.13 lakhs for provision for bad & doubtful debts & Rs.241.51 lakhs for donation paid. CIT(A) has decided in favour of company except on disallowance of FBT provision & income on sale of investment. The company has filled the appeal with ITAT also we have filed cross objections with ITAT against the appeal filed by DCIT to ITAT.	ITAT

Notes forming part of the consolidated financial statements

S. No.	Assessment Year	Brief Description	Pending Before
8	2010-11	Assessing Officer has increased the returned income from Rs. 4,005.06 Lacs to Rs. 5,684.41 Lacs by adding back Rs. 710.43 Lacs on account of profit on sale of investment & making disallowance of Rs. 21.60 Lacs for provision for Bad debts, Rs.250 Lacs for donation paid, Rs. 695.65 Lacs for Short deduction and payment of TDS and Rs. 1.67 Lacs for Penalties/Fine paid & Share issue expenses. CIT(A) has passed order whereby allowed Income on Sale of Investments, Provision for bad Debts in PH account, short deduction of TDS. CIT(A) has raised certain other additional issues on which Max Life has approached ITAT. ITAT has passed the Order in favour of the Company	Favourable ITAT order
9	2011-12	Assessing Officer has increased the returned income from Rs. 27,141.14 Lacs to Rs. 28,586.14. Lacs by adding back Rs. 751.62 Lacs on account of profit on sale of investment & making disallowance of Rs. 314.71 Lacs for provision for Bad debts, Rs.250.01 Lacs for donation paid and Rs. 128.66 Lacs for Short deduction and payment of TDS.	CIT (Appeals)
10	2012-13	Assessing Officer has increased the returned income from Rs. 49,182.04 Lacs to Rs. 51,931.77. Lacs by adding back Rs. 1505.52 Lacs on account of profit on sale of investment & making disallowance of Rs. 194.21 Lacs for provision for Bad debts, Rs.1050.00 Lacs for donation paid .	CIT (Appeals)
11	2013-14	Assessing Officer has increased the returned income from Rs. 44,927.02 Lacs to Rs. 47,249.28 Lacs by adding back Rs. 1,845.42 Lacs on account of profit on sale of investment, disallowance of Rs. 276.84 Lacs for provision for Bad debts & Rs.200.00 Lacs for donation paid .	CIT (Appeals)
12	2014-15	Assessing Officer has increased the returned income from Rs. 47,419.55 Lacs to Rs. 95,367.68 Lacs by making certain disallowances- Rs. 31,074 lacs for Incremental FFA, Rs 38,973 lacs for allocation of Bonus, treatment of Shareholders income as Non Life Insurance for Rs 22,177 lacs, disallowance of Rs. 57 Lacs for provision for Bad debts & Rs 300 lacs for donation	ITAT
13	2015-16	Assessing Officer has increased the returned income from Rs. 44,732 Lacs to Rs. 10,243 Lacs by making certain disallowances - Rs. 92,295 lacs for Incremental FFA and Bonus, treatment of Shareholders income as Non Life Insurance for Rs 23,814 lacs, disallowance of Rs. 241 Lacs for reversal of provision for Bad debts.	CIT (Appeals)

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

30 Retirement benefit plans

(i) Defined contribution plans

The Group makes provident fund and employees state insurance scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contribution as specified under the law are paid to the provident fund trust set up by the Group. The Group is liable for annual PF contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

As of 31 March, 2018, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 25,222.06 lacs (previous year: Rs. 22,333.65 lacs) and Rs. 24,972.51 lacs (previous year: Rs. 22,076.76 lacs) respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.55% (previous year: 8.65%). The actuarial assumptions include discount rate of 7.18% (Previous year: 6.67%) and an average expected future period of 27.11 years (previous year: 27.11 years).

Notes forming part of the consolidated financial statements

The Group recognised Rs. 2,080.08 lacs (previous year: Rs. 1,949.79 lacs) for provident fund and Rs. 533.89 lacs (previous year: Rs. 153.06 lacs) for employee state insurance scheme contribution in the Statement of Profit and Loss. The contribution payable to these plans by the Group are at rates specified in the rules to the scheme.

(ii) Defined benefit plans

The Company and its subsidiary makes annual contribution to their Employees Gratuity Fund maintained with Life Insurance Corporation of India and Max Life Insurance Company Limited respectively, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company financial statements as at March 31, 2018:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Components of employer expense		
Current service cost	561.96	525.40
Interest cost	253.37	227.40
Expected return on plan assets	(213.67)	(153.92)
Actuarial losses/(gains)	(30.52)	75.59
Adjustment in fair value of plan assets	-	(9.89)
Total expense recognised in the Statement of Profit and Loss	**571.14**	**664.58**
Actual contribution and benefit payments for year		
Actual benefit payments	(403.02)	(447.22)
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(3,910.76)	(3,546.86)
Fair value of plan assets	2,441.33	2,648.37
Net asset / (liability) recognised in the Balance Sheet	**(1,469.43)**	**(898.49)**
Net liability has been classified under:		
Long-term provisions	1,391.83	717.55
Short-term provisions	77.60	180.94
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	3,546.86	3,281.14
Current service cost	561.96	525.40
Interest cost	253.37	227.40
Actuarial loss/(gains)	(69.27)	111.75
Benefits paid	(382.16)	(598.83)
Present value of DBO at the end of the year	**3,910.76**	**3,546.86**
Change in fair value of assets during the year		
Plan assets at the beginning of the year	2,648.37	1,071.68

Notes forming part of the consolidated financial statements

		(Rs. in Lakhs)
Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Expected return on plan assets	213.67	153.92
Adjustment in fair value of plan assets	-	9.89
Actual group contributions	21.06	1,827.24
Actuarial (loss)/gains	(38.75)	35.42
Benefits paid	(403.02)	(449.78)
Plan assets at the end of the year	**2,441.33**	**2,648.37**
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	7.20%-7.60%	6.50%-7.40%
Expected return on plan assets	8.35%-8.70%	8.35%-8.70%
Salary escalation	7.50%-10%	7.50%-10%
Retirement age	58 - 65 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%)		
All Ages	5%-25% per annum	5%-25% per annum
Estimate of amount of contribution in the immediate next year Rs. in lacs	1,171.62	692.32

Notes:

a. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

b. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c. The planned assets of the Group are managed by the Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Group with respect to its gratuity plan. Information on categories of plan assets is not available with the Group.

d. Experience on actuarial gain/(loss) for benefit obligations and plan assets:

					(Rs. in Lakhs)
Particulars	**Gratuity**				
	March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Present value of DBO	3,910.76	3,546.86	3,281.14	4,725.49	3,693.83
Fair value of plan assets	2,441.33	2,648.37	1,071.68	2,107.09	2,260.44
Funded status [Surplus / (Deficit)]	(1,469.43)	(898.49)	(2,209.46)	(2,618.40)	(1,433.39)
Experience gain / (loss) adjustments on plan liabilities	(69.27)	111.75	153.89	57.67	143.21
Experience gain / (loss) adjustments on plan assets	35.42	35.42	153.18	153.19	32.67

(iii) Other long term benefit

During the year, Max Life Insurance Company Limited has recognised the following expenses in the statement of profit and loss representing deferred compensation (long term incentive plan): amounting to Rs 2,945.22 Lakhs (previous year: Rs 3,041.78 Lakhs).

Notes forming part of the consolidated financial statements

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	29,617.16	39,536.28
Weighted average number of equity shares outstanding during the year (Nos.)	267,948,970	267,137,946
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**11.05**	**14.80**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos.)	1,567,824	2,378,848
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	269,516,794	269,516,794
Diluted Earnings Per Share (Rs.)	**10.99**	**14.67**

32. Employee Stock Option Plan

32.1. Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved the shareholders in Annual General Meeting held on September 30, 2014, the Option Price will be determined by the Nomination and Remuneration Committee, from time to time, in accordance with the provisions of applicable law, provided that the Option Price shall not be below the face value of the equity shares of the Company.

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	2,246,745	246.05	2,503,560	221.02
Granted during the year	-	-	29,235	2.00
Exercised during the year	(1,113,978)	248.11	(286,050)	2.00
Outstanding at the end of the year	1,132,767	244.03	2,246,745	246.05

For the period, the weighted average share price at the exercise date was Rs. 601.93 (previous year: Rs. 531.30)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.14 years (March 31, 2017: 1.63 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 311.34 (March 31, 2017: 2.00 to 311.34).

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.

Notes forming part of the consolidated financial statements

Particulars	March 31, 2018	March 31, 2017
Date of option granted	-	1-Apr-16
Stock Price Now (in Rupees)	-	344.05
Exercise Price (X) (in Rupees)	-	2.00
Expected Volatility (Standard Dev - Annual)	-	36.82%
Life of the options granted (Vesting and exercise period) in years	-	3.00-6.00
Expected Dividend	-	0.51%
Average Risk- Free Interest Rate	-	7.49%-7.91%
Weighted average fair value of options granted	-	332.46 - 337.24

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

32.2. Employees Phantom Stock Plan (PSP Plan)

The Company had instituted PSP Plans, which were approved by the Board of Directors. The PSP Plans provide for issue of units to eligible employees of the Compay. Under the Plans, eligible employees receive cash equivalent to fair market value of units upon completion of vesting conditions, as administered by the Nomination and Remuneration Committee including rendering of services across vesting period. Vesting period ranges from 1 to 4 years.

Accordingly Rs. 720.49 Lacs (previous year: Rs. 380.42 Lacs) has been accrued as an expense in the Statement of Profit and Loss account as applicable. The details of the units granted during the year are as under:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	143,052	6.00	-	-
Granted during the Year	115,189	5.38	143,052	6.00
Forfeited during the year	-	-	-	-
Exercised during the year	(35,763)	6.00	-	-
Outstanding at the end of the year	222,478	5.68	143,052	6.00

For the period, the weighted average share price at the exercise date was Rs. 765.90 (previous year: Rs. Nil)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.00 years (March 31, 2017: 1.59 years).

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

Particulars	March 31, 2018	March 31, 2018	March 31, 2017
Date of option granted	1-Apr-17	1-Apr-17	8-Aug-16
Stock price now (in rupees)	565.55	734.62	551.60
Exercise price (X) (in rupees)	2.00	6.00	6.00
Expected volatility (standard dev - annual)	36.82%	36.82%	49.00%
Life of the options granted (vesting and exercise period) in years	3.00-5.00	3.00-5.00	3.00-5.65
Expected dividend	0.31%	0.24%	0.32%
Average risk- free interest rate	6.68%-6.88%	6.68%-6.88%	7.05%-7.32%
Weighted average fair value of options granted	555.44 - 558.68	721.65 - 724.48	537.84 - 541.52

Notes forming part of the consolidated financial statements

32.3. Max Life Insurance Company Limited

Employee Phantom Stock Plan (Cash settled):

During the year ended March 31, 2013, the Company had instituted Employee Phantom Stock Plan (EPOP) w.e.f. August 1, 2012.

During the year ended March 31, 2015, the Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. July 01, 2014, September 25, 2014 and December 01, 2014. Further, during the year ended March 31, 2016, the Company issued Employee Phantom Stock Plan (EPOP) w.e.f. October 30th, 2015 and January 1st, 2016. Accordingly Rs. 4,881.35 Lakhs (previous year Rs. 8,181.73 Lakhs) has been accrued as expense in the statement of profit & loss account as applicable The details of the scheme are as under:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	23,916,000	32.09	34,681,000	32.09
Granted during the Year	-	-	-	-
Forfeited during the year	(1,163,000)	32.09	(2,896,000)	32.09
Exercised during the year	(10,452,000)	32.09	(7,869,000)	32.09
Outstanding at the end of the year	12,301,000	32.09	23,916,000	32.09

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

Particulars	March 31, 2018	March 31, 2017
Risk-free interest rate	6.63%-7.31%	6.44%-6.85%
Expected life	1.00-3.68 Years	1.25-4.67 Years
Expected Volatility	29.21%	36.82%
Expected dividend yield	1.64%	1.22%

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

The Group measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net Profit after tax and minority interest as reported (Rs. in lakhs)	29,617.16	39,536.28
Add: Employee stock compensation under intrinsic value method (Rs. in lakhs)	(3,914.62)	8,994.31
Less: Employee stock compensation under fair value method (Rs. in lakhs)	4,261.01	(10,114.80)
Performa profit (Rs. in lakhs)	**29,963.55**	**38,415.79**
Earnings Per Share (Rupees)		
Basic		
- As reported	11.05	14.80
- Performa	11.18	14.38
Diluted		
- As reported	10.99	14.67
- Performa	11.12	14.25

Notes forming part of the consolidated financial statements

33. Leases

Lease rentals recognised in the Consolidated Statement of Profit and Loss for the year is Rs. 7,272.81 Lakhs (previous year: Rs. 6,865.07 Lakhs).

The Group has entered into operating leases for its office and for employees' residence, that are renewable on a periodic basis. The average life of lease is from 3 to 10 years. The total of future minimum lease payments under non-cancellable leases are as follows:

		(Rs. in Lakhs)
Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Not later than one year	19.09	61.70
Later than one year and not later than five year	-	19.09
Later than five year	-	-
Total	**19.09**	**80.79**

34. Segment Information

34.1. Business Segments

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

a. Life Insurance – This segment relates to the life insurance business carried out pan India, by one of the Company's subsidiary.
b. Business Investments – This segment is represented by treasury investments.

The above business segments have been identified considering:

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

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

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

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

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

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

34.2. Geographical Segments

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

Notes forming part of the consolidated financial statements

34.3. Segment Information

(Rs. in Lakhs)

	Primary Segments	Business Investments	Life Insurance business	Others	Total
a.	**Segment Revenue from**				
	Service Income	**-**	**1,237,944.91**	**1,144.31**	**1,239,089.22**
		-	*1,068,015.65*	*1,228.75*	*1,069,244.40*
	Service/Interest Income from inter segments	**20,016.07**	**9.89**	**979.23**	**21,005.19**
		22,064.81	*8.29*	*892.90*	*22,966.00*
	Income from investment activities	**734.19**	**417,911.91**	**-**	**418,646.10**
		1,304.97	*452,239.39*	*-*	*453,544.36*
	Total Segment Revenue	**20,750.26**	**1,655,866.71**	**2,123.54**	**1,678,740.51**
		23,369.78	*1,520,263.33*	*2,121.65*	*1,545,754.76*
	Less: Inter segment revenue	**20,016.07**	**9.89**	**979.23**	**21,005.19**
		22,064.81	*8.29*	*892.90*	*22,966.00*
	Revenue from operations	**734.19**	**1,655,856.82**	**1,144.31**	**1,657,735.32**
		1,304.97	*1,520,255.04*	*1,228.75*	*1,522,788.76*
b.	**Segments Results**	**734.19**	**61,869.65**	**193.05**	**62,796.89**
		1,304.97	*77,617.94*	*192.88*	*79,115.79*
	Interest Income				**1,754.70**
					1,072.25
	Sub-total				**64,551.59**
					80,188.04
	Less:				
	Unallocated Expenses (Net of unallocated income)				**9,643.28**
					9,138.39
	Interest Expenses				**1,102.75**
					893.26
	Profit before tax				**53,805.56**
					70,156.39
	Provision for taxation (includes provision for Deferred Tax)				**8,754.54**
					10,829.00
	Profit after tax				**45,051.02**
					59,327.39
	Minority Interest				**(15,433.86)**
					(19,791.11)
	Profit after tax (after adjusted minority interest)				**29,617.16**
					39,536.28
c.	**Carrying amount of segment assets**	**4,224.71**	**5,451,875.66**	**668.74**	**5,456,769.11**
		3,827.82	*4,611,204.46*	*769.06*	*4,615,801.34*
	Add: Unallocated assets				**5,523.75**
					5,606.36
	Goodwill				**65,908.05**
					52,525.44
	Total Assets				**5,528,200.91**
					4,673,933.14

Notes forming part of the consolidated financial statements

(Rs. in Lakhs)

Primary Segments		Business Investments	Life Insurance business	Others	Total
d.	**Segment Liabilities**	**-**	**5,186,589.53**	**-**	**5,186,589.53**
		-	*4,362,544.86*	*-*	*4,362,544.86*
	Add: Unallocated liabilities				**3,351.25**
					3,025.66
	Total Liabilities				**5,189,940.78**
					4,365,570.52
e.	**Cost to acquire tangible and intangible fixed assets**	**-**	**5,830.21**	**-**	**5,830.21**
		-	*5,605.64*	*-*	*5,605.64*
	Unallocated				**-**
					4.83
	Total Addition				**5,830.21**
					5,610.47
f.	**Depreciation and amortisation expenses**	**-**	**6,085.41**	**-**	**6,085.41**
		-	*6,057.10*	*-*	*6,057.10*
	Unallocated depreciation and amortisation				**191.99**
					195.73
	Total depreciation and amortisation				**6,277.40**
					6,252.83
g.	**Non-cash expenses other than depreciation and amortisation**	**-**	**(4,881.35)**	**-**	**(4,881.35)**
		-	*8,181.73*	*-*	*8,181.73*
	Unallocated non cash expenses				**966.73**
					812.58
	Total				**(3,914.62)**
					8,994.31

SECONDARY SEGMENT

(Rs. in Lakhs)

		India	Outside India	Total
a.	Revenue from external customers	**1,657,735.32**	-	**1,657,735.32**
		1,522,788.77	-	*1,522,788.77*
b.	Carrying amount of segment assets by location of assets	**5,456,769.11**	-	**5,456,769.11**
		4,615,801.34	-	*4,615,801.34*
c.	Cost to acquirer tangible and intangible fixed assets by location of assets	**5,830.21**	-	**5,830.21**
		5,605.64	-	*5,605.64*

Note: Amount in italics represents previous year figures

35. Related parties disclosures as per Accounting Standard-18

Names of other related parties with whom transactions have taken place during the year		
Key Management Personnel (KMP)	-	Mr. Mohit Talwar (Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	-	Max India Foundation
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Notes forming part of the consolidated financial statements

35.1 Transactions with related parties during the year:

(Rs. in Lakhs)

Particulars	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Managerial Remuneration								
Mohit Talwar	1,436.52	676.23	-	-	-	-	**1,436.52**	**676.23**
Donation Paid and CSR activities								
Max India Foundation	-	-	1,248.00	1,051.41	-	-	**1,248.00**	**1,051.41**
Company's contribution to Provident Fund Trust	-	-	-	-	2,258.99	2,042.72	**2,258.99**	**2,042.72**

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

36. Actuarial Assumptions

Life Insurance Business

MLIC's Appointed Actuary has determined valuation assumptions that conform to the relevant regulations issued by the IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India (IAI). Details of assumptions are given below:

(a) Interest rate:

It is based upon the current and projected yields on the fund basis the projected yields on 10 year government bonds. A valuation rate of interest of 7.05% (previous year: 6.8%) for participating business and 7.35% (previous year: 7.1%) for non-participating, health business and riders has been used.

The valuation rate of interest rate was reduced by margin for adverse deviation (MAD) of 1.65% (previous year: 1.40%) for the participating business and 1.65% (previous year: 1.40%) for the major non-participating products.

For linked products, unit growth rate of 7.35% (previous year: 7.1%) has been used which was further reduced by MAD of 1.65% (previous year: 1.40%). For unit-linked products where there is a premium related bonus payable, the MAD for unit growth rate has been used as 2.35% (previous year: 2.10%).

(b) Mortality:

Mortality assumptions for valuation purposes in general are set at levels above the current experience. These rates were further increased by MAD of 10% (previous year: 10%) for participating business and 20% (previous year: 20%) for the non-participating, unit linked and health business.

(c) Morbidity:

The IAI has recommended the CIBT93 study of UK for morbidity incident rates, due to lack of any published Indian experience.

Notes forming part of the consolidated financial statements

Proportions of 100% (previous year: 100%) of these tables or reinsurance rates have been used which were further increased by MAD of 20% (previous year: 20%)

(d) Expenses:
The maintenance expense assumptions are based on the current expense levels of the company. For prudence, assumptions do not allow for future expected savings in expenses. The assumptions were increased by MAD of 10% (previous year: 10%) for participating business and 10% (previous year: 10%) for non-participating, health and unit-linked business.

(e) Inflation:
An assumption of 6.00% pa (previous year: 6.00% pa) for expense inflation has been used.

(f) Commission:
It is based on the actual commission rates paid.

(g) Lapses:
Lapse assumptions for valuation purposes in general are set at levels below the current experience. Further, MAD of 20% (previous year: 20%) for participating business, 50% (previous year: 50%) for non-participating and unit-linked business and 20% (previous year: 20%) for health business is applied.

(h) Free look cancellation:
Provisions are made for the strain that may arise in the event of cancellation during the free look period. The free look cancellation assumption is 7.0% (previous year: 7.0%) for participating business, 4.0% (previous year: 4.0%) for non participating business and 7.5% (previous year: 7.5%) for the unit linked business. The assumptions were increased by MAD of 20% (previous year: 20.0%) for participating and non-participating business and 20% (previous year: 20.0%) for unit linked business.

(i) Future bonuses:
Provision is made for future bonuses based on expected bonus payouts consistent with the valuation assumptions and policyholders' reasonable expectations.

(j) Linked Liabilities:
Liabilities under unit linked policies comprise of a unit liability representing the fund value of in force policies, the amount payable to discontinued policies; and, a non unit liability for meeting future claims and expenses in excess of future charges. In respect of the fund value and the amount payable for the discontinued policies component, the question of assumptions does not arise and in respect of the non unit liability the assumptions used are consistent with the comments above.

37. Additional information as required by paragraph 2 of the general instructions for preparation of Consolidated financial statements to Schedule III of the Companies Act, 2013

Name of subsidiary	Net Assets i.e total assets - total liabilities		Share in profit or loss	
	Amount (Rs. in lakhs)	As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss
Parent				
Max Financial Services Limited	265,814.89	78.58%	(6,960.98)	(15.45%)
Subsidiary				
Max Life Insurance Company Limited	72,445.24	21.42%	52,012.00	115.45%
Total	**338,260.13**	**100.00%**	**45,051.02**	**100.00%**

Notes forming part of the consolidated financial statements

38. Derivative contract

In accordance with the IRDAI master circular for Investment Regulations, 2016 allowing insurers to deal in rupee denominated interest rate derivatives, the Company has Board approved policy covering various aspects related to functioning of the derivative transactions which are undertaken to mitigate interest rate risk as per the hedge strategy, thereby managing the volatility of returns from future fixed income investments, due to variations in market interest rates.

MLIC has Guaranteed products where the returns to the policy holders are fixed and the Company is exposed to interest rate risk on account of investment from receipt of subsequent premiums and sum of interest and maturity from investment made out of premiums received.

MLIC has during the year, as part of its Hedging strategy, entered into Interest rate swaps (IRS) transactions to hedge the interest rate sensitivity for highly probable forecasted transactions as permitted by the IRDAI circular on Interest Rate Derivatives.

An IRS transaction is that whereby MLIC receives at a pre-determined fixed rate and pays a floating rate to the bank based on the underlying index. In accordance with the Regulations the Company has executed International Swaps and Derivatives Association (ISDA) master agreements and two way Credit Support Annexure (CSA) with the banks. The Company uses Value at Risk (VAR) to measure and monitor risk of its derivatives portfolio. Derivatives are undertaken by MLIC solely for the purpose of hedging interest rate risks on account of following:

a. Reinvestment of maturity proceeds of existing fixed income investments;

b. Investment of interest income receivable; and

c. Expected policy premium income receivable on insurance contracts which are already underwritten in Life and Pension & General Annuity business.

The Company uses hedge accounting as per the accounting standards 30 issued by the Institute of Chartered Accountants of India.

The following table sets forth, for the period indicated, the details of derivative positions.

Particulars	At March 31, 2018	At March 31, 2017
	Interest rate derivatives	Interest rate derivatives
Cash Flow Derivatives		
1 Derivatives (Notional principal amount)	89,563,300	68,307,609
2 Marked to market positions		
a) Asset (+)	390.00	-
b) Liability (-)	(261,770)	(80,685)
3 Credit exposure		
a) Current Credit Exposure	(261,380)	(80,685)
b) Potential Future Credit Exposure	1,474,751	1,474,751

Notes forming part of the consolidated financial statements

Benchmark wise derivative position

Nature of the Derivative Contract	Benchmark	Number of deals	Notional amount of Derivative Contract outstanding at the beginning of the year	Fresh derivative contracts/ position taken during the Year	Derivative contracts/ positions terminated/ matured/ expired during the year	Notional amount of Derivative Contract outstanding at the end of the year
a) Forward Rate Agreements (FRA	MIBOR/OIS/ INBMK	-	NA	-	-	-
b) Interest Rate Swaps (IRS)	MIOIS/ MIBOR	37	68,307,609	21,255,691	-	89,563,300
c) Interest Rate Futures (IRF)	GOI	-	NA	-	-	-

39. Payment to auditor (excluding GST/service tax) (included in legal and professional)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
To statutory auditor:		
For audit	18.00	18.00
For other services	3.00	5.00
Reimbursement of expenses	1.09	1.47
	22.09	**24.47**

40. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) the principal amount remaining unpaid to any supplier	33.90	-
(ii) interest due thereon	-	-
(iii) interest paid in terms of section 16 of the Micro,Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	-	-
(iv) interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) interest accrued and remaining unpaid	-	-
(vi) further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes forming part of the consolidated financial statements

41. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

42. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

43. At the year end, unhedged foreign currency exposures are as follows:

Particulars	As at March 31, 2018			As at March 31, 2017		
	Foreign Currency (in lakhs)	Exchange Rate (Rupee)	Indian Rupee (in lakhs)	Foreign Currency (in lakhs)	Exchange Rate (Rupee)	Indian Rupee (in lakhs)
Trade payables (USD)	-	-	-	0.01	64.84	0.88
Trade payables (GBP)	1.52	92.28	140.27	1.41	80.88	114.04

44. The previous year's figures have been regrouped / reclassified, wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Date : May 25, 2018

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Notes

Notes

MAX FINANCIAL SERVICES
MAX LIFE INSURANCE

WYATTPrism COMMUNICATIONS (info@wyatt.co.in)

MAX FINANCIAL SERVICES LIMITED (FORMERLY MAX INDIA LIMITED) MAX HOUSE, OKHLA NEW DELHI – 110020
T: +91 11 4259 8000 | WWW.MAXFINANCIALSERVICES.COM

/themaxgroup /maxgroup /company/3187772