



August 6, 2019

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 021.

National Stock Exchange of India Ltd.
Exchange Plaza
Bandra -Kurla Complex
Bandra (E),
Mumbai 400 051

Scrip Code : 500271

Name of Scrip : MFSL

Dear Sir/Madam,

Sub : **Board meeting for unaudited financial results for the quarter ended June 30, 2019**

Please refer to our letter dated July 29, 2019 on the above subject. In this regard, we would like to inform you that the Board of Directors of the Company at its meeting held today approved the Standalone and Consolidated unaudited financial results of the Company for the quarter ended June 30, 2019 and the Limited Review thereon by the Auditors. The said financial results and the Limited Review Report by the Auditors for the quarter ended June 2019 are attached herewith.

The Board meeting commenced at 1200 hrs. and concluded at 1430 hrs.

We are also enclosing a Press Release being issued by the Company on the outcome of the Board meeting.

You are requested to take the aforesaid on record.

Thanking you,

Yours faithfully
For **Max Financial Services Limited**

A handwritten signature in blue ink, appearing to read "V. Krishnan", is written over a horizontal line.

V. Krishnan
Company Secretary & Compliance Officer

Encl: As above.

MAX FINANCIAL SERVICES LIMITED (Formerly Max India Limited)

CIN: L24223PB1988PLC008031

Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110 020 | P +91 11 26933610, 42598000 | F +91 11 26324126 | www.maxfinancialservices.com

Regd. Office: 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab - 144 533, India

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF MAX FINANCIAL SERVICES LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **Max Financial Services Limited** ("the Company"), for the quarter ended June 30, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



A handwritten signature in blue ink, appearing to read "Satpal Singh Arora".

SATPAL SINGH ARORA
Partner
(Membership No. 098564)

UDIN: **19098564 AAAAAL3730**

New Delhi, August 6, 2019

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

Particulars	(Rs. in Crores)			
	3 months ended 30.06.2019	3 months ended 31.03.2019	3 months ended 30.06.2018	Year ended 31.03.2019
	(Unaudited)	(Audited) (See Note 7)	(Unaudited)	(Audited)
1. Revenue from operations				
(a) Interest income	0.22	-	0.01	0.01
(b) Dividend income	190.08	-	115.39	281.01
(c) Gain on fair value changes			-	-
- on derivative financial instruments (See note 8)	0.04	-	6.46	-
- on investments in mutual funds	1.66	1.40	1.28	8.32
(d) Sale of services	4.13	8.57	5.84	27.29
2. Total revenue from operations	196.13	9.97	128.98	316.63
3. Other income	0.07	0.43	0.15	1.15
4. Total income (2+3)	196.20	10.40	129.13	317.78
5. Expenses				
(a) Finance costs (See notes 6 and 9)	0.04	-	27.25	27.25
(b) Loss on fair value changes on derivative financial instruments (See note 8)	-	62.12	-	102.61
(c) Employee benefits expenses (See note 4)	7.62	40.44	11.82	76.40
(d) Depreciation and amortisation expenses	0.69	0.45	0.45	1.75
(e) Legal and professional expenses	13.88	11.48	10.41	43.51
(f) Other expenses	2.41	5.53	3.76	16.87
6. Total expenses	24.64	120.02	53.69	268.39
7. Profit / (loss) before tax (4-6)	171.56	(109.62)	75.44	49.39
8. Tax expense				
(a) Current tax	-	-	-	-
(b) Deferred tax	-	-	-	-
9. Total tax expense	-	-	-	-
10. Profit / (loss) after tax (7-9)	171.56	(109.62)	75.44	49.39
11. Other comprehensive income / (loss):				
Items that will not be reclassified to profit or loss:				
- Remeasurement of the defined benefit obligations	(0.03)	(0.35)	(0.27)	(0.30)
12. Total other comprehensive income / (loss)	(0.03)	(0.35)	(0.27)	(0.30)
13. Total comprehensive income / (loss) (10+12)	171.53	(109.97)	75.17	49.09
14. Paid-up equity share capital (Face value of Rs. 2)	53.88	53.88	53.68	53.88
15. Other equity				1,946.15
16. Earnings per share (EPS) (Rs.) (not annualised)				
(a) Basic EPS	6.37	(4.09)	2.81	1.83
(b) Diluted EPS	6.36	(4.09)	2.80	1.83
See accompanying notes to the standalone unaudited financial results				

Date : August 6, 2019
Place : New Delhi



By Order of the Board

Mohit Talwar
Mohit Talwar
Managing Director
DIN : 02394694

Notes to the standalone unaudited financial results:

- 1 These standalone unaudited financial results for the quarter ended June 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held today. These results have been reviewed by the statutory auditors of the Company.
- 2 The standalone unaudited financial results of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- 3 The Company is a Non-Systemically Important Core Investment Company, and is primarily engaged in growing and nurturing business investments and providing management advisory services to group companies in India. Accordingly, the Company views these activities as one business segment, therefore there are no separate reportable segments as per Indian Accounting Standard-108 (Ind AS-108) on Operating Segment.
- 4 Employee benefits expenses for the quarter ended June 30, 2019 and quarter and year ended March 31, 2019 includes severance pay aggregating to Rs. 2.54 crores and Rs. 25.75 crores respectively.
- 5 During the quarter ended June 30, 2019, the Company has allotted 12,958 equity shares of Rs. 2 each arising from exercise of Employee Stock Option Plans under the "Max Employee Stock Plan-2003". During the same period the Company has also granted 115,420 stock options with graded vesting periods.
- 6 During the quarter ended June 30, 2018, the Company had incurred finance cost aggregating to Rs. 27.25 crores towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable the Company to provide its portion of shareholders' contribution for a potential acquisition opportunity pursued by its subsidiary company. However, subsequently the subsidiary company decided not to pursue the said acquisition opportunity and hence no fund raising was done by the Company. As the Company has not accessed any public funds, it continues to be a non Systemically Important Core Investment Company under the Non-Banking Finance Company (NBFC) rules as defined under the Reserve Bank of India Act, 1934.
- 7 Figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year and published year to date unaudited figures upto the third quarter of the year ended March 31, 2019.
- 8 Gain/(loss) on fair value changes on derivative financial instruments represents gain/(loss) arising out of the Option arrangements relating to equity shares of Max Life Insurance Company Limited (MLIC), executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited and accounted for Fair Value Through Profit or Loss account (FVTPL) in standalone unaudited financial results of the Company as per Ind AS 109.
During the year ended March 31, 2019, the Company had acquired 0.30% equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Mitsui Sumitomo Insurance Company Limited and 0.74% equity shares of MLIC from Axis Bank Limited, thereby increasing its stake in MLIC from 70.75% to 71.79% as at March 31, 2019, on exercise on such options.
Necessary adjustments are made against the option value in the books of account and balance is restated at the end of each period. Figure for the quarter ended 31 March, 2019 includes such adjustments recorded at year end, Rs. 50.16 crores relates to transaction settled upto December 31, 2018.
- 9 Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. Accordingly, comparatives for the quarters ended June 30, 2018 and March 31, 2019 and year ended March 31, 2019 have not been retrospectively adjusted.
Consequently, in the current period financial results, the nature of expenses in respect of Operating Leases has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for the interest accrued on lease liability. The effect of this adoption is not material on the profit for the current period and earnings per share
- 10 The Board of Directors of the Company in its meeting held today, have considered and approved a binding term sheet containing inter alia the issuance and allotment of up to 7,35,51,029 equity shares of the Company of the face value of Rs. 2/- each, fully paid up, on a preferential basis to Mitsui Sumitomo Insurance Company Limited ('MSI') for consideration other than cash, i.e., through swap of 38,33,92,784 equity shares of Rs 10/- each, held by MSI in Max Life Insurance Company Limited ('MLIC'), based on the valuation report obtained by the Company in accordance with applicable laws.
The issuance and allotment of shares as stated above is subject inter alia to execution of definitive agreements with MSI and receipt of requisite shareholders and regulatory approvals



Date : August 6, 2019
Place : New Delhi

By Order of the Board

Mohit Talwar
Managing Director
DIN : 02394694

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF MAX FINANCIAL SERVICES LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **Max Financial Services Limited** ("the Parent") and its subsidiary company (the Parent and its subsidiary company together referred to as "the Group"), for the quarter ended June 30, 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact stated in note 8 of consolidated unaudited financial results that the consolidated figures for the corresponding quarter ended June 30, 2018 and previous quarter ended March 31, 2019 as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the subsidiary company Max Life Insurance Company Limited.
5. Based on our review conducted as stated in paragraph 3 above and based on the consideration of the certificates of the appointed actuary referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. In respect of Max Life Insurance Company Limited ("MLIC"), subsidiary company, determination of the following as at period ended June 30, 2019 is the responsibility of the subsidiary company's Appointed Actuary.
 - (i) 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 June 30, 2019 in respect of the subsidiary company. In the opinion of the Appointed Actuary, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDAI) and the Institute of Actuaries of India in



concurrence with the IRDAI. The charge of "Net Change in Insurance and Investment Contract Liabilities" includes charge for actuarial valuation of liabilities for life policies in force and charge for the policies in respect of which premium has been discontinued but liability exists as at June 30, 2019. These charges have been actuarially determined, based on the liabilities duly certified by the subsidiary company's Appointed Actuary; and

- (ii) Other adjustments for the purpose of preparation of the Statement, as confirmed by the Appointed Actuary of subsidiary company are in accordance with Indian Accounting Standard 104 on Insurance Contracts:
- a. Assessment of contractual liabilities based on classification of contracts into insurance contracts and investment contracts;
 - b. Valuation and Classification of Deferred Acquisition Cost and Deferred Origination Fees on Investment Contracts and Valuation of Embedded Derivatives;
 - c. Grossing up and classification of the Reinsurance Assets; and
 - d. Liability adequacy test as at the reporting dates.

The auditors of Max Life Insurance Company Limited ("MLIC"), subsidiary company have relied on the certificates of the Appointed Actuary in respect of above matters in forming their conclusion on the interim financial results of the said subsidiary company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



SATPAL SINGH ARORA
Partner
(Membership No. 098564)

UDIN:19098564AAAAAM6701

New Delhi, August 6, 2019

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

		(Rs. in Crores)			
Particulars	3 months ended 30.06.2019 (Unaudited)	3 months ended 31.03.2019 (See note 8)	3 months ended 30.06.2018 (See note 8)	Year ended 31.03.2019 (Audited)	
1. Revenue from operations					
(a) Interest Income	43.19	40.37	40.76	162.37	
(b) Dividend Income	0.36	0.30	0.37	2.04	
(c) Net gain on fair value changes	21.39	20.77	16.33	51.27	
(d) Policyholders' Income from Life Insurance operations (See Note 2)	3,883.36	7,060.02	3,495.43	19,269.69	
(e) Sale of services	0.38	3.01	3.16	12.25	
2. Total Revenue from operations	3,948.68	7,124.47	3,556.05	19,497.62	
3. Other income	0.09	0.48	0.78	3.61	
4. Total income (2+3)	3,948.77	7,124.95	3,556.83	19,501.23	
5. Expenses					
(a) Finance costs (See Notes 6 and 10)	0.07	-	27.30	27.30	
(b) Impairment on financial instruments	6.88	2.52	0.01	5.02	
(c) Employee benefits expenses (See Note 7)	9.82	43.05	11.67	84.37	
(d) Depreciation and amortisation expense	0.69	0.45	0.45	1.75	
(e) Legal and professional expenses	13.88	11.48	10.41	43.51	
(f) Policyholders' Expenses of Life Insurance operations (See Note 2)	3,847.42	6,856.76	3,449.80	18,826.57	
(g) Other expenses	6.65	9.36	7.62	31.87	
6. Total expenses	3,885.41	6,923.62	3,507.26	19,020.39	
7. Profit before tax (4-6)	63.36	201.33	49.57	480.84	
8. Tax expense					
Relating to other than revenue account of Life Insurance policyholders					
Current tax	8.32	1.21	16.11	66.22	
Deferred tax	0.80	0.21	0.67	(1.84)	
Relating to revenue account of Life Insurance policyholders					
Current tax	-	-	-	-	
Total tax expense	9.12	1.42	16.78	64.38	
9. Profit after tax (including Non-controlling interests) (7-8)	54.24	199.91	32.79	416.46	
10. (Profit)/Loss attributable to non-controlling interest	(20.54)	(68.92)	(23.17)	(153.91)	
11. Profit attributable to owners of the Company (9-10)	33.70	130.99	9.62	262.55	
12. Other comprehensive income (OCI)					
Relating to revenue account of life insurance policyholders					
(i) Items that will not be reclassified to profit or loss in subsequent periods	(1.33)	(9.31)	(1.33)	(5.32)	
(ii) Items that will be reclassified to profit or loss in subsequent periods	31.10	71.15	(77.19)	78.71	
Less: Transferred to policyholders' fund in the balance sheet	(29.77)	(61.84)	78.53	(73.39)	
Relating to Others					
(i) Items that will not be reclassified to profit or loss in subsequent periods	(0.03)	(0.35)	(0.27)	(0.30)	
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	
(ii) Items that will be reclassified to profit or loss in subsequent periods	2.57	4.40	(12.01)	1.90	
Income tax relating to items that will be reclassified to profit or loss	(0.37)	(0.65)	1.73	(0.29)	
13. Other comprehensive income	2.17	3.40	(10.54)	1.31	
14. Total comprehensive income (after tax) (9+13)	56.41	203.31	22.25	417.77	
15. Profit for the period attributable to					
Owners of the company	33.70	130.99	9.63	262.55	
Non-controlling interests	20.54	68.92	23.16	153.91	
16. Other comprehensive income attributable to					
Owners of the company	1.55	2.34	(7.54)	0.86	
Non-controlling interests	0.62	1.06	(3.00)	0.45	
17. Total comprehensive income attributable to					
Owners of the company	35.25	133.33	2.09	263.41	
Non-controlling interests	21.16	69.98	20.16	154.36	
18. Paid up Equity Share Capital (Face value of Rs. 2 each)	53.88	53.68	53.88	53.88	
19. Other Equity				2,005.16	
20. Earnings per share (EPS) (Rs.) (not annualised)					
(a) Basic EPS	1.26	4.88	0.36	9.77	
(b) Diluted EPS	1.25	4.87	0.36	9.77	
See accompanying notes to the consolidated unaudited financial results					



Date : August 6, 2019
Place : New Delhi

By Order of the Board

Mohit Talwar
Managing Director
DIN : 02394694

Notes to the consolidated unaudited financial results

1. CONSOLIDATED UNAUDITED SEGMENTWISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER ENDED JUNE 30, 2019

Particulars		3 months ended 30.06.2019 (Unaudited)	3 months ended 31.03.2019 (See note 8)	3 months ended 30.06.2018 (See note 8)	Year ended 31.03.2019 (Audited)
1	Segment Revenue				
	a) Life Insurance	3,946.44	7,120.10	3,551.63	19,477.14
	b) Business Investments	196.14	9.97	128.98	316.63
	Total	4,142.58	7,130.07	3,680.61	19,793.77
	Inter segment revenue	193.90	5.60	124.56	296.15
	Revenue from operations (net)	3,948.68	7,124.47	3,556.05	19,497.62
2	Segments Results from continuing operations before tax				
	a) Life Insurance	81.92	248.78	95.41	607.44
	b) Business Investments	171.54	(110.06)	102.54	75.48
	Total	253.46	138.72	197.95	682.92
	Inter segment elimination (net)	190.12	(62.13)	121.87	178.40
	Sub-total	63.34	200.85	76.09	504.53
	Unallocated Expenses (Net of unallocated income)	0.02	0.48	(26.52)	(23.69)
	Profit before tax from continuing operations	63.36	201.33	49.57	480.84
	Provision for taxation (includes provision for Deferred Tax)	9.12	1.42	16.78	64.38
	Profit after tax from continuing operations	54.24	199.91	32.79	416.46

Particulars		As at 30.06.2019 (unaudited)	As at 31.03.2019 (Audited)	As at 30.06.2018 (See note 8)
3	Segment Assets			
	a) Life Insurance	67,806.56	66,586.45	56,371.22
	b) Business Investments	2,351.79	2,195.58	2,142.30
	Total Segment Assets	70,158.35	68,782.03	58,513.52
	Inter-segment elimination (net)	(1,575.21)	(1,571.32)	(1,457.63)
	Total Assets	68,583.14	67,210.71	57,055.89
4	Segment Liabilities			
	a) Life Insurance	65,281.54	63,817.18	53,797.89
	b) Business Investments	179.12	195.55	147.75
	Total Segment Liabilities	65,460.66	64,012.74	53,945.64
	Inter-segment elimination (net)	311.65	364.88	520.76
	Total Liabilities	65,772.31	64,377.62	54,466.40

The Operating Segments have been identified on the basis of business activities from which the Group earns revenues and incurs expenses and whose operating results are reviewed by the Chief Operating Decision Maker (CODM) of the Group to make decisions about the resources to be allocated and assess performance and for which discrete financial information is available.



2. Following are the Policyholders' Income and Expenses from Life Insurance Operations included in above results :

Particulars		(Rs. in Crores)			
		3 months ended 30.06.2019 (Unaudited)	3 months ended 31.03.2019 (See note 8)	3 months ended 30.06.2018 (See note 8)	Year ended 31.03.2019 (Audited)
A	Policyholders' Income from life insurance fund				
	Premium Income (Net)	2,586.51	5,461.04	2,264.97	14,352.86
	Interest Income	868.31	823.45	728.15	3,128.54
	Dividend Income	40.94	17.32	54.98	158.50
	Rental Income	4.16	3.77	1.84	12.16
	Net gain on fair value changes - Policyholders' Investments	307.19	1,027.69	400.07	1,742.71
	Other income	2.94	(0.94)	3.92	10.84
	Sub-Total	3,810.05	7,332.33	3,453.93	19,405.61
	Less/ (Add): Restricted life insurance surplus retained in Policyholders' Fund	(73.31)	272.31	(41.50)	135.92
	Total	3,883.36	7,060.02	3,495.43	19,269.69
B	Policyholders' Expense of Life Insurance fund				
	Commission to selling agents	158.30	391.23	145.22	989.33
	Employee Benefits Expenses	250.11	231.21	188.86	819.76
	Operating Expenses	252.74	393.45	213.93	1,132.32
	Benefits payout (net)	1,583.82	1,773.95	1,119.66	5,452.28
	Net change in insurance contract liabilities	1,479.63	3,925.22	1,682.30	9,956.15
	Net change in investment contract liabilities	87.18	80.58	62.29	306.86
	Finance cost	8.98	3.64	2.83	11.77
	Impairment loss (including reversals)	1.53	-	0.02	0.03
	Depreciation & amortisation expenses	34.77	12.68	20.17	74.46
	Other expenses	0.42	(0.01)	0.62	1.75
	Sub-Total	3,857.48	6,811.95	3,435.90	18,744.71
	Add/ (Less): Restricted life insurance surplus retained in Policyholders' Fund	(10.06)	44.81	13.90	81.86
	Total	3,847.42	6,856.76	3,449.80	18,826.57



Notes to the consolidated unaudited financial results

3. These consolidated unaudited financial results for the quarter ended June 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held today. These results have been reviewed by the statutory auditors of the Company.
4. The consolidated unaudited financial results of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The consolidated financial results comprise the financial statements of Max Financial Services Limited and its subsidiary (collectively referred as the 'Group') listed below:

Name of Subsidiary	Country of incorporation	Portion of ownership as at June 30, 2019	Portion of ownership as at March 31, 2019	Portion of ownership as at June 30, 2018
Max Life Insurance Company Limited	India	71.79%	71.79%	70.75%

5. During the quarter ended June 30, 2019, the Parent Company has allotted 12,958 equity shares of Rs. 2 each arising from exercise of Employee Stock Option Plans under the "Max Employee Stock Plan-2003". During the same period the Company has also granted 115,420 stock options with graded vesting periods.
6. During the quarter ended June 30 2018, the Parent Company had incurred finance cost aggregating to Rs. 27.25 crores towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable the Company to provide its portion of shareholders' contribution for a potential acquisition opportunity pursued by its subsidiary company. However, subsequently the subsidiary company decided not to pursue the said acquisition opportunity and hence no fund raising was done by the Parent Company. As the Parent Company has not accessed any public funds, it continues to be a non Systemically Important Core Investment Company under the Non-Banking Finance Company (NBFC) rules as defined under the Reserve Bank of India Act, 1934.
7. Employee benefits expenses for the quarter ended June 30, 2019 and the quarter and year ended March 31, 2019 includes severance pay aggregating to Rs. 2.54 crores and Rs. 25.75 crores respectively.
8. In compliance with notification SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018, issued by Securities and Exchange Board of India ('SEBI'), the Group has prepared and presented consolidated financial results for the quarter ended June 30, 2019 for the first time, which have been reviewed by the statutory auditors of the Company. The Consolidated figures for the corresponding quarter ended June 30, 2018 and for the quarter ended March 31, 2019 as reported in these consolidated financial results have been approved by the Company's Board of Directors, but have not been subjected to review by the statutory auditors.
9. The Company had entered into a put option arrangement relating to equity shares of Max Life Insurance Company Limited ('MLIC') executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited. As per the arrangement, the Company has to settle such liability by payment of cash upon exercise of option. As required under Ind AS, put option granted to non-controlling interest is initially recognised in the consolidated financial statements by the Group as a financial liability at the fair value of the amount that may become payable upon exercise of option and is adjusted against the shareholders' equity. As per the terms of the above arrangement, the Company had partially settled its put option obligation during the year ended March 31, 2019 amounting to Rs. 165.37 crores. In the absence of any mandatorily applicable accounting guidance, the Company has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.
10. Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. Accordingly, comparatives for the quarters ended June 30, 2018 and March 31, 2019 and year ended March 31, 2019 have not been retrospectively adjusted.
- Consequently, in the current period financial results, the nature of expenses in respect of Operating Leases has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for the interest accrued on lease liability. The effect of this adoption is not material on the profit for the current period and earnings per share.
11. The Board of Directors of the Company in its meeting held today, have considered and approved a binding term sheet containing inter alia the issuance and allotment of up to 7,35,51,029 equity shares of the Company of the face value of Rs. 2/- each, fully paid up, on a preferential basis to Mitsui Sumitomo Insurance Company Limited ('MSI') for consideration other than cash, i.e., through swap of 38,33,92,784 equity shares of Rs 10/- each, held by MSI in Max Life Insurance Company Limited ('MLIC'), based on the valuation report obtained by the Company in accordance with applicable laws.

The issuance and allotment of shares as stated above is subject inter alia to execution of definitive agreements with MSI and receipt of requisite shareholders and regulatory approvals

Date : August 6, 2019
 Place : New Delhi



By Order of the Board

Mohit Talwar
 Managing Director
 DIN : 02394694

Max Financial Services Embedded Value at Rs. 9,314 Cr., grows 22% y-o-y

Mitsui Sumitomo Insurance to Acquire 21.45% Stake in MFS via Swapping it's 19.98% stake in Max Life Insurance

MFS key subsidiary Max Life Insurance Q1FY2020 Financial Highlights:

- Revenue¹: Rs. 3,544 Cr.; grows 15%
- Embedded Value grows to Rs. 9,314 Cr.; Operating Return on EV: 14.8%
- Value of New Business grows 33% to Rs. 134 Cr.; New Business Margin expands 150 bps to 24.9%

6th August 2019, New Delhi

Max Financial Services Limited (MFS) today announced its financial results for the first quarter of financial year 2019-20 (Q1 FY2020). MFS, the holding company of **Max Life Insurance (Max Life)**, India's largest non bank-owned life insurer, reported consolidated revenues of Rs. 3,949 Cr., growing 11% over the previous year. MFS' profit after tax was recorded Rs. 54 Cr showing a growth of 65%.

MFS' Board also approved a preferential issuance, which will allow Mitsui Sumitomo Insurance (MSI) to swap 19.98% of its shareholding in Max Life with 21.45% stake in MFS.

MSI is part of world's 7th largest, MS&AD Insurance Group Holding of Japan. Max Financial Services and MSI are 74:26 joint venture partners in India's fourth largest private Life Insurer Max Life Insurance Company.

The transaction will also provide MFS an option to purchase from MSI, its balance shareholding of 5.24% of the equity share capital of Max Life for cash at a price of Rs 80.89 per share.

The transaction structure will involve MSI subscribing 7,35,51,029 shares of MFS having a par value of Rs. 2/- each at a price of Rs. 421.67 per share aggregating to 21.45% of the paid-up equity share capital of the Company on the date of allotment of the aforesaid shares fresh shares. In consideration, MFS will receive 38,33,92,784 shares of Rs. 10/- each from MSI at a price of Rs. 80.89 per share translating into 19.98% stake of MLIC. Pursuant to this, the equity stake held by MFS in Max Life will increase from 71.79% to 91.77%.

MFS' sole operating subsidiary Max Life continued its strong performance in Q1 FY2020, reporting revenues of Rs. 3,544 Cr., growing 15%. The business also reported its Embedded Value (EV) based on market consistent methodology (MCEV) at Rs. 9,314 Cr., with an Operating Return on EV (RoEV) of 14.8%. The Value of New Business² (VNB) written during the quarter was Rs. 134 Cr., growing 33% over the previous year while the New Business Margin³ (NBM) expanded 150 bps to 24.9%.

Max Life's Assets under Management in Q1FY2020 were Rs. 63,877 Cr., 18% higher than the previous year. The Company's Individual APE grew 23% over the last year to Rs. 679 Cr.

¹ Excludes Max Life Unit Investment Income

² Value of New Business at post-overrun costs

³ New Business Margin at structural costs

Max Life's proprietary channel sales were recorded at Rs. 228 Cr. – a growth of 16% over the previous year. The e-commerce sales were up 49%, owing to growth in organic leads while the CAT channel recorded 42% growth.

Max Life also initiated its Agency Excellence Program during the quarter, based on recommendations from former senior employees of New York Life, its erstwhile JV partner known for its gold standard in Agency channel.

Commenting on the proposed preferential allotment to MSI, **Mr. Mohit Talwar, Vice Chairman, Max Group & Managing Director, Max Financial Services**, said, "MSI has been valued partners since long, contributing through their participation in the Max Life Board. We are positive that they will continue to be equally engaged and helpful at the holding company level. We look forward to maintaining our fruitful relationship with them".

Elucidating the quarterly financial results, he added, "Max Life has not only flourished on all financial metrics but with Individual Sales Growth of 23%, continues to perform in line with the robust private market growth. The performance in the first quarter of the fiscal has set a firm pace for our goal of achieving 25%-25%-25% in Sales growth, New Business Margin, and Return on Embedded Value respectively, over the next three years".

Note to the Editor

The EV of a life insurance company comprises two key elements — a) Net Asset Value or the Net Worth of the company, which represents the market value of the company's assets attributable to the shareholders, and b) the Present Value of the company's future expected profits from its existing business portfolio as at the date of valuation.

Max Life had transitioned its EV calculation to a Market Consistent methodology from the earlier traditional approach (Traditional Embedded Value – TEV) in FY2015. This follows market practice in developed markets, where life insurers have moved to adopt market consistent methodologies.

A market consistent methodology approach better reflects the embedded value of an insurance company by explicitly and specifically allowing for insurance and economic risks rather than using an implicit overall allowance for risks through a Risk Discount Rate (RDR) in the traditional approach. In addition, the market-consistent approach is more objective where asset and liability cash flows are valued using assumptions consistent with those applied to similar cash flows in the capital markets, thus more accurately reflecting the health of the business.

About Max Group

The Max Group is a leading Indian multi-business conglomerate with a commanding presence in the Life Insurance, Healthcare and Health Insurance industry. It has now ventured into high potential sectors - Senior Living and Real Estate. In FY2019, the Group recorded consolidated revenue of Rs. 22,150 Cr. It has a total customer base of 11 million, over 350 offices spread across India and employee strength of more than 27,500 as on 31st March 2019. The Group's investor base includes marquee global financial institutions such as New York Life, KKR, IFC Washington, Vanguard, Ward Ferry, New York Life, Briarwood

Capital, Nomura, Aberdeen, First State Investments, First Voyager, Eastspring, Target Asset Management, Baron, Jupiter and Doric Capital.

The Max Group comprises three holding companies, namely Max Financial Services, Max India and Max Ventures & Industries.

About Max Financial Services Limited

Max Financial Services Limited (MFS), a part of the US\$ 3 billion Max Group, is the parent company of Max Life, India's largest non-bank, private life insurance company. MFS actively manages a majority stake in Max Life Insurance Company Limited, making it India's first listed company focused exclusively on life insurance.

About Max Life Insurance

Max Life Insurance offers comprehensive long-term savings, protection and retirement solutions through its high-quality agency distribution and multi-channel distribution partners. A financially stable company with a strong track record over the last 17 years, Max Life Insurance offers superior investment expertise. Max Life Insurance has the vision 'To be the most admired life insurance company by securing the financial future of our customers'. The company has a strong customer-centric approach focused on advice-based sales and quality service delivered through its superior human capital.

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 : <https://www.facebook.com/themaxgroup>

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