MAX FINANCIAL SERVICES LIMITED
CIN: L24223PB1988PLC008031
Registered Office: Bhai Mohan Singh Nagar, Village Railmajra,
Tehsil Balachaur, District Nawanshahr, Punjab – 144 533
Tel: 01881-462000, 462001 Fax: 01881- 273607
Website: www.maxfinancialservices.com
E-mail: investorhelpline@maxindia.com

December 8, 2020

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

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

Scrip Code: 500271

Scrip Code: MFSL

Sub: Notice of the 32nd Annual General Meeting and Annual Report for the FY 2019-20

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 30, 34, 42 and 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our letter dated December 4, 2020 informing about the 32nd Annual General Meeting ("AGM") of the Company scheduled to be held on Wednesday, December 30, 2020 at 1200 hours (IST) through Video Conference ("VC")/Other Audio Visual Means ("OAVM") in compliance with circulars issued by the Ministry of Corporate Affairs and SEBI. In this regard, we wish to inform the following:

1. The Annual Report for the financial year 2019-20 and the notice of AGM are being sent through electronic mode to all the members of the Company whose email addresses are registered with the Company/Depository Participant(s). These documents are also available on the Company's website at www.maxfinancialservices.com.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 24, 2020 to Wednesday, December 30, 2020 (both days inclusive).

3. The Company is providing the facility to vote by electronic means (remote e-voting as well as e-voting at the AGM) on all the resolutions set out in the AGM notice to the members, who are holding shares on the cut-off date i.e. Wednesday, December 23, 2020. The remote e-voting will commence from Saturday, December 26, 2020, at 0900 hrs. and shall end on Tuesday, December 29, 2020 at 1700 hrs.

4. The Annual Report for the financial year 2019-20 and the Notice of AGM are enclosed herewith.

You are requested to take note of the above.

Thanking you,

Yours faithfully,
For **Max Financial Services Limited**

Max Financial Services Limited

V. Krishnan
Company Secretary and Compliance Officer

Encl : as above

Progress through Partnership

Annual Report 2019-20

Annual Report
2020

Contents

04-13
CORPORATE REVIEW

Our Enterprise

Max Financial Services Limited (MFSL) is part of the leading business conglomerate – the Max Group. Focused on Life Insurance, MSFL owns and actively manages a 72.52% stake in Max Life Insurance, India's largest non-bank, private life insurance company. MFSL earned a revenue of ₹ 18,242 Cr. in FY2020. The Company is in the process of being listed on the NSE And BSE. Besides a 28.3% holding by Analjit Singh sponsor family, some other shareholders include KKR, New York Life, Baron, Vanguard, Aberdeen, First Voyager, Jupiter and the Asset Management Companies of Reliance, HDFC, ICICI Prudential, Motilal Oswal, Aditya Birla Sun Life, Mirae, and Kotak. In April 2020, MFSL announced its intent to bring in India's third largest private bank, Axis Bank and its subsidiaries as a JV partner for its life insurance business Max Life.

Launched in 2000, Max Life is a Joint Venture (JV) with Mitsui Sumitomo Insurance, a Japan-headquartered global insurance leader. Max Life is India's largest non-bank private life insurer and the fourth largest private life insurance company, with gross premium of ₹ 16,184 Cr., a Claims Paid Ratio of 99.22%, a Market-Consistent Embedded Value (MCEV) of ₹ 9,977 Cr., and a sum assured of ₹ 9,13,660 Cr., with a total of 269 branch units across India. In April 2020, Max Life announced a strategic deal with India's third largest bank – Axis Bank to become a JV partner in the life insurance company. It was later modified for acquisition of up to 19% stake in the Company by Axis Bank Entities.

Max India Limited, a part of the leading Indian conglomerate Max Group, has a presence in the senior care and skilling industry. It is the holding company of Antara Senior Living Limited, Antara Assisted Care Services Limited and Max SkillFirst. The Company is listed on the NSE and BSE. Besides a 40.9% holding by Analjit Singh sponsor family, some other shareholders include Ward Ferry, Briarwood Capital, Locus Investments, International Finance Corporation, Target Asset Management, Doric Capital, New York Life Insurance, Nomura Singapore TVF, Dimensional, and Habrok.

Antara is a wholly owned subsidiary of Max India Limited. It is an integrated service provider for all senior care needs. It operates two main lines of businesses – Residence for Seniors and Assisted Care Services. Antara's first residential community in Dehradun consists of around 200 apartments spread across 14 acres of land. In 2020, Antara launched a new senior living facility in Noida, Sector-150. With 340 apartments in its first phase of development, it will be ready for possession by 2025. Antara's Assisted Care Services include 'Care Homes' and 'Care at Home'. They cater to seniors over the age of 55, who need more immersive interventions in their daily lives due to medical or age-related issues.

Max SkillFirst is a wholly owned subsidiary of Max India. Its vision is to improve the sales and service culture in India by being the most admired learning and development organization. The company employs over 540 professionals.

MAX VENTURES & INDUSTRIES

Incorporated in 2015, Max Ventures & Industries Limited (MaxVIL) operates across two core businesses of Real Estate and Specialty Packaging Films through its subsidiary companies – Max Estates Limited, Max Asset Services Limited, Max I. Limited and Max Speciality Films Limited. MaxVIL is listed on the NSE and BSE. Besides a 49.7% holding by Analjit Singh sponsor family, some other shareholders include New York Life and First State Investments.

MAX ESTATES

Established in 2016, Max Estates is the real estate arm of the Max Group. It is a 100% subsidiary of MaxVIL. Its vision is to bring the Group's values of Excellence, Credibility and Sevabhav to the Indian real estate sector. Max Estates is focused on developing and operating Grade A build-to-lease office complexes. Through its Work*Well* concept, Max Estates offers workplaces which provide a blend of community building, technology and environment friendly features. Its commercial projects include Max Towers, on the edge of South Delhi that opened in 2019 and houses occupants such as Regus, Delphix, Udacity, Kama Ayurveda, L'Opera, Crossword among others and Max House, Okhla, a Grade A office campus located in South Delhi. Its upcoming projects include Max Square, in Sector 129, Noida which has equity participation from New York Life.

MAX ASSET SERVICES

Max Asset Services Limited (MAS), a subsidiary of MaxVIL, focuses on providing Real Estate as a service in the form of facility management, community development and managed offices. It aims to bring life into buildings by implementing the Max Estates' Work*Well* philosophy through amenities and 'Pulse', which focuses on curating engaging events for office tenants.

MAX SPECIALITY FILMS

Launched in 1988, Max Speciality Films, a subsidiary of MaxVIL., is an innovation leader in the Specialty Packaging Films business. It has a strategic partnership with Japan's Toppan Printing Co. Ltd., a leading global printing company. Max Speciality Films is a top supplier of specialty packaging, labels, coating and thermal lamination films for the Indian and overseas markets. Its volumes for FY20 stood at approx. 63,0000 metric tons. MSF remains committed to its focus of creating value added films and specialty products through research and innovation. Since the commissioning of its state-of-the-art line 5 in 2018, MSF has significantly increased its production of recyclability films.

MAX I. LIMITED

Max I. is MaxVIL's wholly owned subsidiary, which facilitates intellectual and financial capital to promising and proven early stage organisations across identified sunrise sectors. Its investment model is a hybrid of accelerators and venture funding, providing both mentoring and growth capital for the organisations it invests in. Max I.'s key objective is to find and nurture companies synergistic to the real estate business of the Max Group through deeper engagement.

MAX INDIA FOUNDATION

Launched in 2008, Max India Foundation (MIF) represents the Max Group's social responsibility efforts. It is focused on the creation of opportunities by empowering children through education and sustainable livelihood skills. MIF's most recent initiative is Social Emotional Ethical (SEE) Learning – a K to 12 education program to provide high quality, easy-to-use curricula and a comprehensive framework for educators and students for their holistic development. In the past, the Foundation's work focused on healthcare for the underprivileged and benefitted more than 35 Lakh people in over 800 locations since its inception.

Measures of Success

MFS Consolidated Revenues[1]

₹ 18,242 CR

7% ↓

Consolidated PAT[1]

₹ 273 CR

34% ↓

Max Life Embedded Value

₹ 9,977 CR

Operating RoEV

20.3% ↑

Value of New Business

₹ 897 CR

5% ↑

Gross Written Premium

₹ 16,184 CR

11% ↑

Shareholders' Profit After Tax

₹ 539 CR

3% ↓

[1]As per IND-AS Consolidated Financials

Conservation Ratio

At 85%

New Business Margin

22%

Assets Under Management

₹ 68,471 CR

9%

Claims Paid Ratio

At 99.2%

Solvency Ratio

207%

Sum Assured In Force

₹ 9,13,660 CR

30%

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, policyholders, shareholders and employees.
- Do what is right for our customers, & 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.

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.

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.

Board of Directors

Analjit Singh, Founder & Chairman, Max Group

Mr Analjit Singh is the Founder & Chairman of The Max Group, a leading Indian multi business enterprise, with interests in life insurance (Max Life), real estate (Max Estates) and senior care (Antara). The Max Group is renowned for successful joint ventures with some pre-eminent firms including Mitsui Sumitomo, Toppan, New York Life Insurance Company, Bupa Plc, Life Healthcare, DSM, Netherlands, Hutchison Whampoa, Motorola, Lockheed Martin and others.

Amongst privately held family 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 be opened in Florence, Italy. The Leeu Collection also includes a significant presence in wine and viticulture through Mullineux Leeu Family Wines in SA.

Mr Analjit Singh was awarded the Padma Bhushan, India's second 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 the Graduate School of Management, Boston University. He has been conferred with an honorary doctorate by Amity University.

He is also a Director on the Board of Sofina NV/SA, Belgium. Till August 2018, he was the non-executive Chairman of Vodafone India.

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 the Board of Governors of The Indian Institute of Technology and The Doon School.

Mr Analjit Singh has served on the Prime Minister's Indo US CEO and Indo UK CEO Council and till recently served as the Honorary Consul General of the Republic of San Marino in India.

Mohit Talwar, Vice Chairman, Max Group

Mr Mohit Talwar is the Vice Chairman of the Max Group. He is also the Managing Director of Max Financial Services Limited and Max India Limited, and Vice Chairman of Max Ventures & Industries Limited (MaxVIL). In addition, he serves on the Boards of Max Life Insurance and Antara Senior Living.

During his stint at the Max Group, he has 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 recent restructuring of Max India with divestment of its healthcare and health insurance businesses. He is currently driving the ongoing joint venture transaction between Max Life and Axis Bank. Some of the other corporate transactions in which he has played a key role include the mega restructuring of the erstwhile Max India into three new listed companies, which received a significantly positive reaction from capital markets, setting up of Max Bupa Health Insurance in 2010, joint venture partnerships between Mitsui, Japan and Max Life, and Life Healthcare, South Africa and 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.

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.

Aman Mehta, Independent Director

Mr Aman Mehta retired as the CEO of HSBC Asia Pacific in January 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.

Sir Charles Richard Vernon Stagg, Independent Director

Sir Charles Richard Vernon Stagg has been the Chairman of Rothschild and Co., India since 2015. He is a Director of the JP Morgan Asian Investment Trust and a Trustee of the School of Oriental and African Studies in London. Before joining Rothschild, Sir Richard was a career officer in the UK Foreign Service from 1977-2015. His last two postings were as High Commissioner in Delhi and British Ambassador in Kabul. From 2003-2007, he was the Chief Operating Officer, responsible for the Foreign Office's global network of embassies and consulates.

From 2007-2017, in addition to his diplomatic responsibilities, Sir Richard was the Chairman of FCO Services – a Public Sector Unit (PSU) providing secure services to the UK and foreign governments. Sir Richard has an MA in History from Oxford University.

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. He 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 physics with a specialisation in Electronics from the University of Allahabad, India.

Jai Arya, Independent Director

Mr Jai Arya is a member of the Board of the UK-based research consultancy, the Official Monetary and Financial Institutions Forum (OMFIF). He is also Adviser to the Dean, NUS Business School, Singapore, as well as their Head of Executive Education. Mr Arya has also been a Senior Adviser for Asian banking to a global consultancy firm and has also consulted on a project basis for the Asian Development Bank. Prior to this, Mr Arya worked for Bank of New York Mellon for 27 years and Bank of America for

10 years, in various Asian locations. Before leaving BNY Mellon in April 2014, Mr Arya was an EVP and global head of their business with sovereign institutions, as well as a member of the Bank's Global Operating Committee and Asia Executive Committee. His earlier roles included Head of Asia Client Relationships and Asian country offices. Mr Arya received an MBA from the Faculty of Management Studies, Delhi University and a BA (Honours) in Economics from St. Stephen's College, Delhi University.

Naina Lal Kidwai, Independent Director

Ms Naina Lal Kidwai is Chairman, Advent India Advisory board; a Non-Executive Director on the boards of LafargeHolcim, Max Financial Services, CIPLA, Nayara Energy and Larsen and Toubro and Past President of FICCI (Federation of Indian Chambers of Commerce & Industry). She retired in December 2015 as Executive Director from the board of HSBC Asia Pacific and Chairman HSBC India and in April 2018 from the global board of Nestle.

An MBA from Harvard Business School, she is the recipient of several awards and honours including the Padma Shri for her contribution to Trade and Industry. She is engaged with institutions in environment, water and sanitation and has authored 3 books including the bestsellers "30 women in Power: Their Voices, Their Stories" and "Survive Or Sink: An Action Agenda for Sanitation, Water, Pollution, and Green Finance".

She is one of the Government of India's representatives on the BRICS Business Council and the INDO-ASEAN Business Council. She is also on the investment advisory committee of the Army Group Insurance Fund and on the Governing Board of Lady Shriram College and Harvard Business School South Asia Advisory Board.

She has been a member of the Government of India's Industry Task Force, the Prime Minister's Trade and Industry Council, the National Manufacturing Council, the National Trade Council, and on the Working Group of Banking, Financial Sector Legislative Reforms Commission and the National Institute of Bank Management.

Sahil Vachani, Non-Executive Director

Mr Sahil Vachani is the MD & CEO of Max Ventures and Industries Limited, one of the three listed companies of the US $3 billion Indian conglomerate – the Max Group. He also serves as a Director on the Boards of Max Financial Services Limited and its subsidiary Max Life Insurance 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. Since assuming his role at MaxVIL, he has successfully completed key transactions which will have an enduring impact on the Company's growth journey over the next few years. Sahil has also facilitated intellectual and financial capital to promising and proven early stage organisations across identified sunrise sectors led investments through Max I.

Sahil started his career as an investment banker with Citigroup in London, where he worked on Mergers and Acquisitions across the Middle East and Africa region. In 2004, he joined Dixon Technologies, a consumer appliance manufacturing firm as Business Head and set up new verticals across multiple locations. He was also involved in the launch of new products, setting up of new manufacturing facilities and establishing relationships with leading brands as customers. He then progressed as the Co-founder and Managing Director of Dixon Appliances Pvt. Ltd., where he was responsible for the business from inception including designing of products, building the team, setting up the manufacturing facility, operations and building relationships with leading brands in India such as Panasonic, Godrej, LG, among others. He holds a Bachelor's degree in Management Sciences from the University of Warwick, U.K. and an Executive Management Program on Disruptive Innovation from the Harvard Business School.

Max Life Board of Directors

Analjit Singh	Chairman
Prashant Tripathy	MD & CEO
V Viswanand	Deputy Managing Director
Deepak Bhattasali	Independent Director
D. K. Mittal	Independent Director
Hideaki Nomura	Non-Executive Director
K. Narasimha Murthy	Independent Director
Marielle Theron	Non-Executive Director
Mitsuru Yasuda	Non-Executive Director
Mohit Talwar	Non-Executive Director
Pradeep Pant	Independent Director
Rajit Mehta	Non-Executive Director
Sahil Vachani	Non-Executive Director

16-19

STRATEGIC REVIEW

Chairman & MD's Letter

Dear Shareholders,

Greetings!

We have held the belief that Max Group's growth and progress have been shaped to a significant extent by its very conscious and selective find of joint venture (JV) partners and the success of these JVs over the last three decades. As a result, our portfolio of JV partners is long and storied with names such as New York Life, Mitsui Sumitomo Insurance, Bupa Plc, Hutchison Telecommunications, Gist-Brocades, Motorola, Life Healthcare, Toppan, among others.

This year, we have been fortunate to usher in another highly respected name as a prospective JV partner. In April 2020, Max Financial Services Limited (MFSL) signed definitive agreements with Axis Bank, India's third largest private bank, to form a Joint Venture with MFSL's sole subsidiary Max Life Insurance Company (Max Life). In April 2020, Max Financial Services Limited (MFSL) signed definitive agreements with Axis Bank, India's third largest private bank, and its subsidiaries, to form a Joint Venture with MFS' sole subsidiary Max Life Insurance Company (Max Life). The agreement was subsequently modified to allow Axis Bank and its subsidiaries to collectively acquire up to 19% stake in Max Life.

In strategic importance, the proposed joint venture parallels our partnership at the dawn of the millennium in 2000, with New York Life (NYL), America's largest mutual and most admired Life Insurer. The JV with NYL and the Max Group helped build expertise in critical functions such as underwriting, creation of a gold standard Agency distribution network, etc. These valuable skills helped Max New York Life (now Max Life) level the playing field versus large bank owned life insurers, which were supported by their parent brands' and their branch network. The company went on to establish itself as one of India's most respected life insurance specialists that till today stands for need-based marketing, financial strength, service excellence, and fair dealings with the customer, making it among the most trusted life insurers.

Our upcoming partnership with Axis Bank has been a natural culmination of a decade-long relationship. Like New York Life, our JV with Axis Bank is well-timed and crucial. Axis Bank is an exceptional partner with complementary skills, a matching belief system, and a shared vision for the future of our life insurance business. In the past, the two companies have provided long term saving and protection products to over 20 Lakh customers. The total premium generated through this relationship has aggregated to over ₹ 40,000 Cr. Both Max Life and Axis Bank have also invested extensively in product and need-based sales training, thereby leading to consistent increase in productivity. This JV, which we will treat as nothing short of an equal partnership, is therefore an emphatic signal that Max Life will become an even more formidable player in the Indian life insurance space.

Another significant marker of this financial year was the onset of the novel Coronavirus. With a global pandemic combined with lockdowns, businesses were forced to think of alternate ways to function as even the mightiest economies of the world grappled with major crisis such as dented healthcare infrastructure, frozen supply and operation chains, layoffs, among others.

At Max Group, however, we believe that difficult times show the true character of individuals and organizations. The first management actions at Max Life were directed towards the health and safety of employees and agent advisors. Our next objective during this crisis was to retain the confidence of all our stakeholders by ensuring a rapid shift to everything digital. Within days of a nationwide lockdown, Max Life switched to 100% digitization of all its customer and business facing activities through digital tools, online agent recruitment and training, paperless onboarding, and virtual sales office governance, which not only helped the organization ride out this critical period but also outrank its peers in March 2020, the first month of the lockdown. As a result of Max Life's digital dexterity and agility, the company issued more than 24,000 policies in March alone with an adjusted First Year Premium (FYP) of ₹ 163 Cr. since the announcement of the lockdown.

With customer centricity at the core, its 'Close to Customer' program ensured proactive communication to reassure customers and enable digital modes of servicing. In addition to establishing a digital sales ecosystem, with a focus on 'Protection for All', it invested in product innovations to capture emerging opportunities by creating a balanced product mix of traditional savings cum protection plans, unit linked plans, and pure protection products. Max Life also achieved cost rationalization during these extraordinary times, through multiple structural initiatives including reimagining the futuristic operating model, increasing business efficiencies, investment in profitable channel growth etc.

For the full financial year, FY 20, Max Life delivered credible results on most business parameters despite the challenging environment. Its gross premium of ₹ 16,184 Cr. represents a growth of 11% vs previous year. The company reported a Market-Consistent Embedded Value (MCEV) of ₹ 9,977 Cr., with an Operating Return on Embedded Value (RoEV) of 20.3%. The Value of New Business (VNB) written during FY 20 was ₹ 897 Cr., growing 5% over FY 19, and New Business Margin stood at 21.6%, witnessing a marginal 10 bps reduction compared to the previous year. It also maintained its lead in the industry with a Claims Paid Ratio of 99.22%.

Max Life's superior business practices won them multiple awards and recognitions through the year, but the one that we would like to share with you is Max Life emerging as the only Insurer (Life, General or Health) in the 'Top 100 Best Companies to Work For' survey for India conducted jointly by the Great Place to Work (GPTW) Institute and the Economic Times. Max Life was the 24th best employer overall, progressing 11 ranks from its last year's position. The recognition marked the fourth consecutive year of Max Life's representation being ranked one of top 50 companies in GPTW's best workplaces league table.

Max Life has carried over this momentum to the first quarter of FY 21. In June, we ranked third amongst all private life insurers. The individual protection penetration saw a 105% increase in the first quarter, implying that every second policy sold was a protection policy. In the same period, Individual New Business sum assured grew by 39%.

While it is no surprise that 2020 has been a harbinger of uncertainties and change, it has also ushered in positive transformation on multiple aspects. With a global pandemic, many are now cognizant of the need for protection products such as life insurance. Equally importantly, a highly digitized life insurance ecosystem can be the catalyst to solve India's problem of insurance under-penetration and unravel the cumbersomeness associated with purchasing a life insurance policy.

In FY 21, MFSL's and Max Life's management actions will be focused on preserving profitability, while navigating changing consumer preferences and a protracted phase of economic revival in the country. These factors will not only drive new business volumes, mix, case size etc. but also, policyholder lapse behavior, which impacts both in-force and new business profitability.

> Over the upcoming few years, the proposed Axis Bank joint venture will provide fillip to our next phase of growth. Axis Bank's financial muscle power, know-how, and bandwidth will significantly improve our positioning as compared to the competition. This joint venture, while bringing immense value to customers, also has the potential to catapult Max Life further up on the life insurance league table. The combined legacy and trust of the Max and Axis franchise will hold us in good stead, especially in the current scenario where people are seeking safety in well-governed and trusted institutions.

If there is a lesson to be learnt from the present global crisis, it is that growth and resilience continue to be possible for those foreseeing landscape shifts and acting swiftly to capitalize on them. It is our firm belief that despite the present turmoil, given Max Life's top quartile position in the sector and an agile strategy, backed by strong execution muscle, we will not only attain our business milestones but also emerge as a stronger organization.

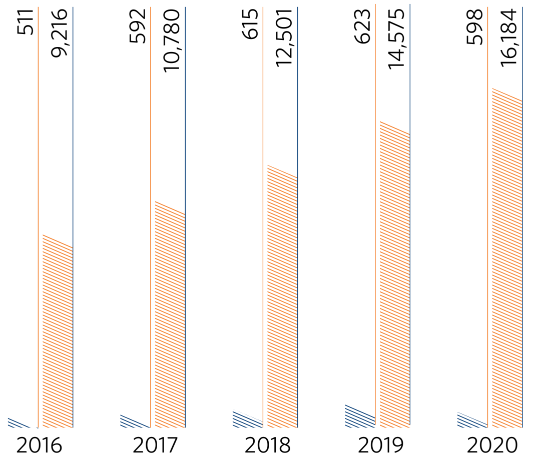
With all good wishes and gratitude for your support and confidence.

Analjit Singh
Founder & Chairman

Mohit Talwar
Vice Chairman

Business Review

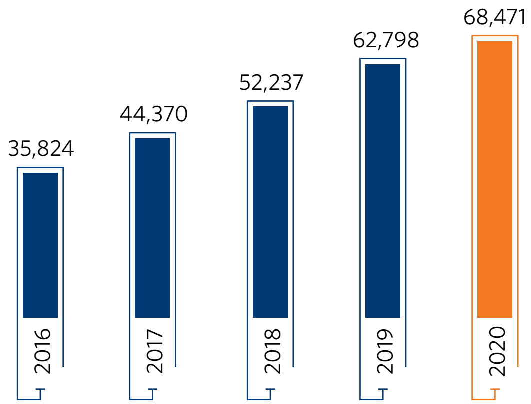
SHAREHOLDER PRE TAX PROFIT AND GROSS WRITTEN PREMIUM



Strong premium growth continued; Shareholder Profits impacted by investments in Non-Par business and proprietary channels

Shareholder Pre Tax Profit (₹ Cr.) Gross Written Premium (₹ Cr.)

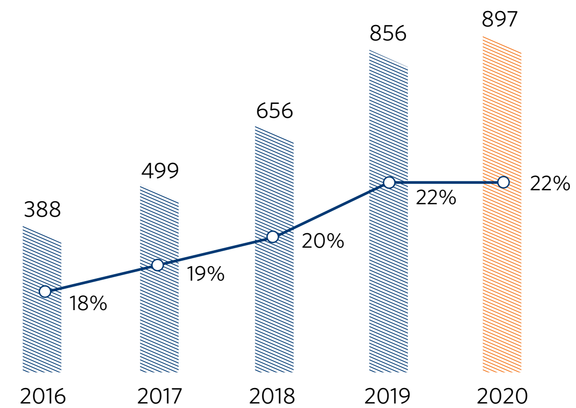
ASSETS UNDER MANAGEMENT



AUM crossed ₹ 70,000 Cr. mark in February 2020, prior to market volatity in March caused by Covid-19 pandemic

Assets Under Management (₹ Cr.)

VALUE OF NEW BUSINESS (VNB) AND NEW BUSINESS MARGIN (NBM)

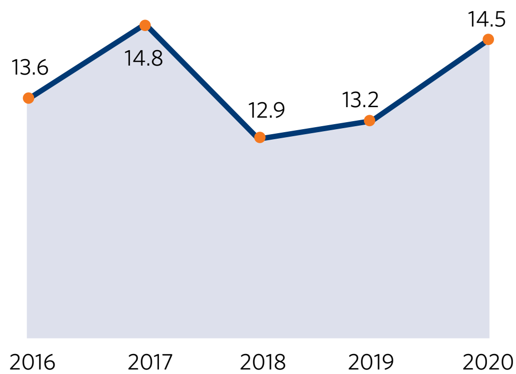


Higher Protection products sales and increase in Non-Participating business led to growth in VNB and NBM

Value of New Business (VNB) (₹ Cr.)

New Business Margin (NBM) %

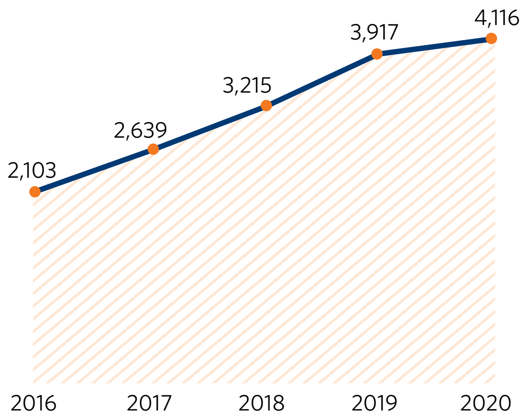
OPERATING EXPENDITURE RATIO (OPEX/GROSS PREMIUM)



Sustained improvement in Opex ratio backed by structural cost optimisation initiatives

Operating Expenditure Ratio (Opex/Gross Premium)

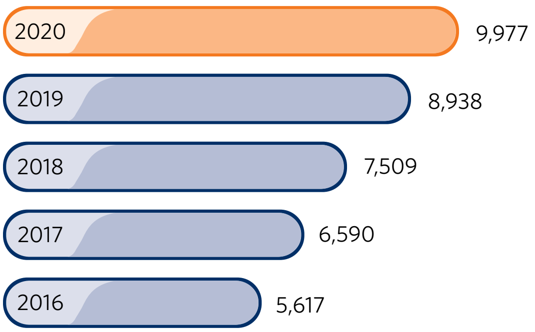
INDIVIDUAL ADJUSTED FIRST YEAR PREMIUM



Stable growth in New Business Premium backed by robust performance across channels

Individual Adjusted Premium Equivalent (₹ Cr.)

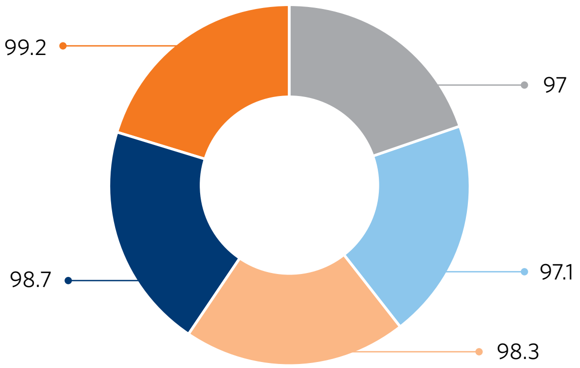
EMBEDDED VALUE (EV)



Robust growth in Embedded Value

Embedded Value (EV) (₹ Cr.)

CLAIMS PAID RATIO

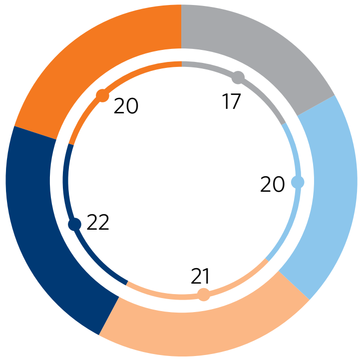


Claims Paid Ratio (%)

2016 2017 2018 2019 2020

Max Life continued to lead in the Claims Paid Ratio in life insurance industry

OPERATING RoEV



Operating RoEV (%)

2016 2017 2018 2019 2020

ROEV continues to be in the healthy range of ~20-22%

22-53

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis
Max Financial Services Limited

Mohit Talwar, Managing Director

Management Discussion & Analysis

Max Financial Services Limited

Max Financial Services Limited ('MFSL' or 'the Company'), a part of the $ 3 Bn Max Group, is the holding company for Max Life Insurance Company Limited (Max Life). It owns and actively manages a 72.52% majority stake in 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, which owns a 25.48% stake.

CORPORATE DEVELOPMENTS

On March 3, 2020, Board of Directors of the Company approved a non-cash swap of 20.57% stake held by MSI in Max Life with a 21.87% stake in MFSL. MFSL also plans to purchase MSI's balance stake in Max Life. Further on April 28, 2020, MFSL and Axis Bank announced the signing of definitive agreements to become joint venture partners in Max Life. After subsequent modifications to the agreement, Axis Bank and its subsidiaries, Axis Capital Limited & Axis Securities Limited (together called Axis Entities), would acquire up to 19% stake in Max Life, in accordance with existing laws and regulations.

The proposed transactions are subject to the approval of requisite corporate and regulatory authorities including DEA, IRDAI, RBI and CCI.

This development, which brings together India's 3rd largest private bank and 4th largest private life insurer, will result in a mutually beneficial and enduring relationship between Axis Bank and Max Life. It also solidifies Max Life's decade-long relationship with Axis Bank, providing long term saving and protection products to over 20 lakh customers. This relationship will also permanently address uncertainty around Max Life distribution and significantly improve its competitive position amongst its peers. The total premium generated through this relationship has aggregated to over ₹ 40,000 Cr.

MFSL and Axis Bank will nominate four and three directors, respectively, on the Board of Max Life. Axis Bank will also have the right to appoint one director on the Board of MFSL to facilitate smoother coordination between the two companies.

Max Life's tag line will include Axis Bank's name, which will further enhance customer trust in the brand and highlight the strength of the partnership to bring value and stability to customers.

Subject to regulatory clearances requisite clearances, the transaction is expected to be completed by the end of calendar year 2020.

On May 13, 2020, MFSL announced the settlement of a long pending income tax case under the dispute resolution scheme 'Direct Tax Vivad Se Vishwas, 2020,' recently launched by the Indian government during the union budget on February 1, 2020 .

MFSL paid ₹ 126.26 Cr. for settling the litigation involving capital gains from the stake sale of its erstwhile telecom joint venture Hutchison Max Telecom Ltd. With this, MFSL became the first large private sector player in India to have settled and paid under the scheme. The payment cleared a tax dues contingent liability that was being reported on the Company's books for the past two decades. The clearing of this liability will help reduce the holding company discount attributed to the tax litigation while ascertaining fair value of the company and facilitate correct value discovery for MFSL'S investment in Max Life.

BUSINESS PERFORMANCE

Most financial metrics for MFSL's sole operating subsidiary, Max Life, were impacted due to the COVID-19 pandemic and a nationwide lockdown since March 2020. Despite the aberration, Max Life continued to perform in line with market standards, while maintaining its market share in the private life insurance industry at a stable 9.7%.

In FY 20, MFSL reported consolidated revenues of ₹ 18,242 Cr., 7% lower compared to the previous year,

> In April 2020, MFSL and Axis Bank announced the signing of definitive agreements to become joint venture partners in Max Life. This development brings together India's 3rd largest private bank and 4th largest private life insurer.

Max Financial Services' employees engage in conversation at the office premises prior to the COVID-19 pandemic and lockdown

due to market to market loss on debt and equity portfolio. The Company reported consolidated Profit after Tax of ₹ 273 Cr., 34% lower compared to the previous year, largely due to shift in product mix towards Non-Par business, investments in proprietary channels, provision for impairment on financial assets and one-time tax expense on settlement of tax dispute under the 'Vivad se Vishwas' Scheme.

In FY 20, Gross Premiums for Max Life of ₹ 16,184 Cr. grew at 11% compared to the previous year. New business and renewal premium grew marginally at 5% and 13% respectively over the previous year, due to lower collections in ULIP and COVID related grace period permitted to customers by IRDAI.

Max Life's Individual APE was recorded at ₹ 4,116 Cr., increasing 5% over the previous year. This was driven by a growth of 10% in proprietary channels, 5% in agency channels, 32% in customer advisory team channels, and 15% in e-commerce. On the other hand, Bancassurance channel recorded a marginal growth of 3%, impacted by headwinds at Yes Bank, where the channel sales witnessed a fall of 2%, Sales through Axis Bank registered a nominal growth of 5%.

While there was an impact on new sales, particularly in the month of March, Max Life tried to cover the gap with digital sales. With a strong digital apparatus in place, the company was able to procure 100% of its policies online. Encouragingly, its CAT Channel delivered a positive growth of 5% and Axis Bank was the largest distributor of life insurance products amongst banks even in the COVID impacted month of March 2020.

Max Life's Shareholders' Profit Before Tax in FY 20 was ₹ 598 Cr., 4% lower than the previous year, mainly due to an increase in Non-Par business and investments in proprietary channels.

Max Life also reported Market-Consistent Embedded Value (MCEV) of ₹ 9,977 Cr., with an Operating Return

Max Life's Individual APE were recorded at ₹ 4,116 Cr., increasing 5% over the previous year. This was driven by a growth of 10% in proprietary channels, 5% in agency channels, 32% in customer advisory team channels, and 15% in e-commerce.

on Embedded Value (RoEV) of 20.3%. The Value of New Business (VNB) written during FY 20 was ₹ 897 Cr., growing 5% over the previous year, and the New Business Margin stood at 21.6%, 10 bps lower compared to the previous year.

In February 2020, Max Life's Assets under Management (AUM) crossed the ₹ 70,000 Cr. mark for the first time. The AUM as on March 31, 2020, however, stood at ₹ 68,471 Cr., growing 9%, owing to high market volatility in March 2020. Max Life's Claims Paid Ratio improved by 48 bps, from 98.74% in Q4FY19 to 99.22% in Q4FY20.

COVID-19 PANDEMIC COPING STRATEGY

Since the beginning of the lockdown, Max Life effectively digitised its entire sales process with a proactive business continuity plan, training over 9,000 frontline sellers and over 25,000 specified persons of banks and agents digitally, who sold 24,000 policies in March alone. It also digitised its claims management to ensure that all support documents are accepted online, and customers can submit claims in a timely manner, using self-service options available on the website such as digital bots and artificial intelligence-driven Interactive Voice.

As a result, the company processed 1,938 individual, group death claims and post-death benefits claims in the second half of March 2020, even with the majority of the company's employees operating from home. Its performance during period impacted by COVID has outperformed other large life insurers that Max Life competes with.

HUMAN RESOURCES

This year presented its unique set of challenges for Human Resources as COVID-19 caused multiple disruptions and unprecedented scenarios. During these times, MFSL remained committed to the safety and well-being of its workforce, while ensuring minimum disruptions in workflow. MFSL responded quickly to the situation with all management actions directed towards the health and safety of employees and agents, enabling remote working and proactive communication with employees and customers. MFSL ensured a fully digitally enabled workforce, including sales, through virtual onboarding, learning, and engagement, performance evaluation, rewards, and recognition.

Communication plays a monumental role in the smooth functioning of an organisation, especially during times of despair. The Human Resources function regularly disseminated guidelines on Dos and Don'ts during the

Max Life effectively digitised its entire sales process with a proactive business continuity plan, training over 9,000 frontline sellers and over 25,000 specified persons of banks and agents digitally, who sold 24,000 policies in March alone.

COVID-19 pandemic, while reassuring employees of facility readiness in terms of sanitisation and hygiene to resume operations.

OUTLOOK

In the upcoming financial year, MFSL and Max Life will be focused on emerging stronger and better prepared out of the COVID-19 pandemic. This will be executed through clearly defined workstreams such as Digital Sales, Efficient Operations, Navigation of Embedded Value, Furthering Human Capital, Risk Monitoring among others. These renewed workstreams are closely aligned with Max Life's goals of protection of sales, minimizing renewal impact, reducing margin loss, enablement of customer requests, preventing EV deterioration, etc.

Max Life will also actively develop its financial technology and digital ecosystem to drive sales. In the upcoming financial year, the company will focus disproportionately on strengthening its digital channels through digitised recruiting, sales governance, cross selling and virtual engagement with prospects.

In the future, Max Life foresees greater demand for protection products as customers focus on safeguarding their financial future and families from any such calamities in the future.

While no immediate hit is expected for Max Life, it continues to closely monitor the pandemic's impact on its financial strength and asset portfolio. It will also chalk out multiple impact assessment scenarios for a speedy recovery, which will heavily depend on revival in economic activity and changes in consumer behavior. Max Life's focus for the upcoming financial year is set on improving its agility to react and the swiftness to correct course in any scenario, rather than the correct prediction of events. It remains committed to its vision of achieving 25:25:25 growth by 2022 on the parameters of VNB, New Business Margin, and RoEV.

Management Discussion & Analysis
Max Life Insurance

Prashant Tripathy, Managing Director & Chief Executive Officer

Management Discussion & Analysis

Max Life Insurance

MACRO-ECONOMIC REVIEW

The state of the Indian economy for the FY 20 (FY 20) can be studied as two different scenarios - pre and post-COVID-19. Prior to the global pandemic hitting the economy, the outlook for growth was positive owing to indices like robust harvests, conducive policy rates, reduction in GST, Corporate Tax rate cuts, among others. However, the onset of COVID-19 drastically altered the outlook of the Indian economy. In order to provide stimulus to the economy, the Reserve Bank of India and the government have initiated several measures including reduction in the repo rate by 75 bps to 4.40% and reduction in the reverse repo rate by 90 bps to 4.00%.

While the Indian economy recorded a low GDP growth of 4.7% in Q3FY 20, with a strong hope of recovery in the last quarter of the fiscal, the COVID-19 pandemic signals a tough economic recovery in the near to medium term, due to disruptions in both demand and supply.

FY 20 can be considered a watershed year in the annals of history as we witnessed a global pandemic that brought a large part of the world to a standstill and is completely changing social order. Right from the way societal interactions happen to how businesses are conducted, the pandemic has necessitated a relook into the traditional ways of working and innovations to entail newer processes into everyday living.

As for the Indian life insurance sector that was growing at a healthy double-digit rate, it witnessed a negative impact on sales and renewals' collections due to the COVID-19 crisis, in turn leading to a moderation of sectoral growth as the fiscal came to a close. The Indian Life Insurance industry ended the fiscal with a tepid growth rate of 6% in FY 20. Within this the private life insurance space grew at 5% on a year-on-year basis. The renewal collection was also impacted due to customers rescheduling payments and industry providing longer grace periods.

INDIAN LIFE INSURANCE INDUSTRY – OPTIMISM VIA INNOVATION IN FACE OF ADVERSITY

The Indian Life Insurance Industry is currently amid challenging times. Apart from having a minuscule life insurance penetration of 2.74%, the industry in the face of the COVID-19 crisis is also grappling with stunted growth. While the 11M FY 20 performance, prior to the COVID-19 pandemic was significantly better than the previous years, with the industry recording a growth to the tune of 18% FYTD Feb'20 (Individual Adjusted FYP), the immediate impact of COVID-19 was felt in the crucial month of March where traditionally the industry does about - 20% of its business. In the month of March alone, the industry de-grew by 50%, and the private life insurers de-grew by 40%. However, the latter responded with agility and have been able to recover in the month of April 2020. By digitising the business processes, the industry is trying to take the business online swiftly and ensure business continuity.

To enhance the reach of the sector amongst consumers, the industry's mass media campaign of 'Sabse Pehle Life Insurance' helped ensure widespread awareness around life insurance being a fundamental choice in personal financial planning.

The current adverse situation also opens newer vistas for collaboration, innovation and growth in a sector where all constituents will have to come together to pilot through these unprecedented scenarios. A focus on digitisation and innovation is expected to help leverage the disruption, where measures like streamlining of life insurance regulations, new product designs using sandbox for innovation and digital methods of doing business across the customer value chain will allow for the much-needed impetus in the sector. This shift in processes will offer

FY 20 can be considered a watershed year in the annals of history as we witnessed a global pandemic that brought a large part of the world to a standstill and is completely changing social order. Right from the way societal interactions happen to how businesses are conducted, the pandemic has necessitated a relook into the traditional ways of working and innovations.

Max Life Insurance team with their top leadership for a day of team-building activities as part of the Marketing Academy at Lemon Tree Aerocity

opportunities to the industry to evolve and adapt to newer ways of working which shall help the Indian life insurance industry leverage the changing consumer perceptions on life and health risk.

MAX LIFE INSURANCE: STRATEGY TO CONSISTENTLY DELIVER PROFITABLE GROWTH

Max Life Insurance creates a three-year strategy and reviews it periodically. During FY 20, the Max Life's management team undertook an in-depth exercise to identify its strategic priorities for the period FY 21-23. This was done keeping in view the socio-economic changes that India witnessed, insights from key stakeholders (including our customers and distributors) and the strengths of Max Life.

As part of the three-Year Business plan for FY 22, Max Life has identified and created five strategic pillars to achieve consistent and profitable growth:

1. **Delivering predictable growth with disproportionate focus on proprietary channels –** In FY 20, Max Life's focus on predictable growth of proprietary channels resulted in some key wins:
    - Axis Bank and Max Financial Services Limited deepened their strategic partnership and have entered into definitive agreements to become joint venture partners in Max Life Insurance. This deal is intended to create long term value for all shareholders of Max Life and will provide the company an equal standing with industry leaders, all of whom have banks as JV partners.
    - Max Life and Yes Bank renewed their Corporate Agency agreement in FY 20 thereby extending their 15-year long strategic bancassurance relationship for five more years. Through this renewal of their bancassurance partnership, both the companies have reaffirmed their commitment to invest in building a digitally-enabled ecosystem that will provide a seamless experience for customers in their financial planning and protection journey.
    - For FY 20, the proprietary channel growth was 10%, as against the banca growth channel growth of 3%.

    Max Life has always believed in maintaining a balanced multi-channel distribution architecture with the proprietary channels at the core. After almost a decade of working towards building a more efficient agency distribution, achieving strong growth in e-commerce channels, and scaling up the Customer Advisory Team (CAT) channel, Max Life successfully undertook an agency transformation programme in FY 20 that led to an uplift in agency productivity. The near-term focus areas of the agency are aimed at strengthening key components of the operating model, "variabilising" recruitment and stronger execution rigour. This will help increase the share of proprietary channels in Max Life's distribution mix.

2. **Adopting Customer Obsession as a refreshed value –** Continuous improvement on customer parameters is the key to sustained growth of any organisation. Max Life has always been amongst the leading players on customer centricity and plans to further enhance its customer focus and gain undisputed leadership on key customer parameters over the years to come. During the year, the company progressed well on all customer parameters though 'persistency' was impacted due to the lockdown and enhanced grace period in March 2020.

3. **Digitisation to keep customers and stakeholders first –** Indians are spending more time online. Nearly one third of their waking hours are spent on social networking sites, chatting, streaming videos, listening to music, consuming news and other content, and engaging with each other through the virtual world. With 'social distancing' becoming the new normal, digitisation has become the new normal, enabling the country to move towards digital modes of business.

After almost a decade of working towards building a more efficient agency distribution, achieving strong growth in e-commerce channels, and scaling up the Customer Advisory Team (CAT) channel, Max Life successfully undertook an agency transformation programme in FY 20 that led to an uplift in agency productivity.

During FY 20, many initiatives were taken to progress towards being a truly digital organisation and deliver many industry-first digital processes. FY 20 has been first time right (FTR) for Max Life in terms of Insta-issuance improvement, Open Architecture and Customer/Seller Experience. Some of them are explained below:

- Max Life tackled last year's challenge of open architecture with initiatives that assured our bancassurance partners' trust towards their relationship with us. Some of the successful initiatives included deep integration with bancassurance partners to eliminate documentation and form filling, smart underwriting platform that can underwrite policies on the go, migrating all assets to mobile thereby eliminating dependency on desktop systems, integrated lead management system with partners for frictionless journeys.

- Keeping our Customers/Sellers at the centre of all digital initiatives, in 2019, we implemented many new industry leading processes. Examples include improving customer on-boarding journey by enabling illustration generation tool on mobile for all sellers, migrating all assets to mobile thereby eliminating dependency on desktop systems, WhatsApp for business, selfie-based customer verification on mobile phone, amongst others. Our digital presence got stronger with introduction of Chat Bot, conversational interfaces - "COIN", a medium available for customer with vernacular capabilities, communication tool "COMM'N" that engages meaningfully with customer across policy lifecycle with persuasive intercepts and a smart lead management system "ZEUS".

- Max Life also introduced many firsts for employee lifecycle management and collaboration tools like "Workplace by Facebook". Currently more than 13,000 employees are on Workplace with more than 91% monthly active users.

- Enabled sellers for customer servicing digitally and enhanced features with the Power application. Now sellers can independently view their performance and productivity via digital means. Sellers can also submit claims digitally and reimburse online via the digital tool.

In FY 20, Max Life secured a 9.7% market share amongst the private players in terms of individual adjusted first year premium, maintaining its fourth rank by recording a modest gain of 4 bps.

Max Life Insurance continued its digitisation journey by digitising all the processes in offline channels resulting in superior recruitment, better quality of sales pitches and enhanced efficiency in sales process and policy issuance. In addition, through its website and Chatbot, Max Life Insurance is now well equipped to provide 24x7 customer service to its digitally savvy customers.

4. **Enhanced Protection Focus Across Product Range –** Max Life Insurance believes that financial protection should form an integral part of sale of any life insurance product. Over time, the company has increased the share of protection business in its product mix. In addition, the company also enhanced its focus on selling higher sum assured across product range. The sum assured in force for FY 20 stood at ₹ 9,13,660 Cr., while the Individual protection business went up from 5.80% to 8.24%, a growth of 49% YoY on individual APE basis. The company has also launched one-of-its-kind Real Value Tool - a comprehensive tool specially designed keeping in mind the customer life stages, their family financial priorities, their current Life Insurance ownership and most importantly the degree to which they feel financially protected in an adverse scenario, helping them realise their financial protection gaps, if any. The company believes that even in traditional endowment and ULIPs adequate sum assured is important to ensure that there is no compromise in life goals for which the policy was bought even in the absence of life insured.

5. **People: The Foundation and Support for Consistent Growth –** Inspiring leadership, improving employee experience and progressive people practices are key drivers of Max Life's high-performance culture. The company believes that a happy employee is critical for a happy customer and a happy distributor leading to customer delight. To create an efficient and engaged workforce, Max Life laid significant emphasis on digitisation of processes, leadership engagement with employees, their health and well-being and training and development to give a boost to their career. This has led to a continuous improvement in the 'Great Place to Work' rankings on a year-on-year basis, where Max life currently ranks as the 24th Best Place to Work, up from the 35th position in the previous year. This makes Max Life the only Life Insurance company to be ranked amongst the Top 100 rankings in the study.

MAX LIFE INSURANCE PERFORMANCE – ON A ROBUST AND CONSISTENT GROWTH TRAJECTORY

In FY 20, Max Life secured a 9.7% market share amongst the private players in terms of individual adjusted first year premium, maintaining its fourth rank by recording a modest gain of 4 bps. In FY 20, Max Life secured a 5.5% overall market share and recorded a loss of 6 bps due to the faster growth of LIC than that of the private industry.

In FY 20, the First Year Premium (Individual + Group) for Max Life Insurance increased by 8% to ₹ 5,583 Cr. In terms of Individual Adjusted First Year Premium, Max Life recorded a 5% growth to ₹ 4,078 Cr. Further, the Renewal Premium (including group) grew by 13% to ₹ 10,600 Cr., taking gross written premium to ₹ 16,184 Cr., an increase of 11% over the previous financial year. The investment income stood at ₹ 2,366 Cr., a year-on-year de-growth of 54%.

Max Life's Asset Under Management also grew by 9% year-on-year at ₹ 68,471 Cr. as on March 31, 2020 up from ₹ 62,798 Cr. as on March 31, 2019.

The operating expenses (policyholders) to net premium ratio increased from 13.4% in FY 19 to 14.7% in FY 20 primarily on account of investments towards augmenting distribution and the cost (commission plus policyholders' operating expenses) to net premium ratio also increased from 20.2% in FY 19 to 21.1% in FY 20.

Max Life generated a post-tax shareholders profit of ₹ 539 Cr. in FY 20 as compared to ₹ 556 Cr. in the previous financial year, recording a decline of 3%. Max Life announced total shareholders' Interim & Final dividend of ₹ 643 Cr. (net of Dividend Distribution Tax), which takes the total dividend distribution to 33.5% of the face value of each share.

Max Life unveils its campaign 'I Am The Difference' to inspire people to increase the value of their lives

PILLARS OF GROWTH – BUSINESS AREA PERFORMANCE

Max Life is pleased to report strong performance across various operational parameters despite the COVID-19 impact in the critical month of March 2020.

1. **A strong 14% growth in Proprietary Distribution Channels –** In FY 20, the proprietary channels recorded a growth of 13% and thus, increased its share in adjusted individual first year premium from 28% in FY 19 to 30% in FY 20 in line with its strategic priorities. As a nucleus to its consistent growth, Max Life's distribution channels including the congregation of Agency Distribution, Customer Advisory Team, E-Commerce, Insurance Marketing Firms (IMF) and SPARC have combined to enable strong growth momentum for Max Life and has ensured exemplary performance in terms of the quality of business. Max Life's focus on adopting new opportunities has enabled the company to become a leader in new and emerging distribution models such as Insurance Marketing Firms (IMF), agency partner channels, Rakshak (defence channel) etc.

In FY 20, the First Year Premium (Individual + Group) for Max Life Insurance increased by 8% to ₹ 5,583 Cr. In terms of Individual Adjusted First Year Premium, Max Life recorded a 5% growth to ₹ 4,078 Cr..

A summary of progress of the distribution channels and noteworthy developments distribution is given below:

- **Agency distribution –** Agency Distribution has been the core of Max Life's multi-channel distribution architecture over the years, enabling Max Life to build a high growth proprietary distribution. Max Life's agency channel has been a time-tested, ever-growing and well-balanced channel that focuses on developing quality agent advisors who provide customers need-based product solutions. To enhance the scope of business of this channel, the focus for FY 21 will be on the retention of Agent Advisors and Agency

Max Life team bags the Silver Award under the Life Insurance Provider of the Year at Outlook Money Awards

Development Managers (ADM) by building a strong learning and development culture with a growth & entrepreneurial mind set.

Within the agency distribution, Max Life boasts of an agency partners channel, driven by a variable agency model and leveraging recruitment through a higher variable construct. It reached more than 1200 leaders and 4200 plus agent advisors during FY 20. This model has shown promise in its first full year of functioning.

- **Rakshak -** As army personnel of the country remain at the forefront to provide protection to the country, to bring additional focus on this segment of society, Max Life has enhanced this team within agency distribution to provide relevant life insurance solutions to them. These new initiatives have provided further impetus to growth momentum of the agency distribution.

- **Max Life – New York Life Partnership -** In FY 20, Max Life strengthened its knowledge partnership with New York Life, with its former executives sharing insights and best practices with Max Life's management in order to improve the organisational efficiency in Agency Distribution. The team comprising of three recently retired, highly experienced stalwarts who had illustrious careers in senior management positions in New York Life, and have worked extensively with our agency management team to improve agent recruitment, top agent productivity, agent training and leadership team development in Max Life's agency distribution channel. These practitioner – consultants have shared industry best practices through training sessions and one-on-one coaching sessions with the agency distribution business at Max Life.

- **Customer Advisory Team –** At Max Life, no customer is unaided as the Customer Advisory Team (CAT) in force from 2011, has helped meet the needs of customers whose agent advisors are no longer part of the Max Life system. The service to sales model for this direct-to-customers channel worked well during FY 20, including an expansion of its team to record high growth. This channel doubled its sales in just two years and leads the 13th month persistency across the company's multiple channels which is in line with the global best.

- **E-Commerce -** Max Life continued to be amongst the leaders in online term plans recording a strong growth of 15% in FY 20 leading to an ever-increasing base. Through its Search Engine Optimisation expertise, Max Life achieved leadership in Brand+Term search across life insurers. Max Life also continued to be the leading life insurer across web aggregators and digital brokers despite the competitive pricing actions.

- **New and Emerging channels -** Max Life has led the industry in adoption of new distribution designs and has been the leader in Insurance Marketing Firms (IMF) right from the time it was introduced 3 years ago. During the year, Max Life expanded the IMF channel by adding more IMF partners. Max Life's Service Point as a Revenue Channel (SPARC) initiative conceptualised in the year 2018, leverages service touch points with existing customers and through its dedicated Customer Service Officers, caters to all transactions from these customers. At the same time, this channel ensures right communication is passed onto them about new plans, thus catering to all their life-stage needs.

2. **Third-Party Distribution**
   - **Axis Bank –** Max Life and Axis Bank relationship that will be completing its 10-year anniversary in FY 21, has the vision to be the most admired bancassurance relationship. It is also one of the fastest growing bancassurance relationships in the Indian life insurance industry with both partners committed to providing superior value to its customers. Max Life continued to dominate the life insurance counter at Axis Bank in both individual and group business, despite the bank having two other life insurance partners under open architecture.

   - **Yes Bank -** Yes Bank and Max Life bancassurance relationship has completed 15 years of successful partnership in FY 20 and has continued to gain scale with strong growth performance during the year. Yes Bank's continued exclusive relationship with Max Life is proof of a strong relationship the two partners enjoy. During the year, new business growth was impacted due to moratorium of the Bank's functioning for a few weeks followed by COVID-19 impact on customers' footfalls. With the new leadership team at Yes Bank, Max Life plans to take this relationship to the next level.

     With significant progress in its bancassurance relationship, Max Life and Yes Bank have renewed their Corporate Agency agreement, thereby extending their 15-year long strategic bancassurance relationship for five more years. Through this renewal of their bancassurance partnership, both the companies have reaffirmed their commitment towards building a digitally-enabled ecosystem that will provide a seamless experience for customers in their financial planning and protection journey.

   - **Other bancassurance relationships –** Lakshmi Vilas Bank relationship witnessed some decline in new business as the Bank had greater focus on managing its core banking functions. Our Urban Co-operative Banks (UCB) partnerships also recorded performance in line with the plans.

   - **Group Business -** Group Business registered growth of 14% in FY 20 to achieve ₹ 444 Cr. of new business. Group business added 524 new clients in Group Term Life and 8 new clients in Group Credit Life. In addition, the business also added 38 new affinity partners

3. **Steady Progress on Customer Parameters -** In FY 20, Max Life tracked performance on customer engagement and satisfaction through Net Promoter Score (NPS), which reflects the difference between

Group Business registered growth of 14% in FY 20 to achieve ₹ 444 Cr. of new business. Group business added 524 new clients in Group Term Life and 8 new clients in Group Credit Life. In addition, the business also added 38 new affinity partners.

Fitness icon Mandira Bedi with Max Life leaders (R-L) Prashant Tripathy, V. Viswanand, and Aalok Bhan at the Max Life Family Run

promoters and detractors of the company. By doing so, the company has generated greater insights in what delights or detracts customers to buy and recommend our solutions and further implement corrective actions to ensure that we meet our customers' expectations. In this fiscal, Max Life's Net Promoter Score improved from 35 in FY 19 to 40 in FY 20. Also, the investments in fraud management and usage of robust analytical models has helped us achieve an improved ratio of 99.22%, that is an increase of 48bps over the ratio of 98.74 % in FY 19. Max life has also paid 15,342 death claims worth ₹ 563 Cr. during FY 20 and has since inception paid ₹ 3,238 Cr. towards death claim on 1,12,946 policies.

Long-term customer retention is of critical importance in creating win-win for customers, distributors and Max Life. Ongoing improvements in our structural solutions and services in order to improve our persistency is one of the key focus areas for Max Life. During the year, 13th month persistency of Max Life was at 86.69% and 61st month persistency stood at 53.45%, that is slightly lower than previous year due to IRDAI's allowance of an additional grace period for policies whose premium were due in March 2020. With a reduction in customer grievances and mis-selling complaints by robust customer service mechanisms, Max Life plans to further enhance its customer focus and gain leadership on key customer parameters over the years to come.

4. **Digitising across Customer Value Chain –** While COVID-19 led to unprecedented times, where the ensuing lockdown has restricted the human interaction, Max Life has been proactively digitising its operations for the last couple of years in an attempt to deliver a seamless customer journey and deal with the COVID-19 disruption. In these times, Max Life remains committed to ensure financial protection of the larger community by leading with agility. The organisation transitioned business processes successfully onto digital channels to promptly provide life insurance solutions and service to its customers. In its aim to secure the financial future of the customer, Max Life has adapted itself to cutting-edge digitisation avenues that have enabled seamless business continuity, even when more than 95% of its workforce has been working from home, adhering to social distancing norms.

5. **Bringing Financial Protection to the forefront –** Strengthening its commitment towards ensuring greater financial protection for the country, Max Life Insurance unveiled the findings of the second edition of its flagship survey 'Max Life

In FY 20, Max Life launched its Common Purpose "inspire people to increase the value of their life" and refreshed its core values of Caring, Collaboration, Customer Obsession, and Growth Mind-set. The management is focused on creating a great workplace and enhancing a values-driven culture.

India Protection Quotient' 2.0 in association with Kantar. Bigger in scale and diversity, Max Life India Protection Quotient 2.0, covered 25 cities in FY 20 to explore the attitudes and behaviour of a rapidly advancing India, in the backdrop of aspects like technology, health and influence of digital channels of communication.

The survey was conducted with a total of 7,014 respondents across 25 cities comprising of 6 metros, 9 Tier I and 10 Tier II cities (added in IPQ 2.0), as opposed to the earlier survey which interviewed 4,566 respondents across 15 cities.

This survey determined policyholders' level of protection by evaluating their life insurance ownership, awareness levels and mental preparedness around protection. It measured the level of knowledge and ownership of various life insurance products, degree of term insurance preference and penetration, primary fears and triggers to life insurance purchase, preferred channel of policy purchase and roadblocks to owning life insurance. The survey revealed that the overall IPQ level is pegged at 37 out of 100, confirming the fear that India feels inadequately prepared to face the eventuality of loss of life, disability and critical illness.

Key Findings of Max Life Insurance India Protection Quotient 2.0:

- Urban India continues to feel financially insecure; India Protection Quotient moves up by 2 points to 37
- Sharp increase in both awareness and ownership of life insurance
- Term plan ownership up 700 bps to 28%; 7 in 10 people in India are interested in term plans with return on premium option
- South India first to achieve IPQ of 40, continued to outperform other regions
- Delhi & Hyderabad stood highest on Protection Quotient Index; Ludhiana records sharpest increase in Protection Quotient, but still feels the least financially protected
- Millennial catch up with non-millennials on IPQ and Term insurance awareness but lag on term ownership
- The Digital Millennial India, believes in online research before buying a term plan
- Tier II feels less financially protected – debuts at Protection Quotient of 32
- As compared to men, women are more anxious when it comes to financial protection

6. **Employees as Partners to Continual Growth -** Max Life Insurance has participated in the Great Place to Work Study and since has improved its position on a year-on-year basis currently ranking 24th on the 'Great Place to Work' as part of the study conducted by Great Place to Work Institute and The Economic Times. The current rank is up from the 35th position in the previous year. Max Life has also been recognised among 'India's Best Workplaces for Women, 2019'. In its 2020 edition, Great Place to Work Institute, India, recognised Max Life amongst top 25 workplaces in the BFSI category. In the 2020 annual employee engagement survey conducted by an independent agency, over 94% employees shared their feedback, with 96% favourable scores.

   In FY 20, Max Life launched its Common Purpose "inspire people to increase the value of their life" and refreshed its core values of Caring, Collaboration, Customer Obsession, and Growth Mind-set. The management is focused on creating a great workplace and enhancing a values-driven culture. FY 20 also saw the introduction of the 'You are the Difference' belief that focuses on encouraging consumers to realise and embrace their 'real life value' and bringing a difference in the lives of their loved ones. Initiatives have been implemented to enhance digitisation and diversity and inclusion practices.

Pehal, our CSR volunteering programme, continued its momentum where over 5400 employees and agent advisors across geographies participated in social causes such as financial literacy, saplings plantation, healthcare, immunisation and health camps, as well as collection and distribution of goods for the underprivileged. Over the last year, Max Life's attrition of top talent was 10% down from 11% in the previous year.

At our Founders' Day, 161 employees were recognised with long service awards for completing 10 and 15 years of service with Max Life.

A BALANCED PRODUCT MIX: DELIVERING ON GROWTH

Max Life continued to have a balanced product portfolio with an optimal mix of traditional endowment plans, unit linked plans and pure protection. In FY 20, Max Life had a healthy individual product mix at 32:20:8.6: 40 for Participating:Non-Participating (Savings): Non-Participating (Protection): ULIP.

During FY 20, Max Life added new products to its portfolio in the individual space. For the individual business, Max Life launched the Guaranteed Lifetime Income Plan which marked our entry into the category of Deferred Annuity, Assured Wealth Plan that offers fully guaranteed lump sum maturity benefit to meet savings goals, Smart Term Plan, one of the most flexible term plans available which also offers additional benefit of return of premium which has also won the 'Product of the Year 2020', amongst others.

Protection continued to be a key focus area and in FY 20, one in four individual policies underwritten by Max Life was a protection policy. Of the new business premium, including individual and group business, protection share increased from 9.9% in FY 19 to 13.6% in FY 20.

Protection continued to be a key focus area and in FY 20, one in four individual policies underwritten by Max Life was a protection policy. Of the new business premium, including individual and group business, protection share increased from 9.9% in FY 19 to 13.6% in FY 20.

COST MANAGEMENT

The operating expenses (policyholders) to net premium ratio marginally increased from 13.4% in FY 19 to 14.7% in FY 20 primarily on account of investment in future growth of the proprietary channel. The cost (Commission plus total operating expenses) to net premium ratio increased marginally from 20.4% in FY 19 to 21.3% in FY 20 (marginal increase of 90 bps). Max Life maintained the ratios significantly despite investment in opening new offices and expansion initiatives.

INVESTMENT PERFORMANCE

Max Life's assets under management (AUM) was ₹ 68,471 Cr. as on March 31, 2020. This was a growth of 9.03% over the previous year.

Max Life ensures the management of its investment assets in accordance with its asset liability management policy for traditional plans and a market-oriented approach for its unit-linked plans. The performance of both traditional and unit-linked funds is commensurate with the risks assumed in the respective funds.

With an endeavour to delivering optimal returns to policyholders, Max Life's investment team follows a disciplined approach. On the traditional front, funds are invested keeping in mind the safety of capital and stability of returns over the long term. The debt portfolio of Max Life continues to be of high quality with 94% of the portfolio carrying top ratings of AAA/A1+. Most of the equity portfolios for traditional funds and Unit Linked Insurance Plan (ULIP) funds are large-cap oriented.

FY 20 saw equity markets rally after the General Elections in May and corporate tax cuts in September in the backdrop of an overall slow economy. The markets delivered modest positive returns till the early part of the last quarter. However, the unexpected global pandemic led to a sharp correction in the market in the last few weeks of the financial year and the Indian equity market ended down by 26%. Overall, the mid-cap index corrected by 36%, and the small-cap index was down 46% during the financial year. Our stance of sticking to large cap stocks helped us in navigating the volatility. Our ULIP funds outperformed the benchmarks for the year and our traditional funds have generated income in line with our objectives.

Fixed income markets were driven by two key themes 1) an overall economic slowdown and 2) aversion to credit-

Max Life conducts the second edition of its flagship survey 'India Protection Quotient' to solidify its commitment towards ensuring greater financial protection in the country

Fitness icon Mandira Bedi, face of the Max Life Family Run in Gurugram

risk. Due to the slowdown, RBI cut the policy rate during the year and brought down overall interest rates. The 10-year bond yield moved from 7.3% to 6.1% during the year. Markets continue to worry about asset quality and liquidity of NBFC balance sheets. Post COVID-19, these issues have become even more severe but RBI intervention has kept the situation under control.

With slowing economy and lower tax revenues, the Government invoked the escape clause of the Fiscal Responsibility and Budget Management Act (FRBM) to expand its fiscal deficit-to-GDP ratio by 50bps to 3.8% in FY 20. However, with the outbreak of COVID-19 the Government face challenges to meet its FY 21 fiscal targets.

The investments team has taken several new initiatives during the year to improve the risk-return objectives for long-term benefit of the policyholders. The company has gradually increased investment in commercial real estate, alternate investment funds and enhanced focus on stock-picking in the mid-cap oriented High Growth Fund. Max Life has also applied innovative hedging techniques of the fixed income portfolio for better risk-return outcomes for all stakeholders.

Max Life reviewed the Stewardship Code as prescribed by the IRDAI and stepped up voting actions across investee companies in best interests of the policy holders.

THE MAX LIFE BRAND: RE-ENERGISED TO SUPPORT EXPONENTIAL GROWTH

We began by launching the new Purpose "Inspire People to increase the value of their life" in May 2019, followed by an internal drive to build self-belief to every Max Life Insurance family member.

Our Brand purpose is aligned with the company purpose; where in we wish for the customer to be:

1. **Self-Aware -** If under insured i.e. low Sum Assured, then encourage them to increase their Life insurance cover which may be currently lower than what it ought to be

2. **Self-Realised -** By becoming more Self Realised, the (difference) value they bring to the life of their loved ones, through their beliefs, actions, and sometimes, just by their mere presence

3. **Self-Action -** Thereby, Self-Action to buy the right value of Life Insurance cover

   Hence, the brand communication platform of #YouAreTheDifference (YATD), rooted into the "You" - 'tum ho, tum se kahin zaida', you mean much more than you think to your loved ones.

   We continued to leverage #YouAreTheDifference across:

a. Function trust, very important for the category of protection, with consistency of claim paid ratio i.e. Bharose Ka Number 98.74% across PR, Non TV, and BTL initiatives.

b. Continued to live by the challenger brand codes to build a category narrative enhancing functional trust with category leadership with India Protection Quotient in partnership with Kantar. Enhanced coverage to 25 cities from 15 cities. Further to build a meaningful conversation with our customers we partnered with influencers like Mandira Bedi, Rajkummar Rao and Tahira Kashyap. Leveraging our partnership with leading news network NDTV, we expanded the impact for the platform with News, Print, PR, Social media for focused protection conversations.

c. Committed to the values of customer obsession, we upped the ante on customer engagement by leveraging our field presence (across 215+ locations) with the Super Customer Week.

d. YATD has a frame of 'mindful living' where Max Life Insurance continued its commitment towards mindful living with another edition of its community run - "Max Life Insurance Family Run" in Gurugram on Feb 16, 2020. The Family Run offered families a chance to be the difference in their lives by saying yes to healthier choices. Driven by the proposition of 'Be Fit, Be Protected, Be Happy', because for your family #YouAreTheDifference, the event was flagged off by fitness enthusiast and actress Mandira Bedi who joined the initiative as the event ambassador. Max Life extended the community run model to a multi-city event through hybrid models of "family runs" in Mumbai and Ahmedabad.

e. #YouAreTheDifference supported our big product launch of Smart Term Plan thereby building the larger narrative of Protection. Max Life Smart Term Plan has also won the prestigious Product of the Year award 2020 from Nielsen.

f. Partnership with the Royal Challengers Bangalore (RCB) IPL team as the Official Life Insurance Partner to smartly use the cricket heavy Q1 FY 20 to drive protection conversations through the cricket language using Virat Kohli.

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 is a measure of the shareholder value arising from in-force policies and 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.

The EV of the Company, as on March 31, 2020, stood at ₹ 9,977 Cr., post allowing for dividend payment of ₹ 456 Cr. for the FY 20. The Operating Return on EV (RoEV) over FY 20 is 20.3% and including non-operating variances, the RoEV is 16.7%.

The New Business Margin (NBM) for FY 20 is 21.6% (at actual costs). The Value of New Business (VNB) written over the period is ₹ 897 Cr. (at actual costs), representing an annual growth of 5%. The lower growth in VNB for the year is on account of significantly lower than planned sales in the month of March 2020, amidst nationwide COVID-19 lockdown.

Max Life's New Business Margin (NBM) for FY 20 was 21.6% (at actual costs). The Value of New Business (VNB) written over the period was ₹ 897 Cr. (at actual costs), representing an annual growth of 5%.

VALUE OF NEW BUSINESS (VNB) AND NEW BUSINESS MARGINS (NBM)

The VNB represents the value added to the EV due to the new business written by the Company during the year. Please find below the VNB and NBM for FY 20 compared to FY 19 at actual costs:

Key Measures	FY 20	FY 19	Y-o-Y Growth
VNB	₹ 897 Cr.	₹ 856 Cr.	5%
NBM	21.6%	21.7%	-10 bps

For FY 20, the VNB was ₹ 897 Cr., calculated at actual costs, resulting into NBM of 21.6%, broadly similar to margin of 21.7% for FY 19.

The marginal increase in VNB is on account of offsetting impact of increase in proportion of non-par protection and non-par savings products, leading to increase in overall margin/VNB, offset by lower than planned sales during the year for reason mentioned above.

POLICYHOLDER BONUS

As per the design of our participating products, the company annually reviews the performance of its in-force business to determine the non-guaranteed bonuses payable to its existing participating policies.

The recommendations for the participating policyholder bonuses applicable during the period from July 1, 2020 to June 30, 2021 are being made using the asset share framework, taking into account the experience of the fund during the year as well the expected performance of the fund in the future. The methodology and assumptions used to calculate such bonuses are consistent with the established principles and practices documented in the PPFM (Principles and Practices of Financial management).

On the advice and recommendation of Max Life's appointed actuary, the board of directors approved to:

- reduce the 2019 regular bonus rates by 7.5% for all the products launched after 2013;
- reduce the 2019 regular bonus rates by 5% for some old products (issued Pre-2013 & closed to new business);
- maintain the 2019 regular bonuses for all other products; and
- pay terminal bonuses to maturities and eligible deaths such that the final pay-outs are aligned to the asset share and meet policyholder reasonable expectations based upon issued benefit illustrations

The total cost of regular bonus payable for the next 12 months starting July 2020 is estimated to be ₹ 1,312 Cr., an increase of ₹ 83 Cr. from the bonus distributed last year amounting to ₹ 1,229 Cr. In addition, the payment of terminal bonus on eligible deaths and maturities has been approved for the 12 months starting July 2020, the cost of which is estimated to be circa ₹ 25 Cr.

REGULATORY UPDATE

Corporate Governance has been the core of regulatory vision for FY 20. Insurance Regulatory and Development Authority of India (IRDAI) engaged with the insurers at an industry level to understand the ground realities of the operational framework for insurers and guide them to establish better corporate governance framework within the organisations.

IRDAI has also been supportive of the industry during the pandemic and announced various measures to facilitate policyholder servicing and focus on capital availability, capital preservation, and solvency margins of the insurers.

Following are the significant regulatory notifications issued by IRDAI and other regulatory bodies:

1. **COVID-19 Related Instructions to Insurers**
   In light of the pandemic, IRDAI enforced the following measures - extension of grace period for premium payment of policies due in March and April 2020, development of a quicker claim settlement process, website disclosure on display of information about admissibility of COVID 19 claims, policyholder FAQs and list of closed offices and monitoring of situation, putting in place BCP and formation of Crisis Management Committee, devise insurance products providing protection from COVID 19, digital policy servicing and claims by allowing policy issuance via email, use of short messaging services to communicate with policyholders, digital payment methods for premium payments, etc. These were communicated through IRDAI Circulars dated March 23, March 30, and April 4, 2020

> With the objective to increase transparency and curb misselling in insurance, the IRDAI released a circular to make customised benefit illustrations mandatory for all products except micro-insurance and POS products to be signed by the seller and the policyholder.

2. **Prudent Management of Financial Resources of Insurers in Context of COVID-19 Pandemic.**
   In order to ensure that insures are able to protect the policyholders' interests and provide necessary financial security to the system, IRDAI issued circulars with requirements such as Boards critically examining capital availability and solvency margin for current FY 21, devising strategies to ensure availability of adequate capital and resources and rationalise expenses of management for FY 21 to be in line with the strategy. The April 13th circular directed insurers to align dividend payout for FY 20 to be in conformity with their strategies to ensure they have adequate capital and resources available with them to protect the interest of the policyholders and urging the insurers to refrain from dividend pay-outs from profits pertaining to financial year ending March 31, 2020, till further instructions.

3. **Procedure for Processing of Applications Under Section 11A of PMLA, 2002, for Use of Aadhaar for e-KYC Authentication:**
   The notification from Department of Revenue provides the way forward for entities other than banking companies and telecom licensees to carry out e-KYC authentication of its customers post approval of application by the Department of Revenue (Ministry of Finance) and UIDAI.

- Application to be made by entity for use of Aadhaar authentication services before the respective sectoral regulators (IRDAI for insurers)

- Regulator, upon examination of application, if satisfied with fulfilment of various requirements, to forward the application to UIDAI with its recommendation

- UIDAI to examine the application for grant of Authentication User Agency (AUA) / E-KYC User Agency (KUA) license and send its recommendation to Department of Revenue and basis the permission received, UIDAI to issue necessary authorisation to an applicant for conducting e-KYC authentication as a AUA / KUA

This was followed up with a notification from Ministry of Finance, allowing certain Insurers to Undertake Aadhaar Authentication Services of UIDAI.

4. Benefits Illustration and Market Conduct Aspects

With the objective to increase transparency and curb mis-selling, IRDAI released a circular on Benefits Illustrations and Market Conduct aspects making customised benefit illustrations mandatory for all products except micro-insurance, POS products etc. to be signed by seller and policyholder, specific and separate confirmation for understanding of benefit illustration to be obtained from customers, benefit illustrations to be approved by Appointed Actuary and CEO, etc.

The market conduct aspects require:

- mandatory collection of suitability information from prospects, with the exception of pure risk and pure health products

- putting in place a "Board approved Policy" on establishing suitability

- endeavour to be made by insurers for verification of customer contact information annually

- periodic statement to be sent to policyholders annually containing status report of all policies, premium payment status, accrued bonus, paid-up value, etc.

5. The Consumer Protection Act, 2019

The Consumer Protection Act was amended in August 2019. Key changes included the following:

- Regulator for Consumer Rights: Establishment of Central Consumer Protection Authority (CCPA) to promote, protect, and enforce rights of consumers as a class. Penalty up to ₹ 50 lacs can be imposed on any contravention post an order. CCPA may: (i) issue safety notices; (ii) pass orders to recall goods, prevent unfair practices, etc.; and (iii) impose penalties for false and misleading advertisements

- Pecuniary Jurisdiction of Commissions: District Commission: Up to ₹ 1 Cr. as against ₹ 20 lacs (earlier); State Commission: ₹ 1 Cr. to ₹ 10 Cr. as against ₹ 20 lacs and upto ₹ 1 Cr. earlier. National Commission: Above ₹ 10 Cr. as against above ₹ 1 Cr. earlier

- Class-action Suits: Enforcement of the rights of consumers as a class introduced for the first time

- Appeals: 50% of award amount to be deposited for filling appeal as against ₹ 25,000 for state level and ₹ 35,000 for national level earlier

- Time to File Appeal: 45 days, as against 30 days earlier

- Penalties: Upon not complying with orders of Commissions, an individual can face imprisonment up to three years, or a fine not less than ₹ 25,000 extendable to ₹ 1 lac, or both. (Earlier provision: imprisonment between 1 month and 3 years or fine between ₹ 2,000 to ₹ 10,000, or both)

Max Life leader Sachin Arora at the forefront of the Max Life Family Run category held at Parinee Juhu Half Marathon 2020

6. Important Product Regulations changes

On July 15, 2019, the IRDAI, by way of an update, notified the IRDAI (Non-Linked Insurance Products) Regulations 2019, and the IRDAI (Unit Linked Insurance Products) Regulations 2019 (collectively, 2019 Product Regulations), which replace the erstwhile IRDA (Non-Linked Insurance Products) Regulations 2013 and the IRDA (Linked Insurance Products) Regulations 2013, respectively.

The changes introduced under the 2019 Product Regulations mirror the changes proposed under the respective Exposure Drafts released by the IRDAI. A summary of the key changes are as follows:

- Minimum death benefit has been made 7 times for regular premium products and 1.25 times for single premium products, irrespective of the age of the life assured;
- The norms on Surrender Value and Discontinuance have been considerably amended;
- Revival period has now been extended to 5 years in respect of non-linked products, and extended to 3 years in respect of unit linked products;
- In respect of pension products, option for commutation up to 60% allowed;
- Facility for partial withdrawal is now allowed for certain life events for linked pension products;
- Switches are now allowed during settlement period;
- Insurers can now design individual term, group term and credit, and micro insurance products which offer a range of policy terms;
- Provisions governing group products modified to allow wider range of products based on customer requirement;
- Category of linked and non-linked 'Variable Insurance Products' have been removed, and the product structure under the 2019 Product Regulations have been simplified;
- Provisions dealing with operational aspects have been taken out of product regulations so that separate instructions can be issued from time to time by the IRDAI keeping in view the emerging requirements;
- Provisions for 'With Profit Management Committee' revised, to include more details on its working.

A ROBUST RISK MANAGEMENT FRAMEWORK TO ADDRESS ENTERPRISE-WIDE RISKS

Max Life has a Risk Management Framework (RMF) that enables it to appropriately develop and implement strategies, policies, procedures and controls to manage different types of material risks. The RMF is Max Life's totality of systems, structures, policies, processes and people that identify, measure, monitor, report and control or mitigate all internal and external sources of material risk. This framework provides reasonable assurance to the Management that each material risk is being prudently and soundly managed, having regard to the size, business mix and complexity of MLI's operations.

The Risk team periodically and pro-actively assesses the emerging situation and its possible implications on the continuity of its operations and operating model. During the pandemic COVID-19, the business continuity team under Risk Management Function started working proactively towards ensuring operational continuity by enhancing remote working capabilities (before the lockdown on March 25). This planning was a major enabler for us during the lockdown and helped in ensuring business continuity while giving primacy to the safety and security of our people.

The entire implementation is monitored both at the management level as well as the Board Committee levels, and the overall risk management framework and its effectiveness are subject to both internal and external assurance reviews.

INSURANCE AWARENESS: OUR RESPONSIBILITY AS A LEADING PLAYER

In FY 20, the Indian life insurance industry under a common vision, came together to create the Insurance Awareness Committee, under the aegis of Life Insurance Council. The committee was built with a common corpus and launched a first-of-its-kind mass media campaign in

> During the COVID-19 pandemic, Max Life's business continuity team under the Risk Management Function started working proactively towards ensuring operational continuity by enhancing remote working capabilities.

Max Life Insurance is the official life insurance partner for the IPL's Royal Challengers Bangalore

December 2019. This industry-first mass media campaign on life insurance awareness was launched under the chairmanship of Prashant Tripathy, Managing Director & CEO, Max Life Insurance and was supported by focused digital and social media initiatives and PR campaigns to reach a wider audience base. Max Life has strengthened this industry initiative through its continued work towards increasing life insurance awareness amongst its existing customers and prospective life insurance customers. Max Life worked on four specific themes:

- **Campaign on the benefits of life insurance**
  Max Life is working diligently to drive life insurance awareness amongst people through varied media that include Mass Media campaigns, Social Media, Public Relations, Knowledge articles on online portals and Max Life's website and RWA Activities.

  The company conducted 4 mass media campaigns spread over 25 weeks to educate prospective customers about the need to identify the real value and buy sufficient life cover. Social media has become an integral part of the life of a large part of Indian population. Being online, connected and updated with information has become the need of the hour. To leverage this digital revolution, Max Life Insurance has engaged with people at large through our own social media assets to educate them about the importance of life insurance as a financial solution for protection and meeting life stage needs. On social media through 195 Facebook, LinkedIn and Instagram posts and tweets we reached out to 1.79 Cr. people. In addition, 512 articles related to life insurance were posted on leading portals and our own website where the blog section was revamped.

- Campaign focusing on protection of consumers
  Fraudulent activities and spurious calling to defraud life insurance consumers are a reality which life insurance industry is tackling through individual and joint efforts. During the year, messages related to how to protect oneself from such activities were shared with Max Life's existing policyholders by incorporating such message in most customer communication. Similar information was also shared through mobile text messages and articles with policyholders.

- Campaign for customers
  A large number of consumers walk into Max Life branches and provide us an opportunity to engage with them to enhance their understanding of life insurance. During the year, Max Life launched monthly 'Super Customer Week' to connect with over 12,000 customers every month who walk into our branches across the country. During these weeklong sessions every month, multiple activities were carried out in branches through which customers were educated about the need for protection, benefits of various life insurance plans and tax savings through life insurance. Apart from this, the customers are also educated and encouraged to check their Real Value through the Real Value Tool which helps them identify the right value life insurance cover to protect their loved ones, basis their current financial situation and life goals. In addition, articles on how to get the best out of life insurance plans were also sent through email to our existing customers.

- Campaign for under-privileged and rural areas
  Max Life Insurance conducted a financial literacy and insurance awareness activity at village Damdama through its own employee volunteers. This activity was attended by men and women from more than 100 households.

During the year, Max Life launched monthly 'Super Customer Week' to connect with over 12,000 customers every month who walk into our branches across the country. During these weeklong sessions every month, multiple activities were carried out in branches through which customers were educated about the need for protection, benefits of various life insurance plans and tax savings through life insurance.

CORPORATE SOCIAL RESPONSIBILITY

Max Life and its directors firmly believe that the ultimate objective of Max Life is to contribute to the well-being of the society it operates in. With this belief, Max Life has set up a well-defined Corporate Social Responsibility (CSR) agenda for Max Life and its employees.

While Max Life focused on education, healthcare, environment awareness & protection and financial literacy, greater efforts were made towards employees volunteering in various CSR activities across the country.

During FY 20, Max Life supported 10 NGOs working in the areas of preventive healthcare, health awareness, artificial limbs, rehabilitation of patients, nourishment to children, immunisation and medicines to underprivileged patients where 43,596 people benefited from these interventions during Q1 FY 20. Max Life also provided for palliative care for cancer patients, childhood cancer treatment and cancer awareness, cancer screening support to cancer affected children which benefited 2484 patients and 1127 care givers. Max Life provided financial support 10 NGOs, and this benefited 1632 children during the year.

Max Life also supported education of 51,936 children and provided support for training of 80 teachers. In addition, Max Life helped set up 30 libraries in schools under the South Delhi Municipal Corporation.

In its fourth year, Pehal gained further momentum and over 5400 employees and agent advisors of the Company participated in multiple activities for social good. The employees participated in various activities including tree plantation in around 130 offices and planted more than 35,000 saplings. Under the Water Conservation drive, 1,00,000+ numbers of the low-cost water nozzles were distributed to Max employees, residents of condominiums and Government offices.

Max Life also collaborated with District Administration, Gurugram's Water Conservation Campaign wherein 8,000 nozzles were distributed in 13 RWAs. Max Life also organised three insurance awareness activities in 120 Resident Welfare Communities of Delhi, Ghaziabad, Gurugram and NOIDA along with Health Camps for the residents where around 1 lakh residents of these societies were reached out by our employees and agent advisors and 13,000 water nozzles were also distributed in these societies.

Overall, employees in 120+ offices collected material such as bicycles, clothes, toys and stationery and distributed those to underprivileged people including children.

In line with the requirements under section 135 of the Companies Act, 2013, Max Life contributed ₹ 13.37 Cr. towards these CSR activities during FY 20 through its execution partner, Max India Foundation and through the company directly.

OUTLOOK

For FY 21, Max Life will remain focused on its strategic priorities that have been identified keeping in view the socio-economic changes witnessed in the country, insights from key stakeholders (including our customers and distributors) and leveraging key strengths of Max Life.

While business growth at Max Life has also been impacted by the COVID-19 pandemic, the company has responded with great speed to the situation and identified potential actions to navigate through the uncertain period. Displaying immaculate agility, Max Life has worked towards leveraging this disruption to its advantage by minimizing the effect on sales, tactical and structural cost saves and targeting positive margins.

As the FY 20 fiscal came to closure, Max Life has responded quickly to the COVID-19 situation with all management actions directed towards health and safety of employees and agent advisors, while enabling remote working and proactive communication with employees and customers. Max Life has built new capabilities leveraging the digital channel across the customer value chain to navigate and emerge stronger through the current situation. In the long term, Max Life will focus on strengthening the new capabilities built, along with a strong focus on risk monitoring to steer Max Life in the right direction.

Also, by kick-starting a COVID-19 Transformation Programme, the aim has been to leverage short and long-term actionable plan across 9 work-streams to help business recovery. Keeping the safety and well-being of all employees, agents and distribution staff paramount, the focus going forward will be on digitisation of sales, cost management, increasing the protection penetration and ensuring persistency and collection efficiency.

Initiating a robust employee, agents and customer-first programme, Max Life prepared itself well in advance by initiating a Business Continuity Program that ensured seamless movement into the work-from-home scenario, a week before the country-wide lockdown was announced. The organisation ensured digital capabilities of the organisation were firmly in place to ensure seamless business continuity. Keeping the value of care paramount, Max Life ensured all employees and agent advisors were taken care of with the leadership being thoroughly connected with all employees ensuring a cohesive business working environment focusing on health and well-being of all.

Living its value of Customer Obsession, Max Life's quick digital led action plan ensured that the fulfilment team operated at nearly 80% efficiency with more than 1000 employees working from home. Ensuring claim processing went on unhindered, all claims and support documents were accepted online, along with an increase in customer

As the FY 20 fiscal came to closure, Max Life has responded quickly to the COVID-19 situation with all management actions directed towards health and safety of employees and agent advisors, while enabling remote working and proactive communication with employees and customers.

connect which enabled Max Life to win customer trust in difficult times.

With the COVID-19 pandemic generating awareness among customers around life and health related risks, Max Life with its quick-response program 'Mission Possible 2020' has implemented a swiftly designed digital operating model for distribution. This comprehensive program has been launched to prepare Max Life's distribution to pivot to a Digital Operating Model has been launched with focus on simplified and 100% digitised sales process enabled by digital tools; digital agent recruitment, training and onboarding; paperless onboarding; and virtual sales office governance. Digitisation is also being leveraged to further increase efficiency of backend operations and enable uninterrupted customer service through digital self-service transactions.

Under this program, an agile shift to remote work has enabled frontline sellers and sales managers with infrastructure and digital tools to continue work from home and support existing customers and sell remotely. Revised 'Digital Sales Processes' across all channels have also been rolled out under which training of more than 9,000 frontline sales team and 10,000 agent advisors in the field has been completed digitally. As an outcome, in the month of April 2020, Max Life Insurance was able to maintain the number of policies sold to similar levels as in April 2019.

In these turbulent times, 'Cross-Sell' to existing customers has been prioritised as a dominant theme, where customers with a high propensity to buy have been identified through evolved analytical models. Max Life sales managers together with Agent advisors are now connecting to around 4 lakh customers over joint video calls to provide them details of their current protection and investment portfolio and understanding additional needs. Max Life has also pivoted the end-to-end 'Agent Recruitment' programme to a completely paperless and contactless process, which has yielded nearly 50% increase in unique registrations for new Agent applications. Additionally, series of digital enablers have been triggered to reduce or eliminate any friction in the onboarding of customers, such as selective waivers for supporting documents and need for medical tests.

With a clear sight to ensure cross-functional coordination while keeping a close watch on the evolving pandemic situation, the company has swiftly constituted a Business Recovery Team (BRT). In line with its core objectives of ensuring the safety and well-being of the employees along with convenience to the customers, BRT has taken proactive steps basis the developing government guidelines. As the nation gradually moves back to its feet, Max Life has stepped up its efforts to resume offices in a phased manner. To ensure the utmost safety of its employees Max Life has gone ahead with opening few branch offices in the Green Zone during the first phase of office reopening. The focus while opening these offices has been to provide policy-related services to the customers for which only select employees have been called to these offices.

Max Life is committed towards making digitisation the new normal and enhance the digital way of working. The aim for the coming fiscal will remain to enable digital sales across distribution channels through various training and development modules.

Employee well-being and safety will continue to be of paramount importance to the company as offices reopened. Strict adherence to government mandate and protocols has been ensured as the company gradually ramps up its operations. An automated process for checking the eligibility to work has been introduced using the Max One mobile app. Besides this, a set of mandatory safety guidelines have been formulated to guide employees in resuming work. The guidelines are a way to help the employees bring about long-term changes in their basic social habits and adapt to the new normal in a better way.

With FY 21 being a year of consolidation and adaption to the disruption, Max Life is committed towards making digitisation the new normal and enhance the digital way of working. The aim for the coming fiscal will remain to enable digital sales across distribution channels through various training and development modules. Over the medium to long-term, Max Life will aim to incorporate the learnings from the period of COVID-19 into our revised business models around digitisation, infrastructure, remote working amongst others to develop the business utilities of the future.

Business Responsibility Review

We believe that every child can contribute uniquely to the world. Hence, we are committed to partnering with stakeholders to provide applicable education to our future nation builders.

– Tara Singh Vachani, Managing Trustee, Max India Foundation

The calling to make a difference to someone's life, to serve humanity, and to give back to the society gave birth to the Max India Foundation (MIF). It is with this inclination that Mr Analjit Singh – Founder and Chairman of the Max Group – created Max India Foundation through a trust deed in 2002.

THE GENESIS: MIF 1.0

In 2008, MIF was launched formally as the Corporate Social Responsibility arm of the Max Group. Its charter was reconstituted with a specific focus on providing quality healthcare for underprivileged communities in India. It was considered as an apt choice since the country struggled with basic health issues and affordable healthcare. Besides, being in the 'Business of Life', the Max Group companies had access to a wealth of knowledge and expertise in the healthcare sector.

Since 2008, MIF has benefitted almost 35 lakh individuals in over 800 locations, while partnering with more than 450 NGOs. Through nearly 750 general and multi-specialty health camps across urban slums and rural areas in India, MIF helped treat more than 1,50,000 patients. Additionally, through its pan-India immunisation programs, MIF has administered over 17,000 immunisation shots against nine diseases across five Indian states.

The Foundation also adopted two village clusters in Uttarakhand – Dhakrani and Chandrothi and one in Punjab – Rail Majra, primarily for interventions on health-related issues such as sanitation and waste management to improve the quality of life for villagers. It has been over a decade of meaningful work for MIF.

FROM HEALTHCARE TO EDUCATION

" Education is the most powerful weapon which you can use to change the world. "

– Nelson Mandela

2019 brought a wave of transformation within the Max Group, with a shift from Healthcare to Real Estate and Senior Care while retaining some of the earlier businesses such as Life Insurance and Specialty Packaging. As the CSR arm of the Max Group, MIF also began to reassess its core areas.

After an extensive strategy realignment exercise, MIF chose to reinvent itself and identified Education as its new area of focus with a resolve to work towards plugging the gaps in India's education system, particularly in areas of values-based education and quality schooling.

> MIF has benefitted almost 35 lakh individuals in over 800 locations, while partnering with more than 450 NGOs. Through nearly 750 general and multi-specialty health camps across urban slums and rural areas in India.

Thus, effective April 2019, MIF 2.0 was born with Tara Singh Vachani as its Managing Trustee.

MIF 2.0: MISSION AND VISION

In this new approach, with education being the primary focus, MIF's objectives will be two-pronged:

1. It will directly drive and coordinate the science and practice of Social, Emotional Ethical (SEE) Learning, which fosters holistic education and the development of emotional intelligence for students and educators.
2. It will support credible NGOs and organisations with a good track record working in the area of foundational learning, through monetary assistance and contribution.

The following sections have more details on both the paths that MIF is pursuing:

EDUCATING THE HEART AND MIND

" The time for Social, Emotional & Ethical learning has come. "

– His Holiness, The XIV Dalai Lama

Social, Emotional, and Ethical (SEE) Learning™ is an innovative K-12 education program developed by Emory University in Atlanta, USA.

SEE Learning India is a collaboration between Max India Foundation and Emory University, USA. The SEE Learning India platform was launched in August 2019 following the signing of an MoU with Emory University. It is the nodal point for the dissemination of information, training and facilitation of educators embarking on the SEE Learning journey. It also serves as a conduit between educational institutions such as schools and the research cells of universities and institutions gathering information in this domain.

SEE Learning provides educators with the tools they need to foster the development of emotional, social, and ethical intelligence for students and themselves. It has been developed with the help of a team of experts in developmental psychology, education, and neuroscience, as well as the vision and support of His Holiness the Dalai Lama, who has long called for the education of the heart and mind and a universal, non-sectarian approach to incorporating the ethical development of a child into education.

With the intent to build teacher capacity by training and supporting educators to both deeply understand the SEE Learning body of work and equip them to implement it within their own contexts, SEE Learning India conducts Level 1 Facilitator & Educator prep and CBCT® (Cognitively Based Compassion Training) Workshops. The first such sessions were organised in February 2020 in Delhi and Mumbai with over 180 participants across the two cities. These educators have now embarked on their SEE Learning journey, with a renewed commitment, not just towards bringing compassion into classrooms but also towards the well-being of the self.

Since its inception, SEE Learning India has conducted one-day orientations across 10 educational institutions in Delhi and Mumbai. It has also extended its reach to Ladakh through a partnership with Flowering Dharma - a youth initiative that aims to instill the virtues of compassion and ethics to preserve culture and tradition.

SEE Learning India has partnered with four trailblazers in the field of education - called Beacons - to act as its guides. They are Ravi Gulati, Co-Founder, Manzil, Vivek Kumar Founder, Kshmatalaya Foundation, Anshu Dubey, Program Director, Piramal Foundation for Education Leadership and Rakhee Sharma, India Lead, Charter for Compassion.

SEE Learning India also initiated multiple weekly online initiatives, like 'Resilience Through Compassion - insights from CBCT®', 'Study Circle' with the idea to provide educators in India an opportunity to not just revisit SEE Learning content but also share their experiences, learnings, and clarify doubts with a larger group. Over 130 people participated in these online initiatives spanning over 10 sessions from different parts of the world.

To collaborate and disseminate awareness about holistic learning, SEE Learning is now a part of the Global Collective on SEL and Digital Learning by UNESCO – MGIEP.

SEE Learning Level 1 facilitator training held in Mumbai

MIF-supported Blossom Bus program helps underprivileged girls commute from their villages in Haryana to their schools

Supporting Foundational Education of the Underprivileged

MIF 2.0 also plays an enabling and supporting role to ensure the foundational learning of underprivileged children to empower them and provide them with an equal chance for further education and job opportunities, thereby changing their lives and those of their families.

In this journey, MIF has identified a few specialist NGO partners after a thorough evaluation.

The salient highlights of MIF's NGO-related initiatives for FY 20 are as below:

RE-IMAGINING EDUCATION: MIF supports Teach for India (TFI), a leading non-profit organisation that is committed to ensuring that every child in India attains an excellent education. TFI does this by recruiting outstanding college graduates and professionals as Fellows, who dedicate two years of their lives teaching at low-income schools.

Besides, the Kids Education Revolution (KER), an initiative piloted by TFI, is an attempt at reimagining the classroom, school, and education system with children at its core. The KER Week, which took place in Delhi in February 2020, brought together a diverse mix of students, leaders and educators working in various ways to reinvent education.

THE BLOSSOMING CHILD: MIF's long-time partners Rittana Children's Foundation enrolls children from a broad spectrum of marginalised families. The early childhood programme works with children in the age group of 2 to 12 years to promote functional literacy and provide extra support to girls. Some of the Montessori modules used by Rittana complement traditional learning methodologies and help children strengthen their basic concepts.

OPENING THE DOORS OF ALTERNATIVE EDUCATION: MIF supports the education of out-of-school children through the Open Basic Education (OBE) Program of the National Institute of Open Schooling (NIOS) by the Aasra Trust in Dehradun. The children also learn various vocational skills as part of their curriculum.

THE ADOLESCENT YEARS: MIF also supports the Dasra's Educate Girls (EG) villages of the Srinagar block in Ajmer District. As part of the initiative, the Kishori Samuh has been constituted as a safe platform to get adolescent girls from the community to exchange their experiences and reasons for dropping out. They can get peer support and counselling on dealing with the issues and challenges they face daily.

Children express their gratitude to MIF for bridge classes at EQU+ study centres in Delhi that help them cope with studies

BUILDING A MOVEMENT OF TEACHER LEADERS: MIF-supported Foster & Forge Foundation (F&F) regularly organises Learning Circles to train teachers and keep them updated on contemporary teaching techniques and other strategies including community project planning, role-play method as well as programs such as Gond Art, Children Lead Against Plastic (CLAP) project, etc.

KEEPING ABREAST THROUGH REMEDIAL CLASSES: Besides assisting in admission to local government schools, Samarpan Foundation, supported by MIF, also provides remedial coaching classes to children from lower socio-economic backgrounds. This helps them understand the concepts, models, and theories which are a part of their school curriculum. Apart from academics, extracurricular activities such as regular yoga and taekwondo classes are also conducted.

GIVING A SECOND CHANCE TO LEARNING: MIF supports 20 Education Quality Addition (EQU+) program study centres in Delhi, which continue to provide an educational lifeline and a safe and uplifting environment to almost 500 children of underprivileged families, for two hours in the evenings, six days a week in various communities. While classes focus on keeping children updated with their schoolwork, storytelling, dance, and drawing are also taught.

NON-SCHOLASTIC ENDEAVORS

THE JOY OF READING: MIF is committed to encouraging children to develop a reading habit. It supports the Pustakalaya initiative undertaken by the Angelique Foundation, which aims to install libraries in SMCD and NMCD schools at Delhi to enhance the reading and comprehension level of students in these schools.

GETTING ONTO THE SCHOOL BUS: MIF supports The Blossom Bus program by the White Lotus Charitable Trust, which aims to provide safe and free transport to school-going girls from villages in Haryana. Around 300+ girls studying in grade 6 to 12 travel from more than 15 villages to their schools in Hathin, Bahin, Solara, and Chaisa villages in Haryana's Palwal district, located three to nine kilometers away from their homes. This is a blessing for the girls who were earlier prone to dropping out of school without completing their education due to lack of transport.

ENVIRONMENTALLY AWARE STUDENTS: With the support of Max Life Insurance, Teach for India (TFI) Fellows initiated a Water Conservation Campaign aimed at conserving water through a nozzle that saves up to 60% flow and can fit easily in existing taps. Nozzles were distributed to Vivek Modern School and Gangotri School, Delhi to ensure that students conserve water regularly.

MIF-supported St. Jude provides holistic palliative care and support to children suffering from Cancer

ONGOING HEALTH INITIATIVES

MIF continued to fulfil some of its previous commitments towards providing health-related support through partner NGOs across the country, in the areas of preventive cancer screening and medical assistance for children with cancer, as well as the provision of holistic palliative care to patients and their families struggling with cancer and other life-threatening conditions.

The programs at the St. Jude India Childcare Centre supported by MIF have helped children with cancer, their families, and caregivers to widen their knowledge base and get exposure to numerous recreational activities. Some like celebrations of festivals and birthdays held at the Centre have imparted emotional and psychological support to the patients.

COVID-19 RELIEF MEASURES - MIF SPREADS ITS CARING ARMS

The growing COVID-19 pandemic put global communities and economies at a standstill. Multiple initiatives were taken by the government in preparedness and in response to the pandemic. MIF played its part by contributing towards relief measures, reducing educational inequity, and ensuring uninterrupted learning.

MIF, along with Max Life, set aside ₹ 5 Crore for COVID-19 relief initiatives. It donated ₹ 2 Crore from this fund to resume the education of over 8,000 underprivileged children in Delhi-NCR, through Teach for India.

TFI provided these children Internet connectivity for attending e-classes while the Fellows support them to focus on education as their families continue to cope with disrupted livelihoods.

Additionally, MIF, through TFI, also provided food and essential supplies to these children and their families – a total of 50,000 individuals to help them survive the pandemic.

MIF also provided cooked meals in Noida to nearly 58,000 unemployed migrant labourers, who were stranded due to the lockdown.

It also supported the Punjab Health Department by supplying nearly 30,000 N95 masks to the Department of Health & Family Welfare. Max Group employees also wholeheartedly lent their support to relief efforts by making donations.

STORIES OF TRANSFORMATIONAL LEARNING IMPACT IN SCHOOLS

Divya, a student who opened a library in her makeshift house in the Pragati Maidan slum

Divya studies at the NDMC, Kaka Nagar School. The Pustakalaya initiative of the Angelique Foundation had a great impact on Divya's value system and dreams. Before the Pustakalaya initiative, Divya begged outside the Pragati Maidan Shani Mandir and managed some pocket money for goodies. Seeing her interest in books, the initiative provided her with a mobile library with 100 books. Divya set up the library in the temple and her home. Many children from the nearby Pragati Maidan slum areas now go there and spend time after school to enjoy this resource and develop themselves in many ways. Divya also gives tuitions to the young children outside the same temple.

Inspired by Pustakalaya, a joint initiative of MIF and Angelique Foundation, Divya, a NDMC school student, opens a library at her makeshift house in the Pragati Maidan slum

Dilsheen Kaur, an MIF supported Teach for India Fellow, talks about the exposure TFI brings to students

Earlier, students were focused on academic outcomes and never took a break to reflect on their performance or even their personalities. With TFI's efforts, they are now able to reflect on their strengths and weaknesses regularly, hence setting further goals.

Shweta Sharma, Teacher, Primary School Dadri 1 on her transformation as a teacher after joining the Foster and Forge Beacon Educator Fellowship program

Shweta joined the Beacon Educator Fellowship last year. This year she learnt new forms of craft like Papier-mâché and Gond art. Shweta also taught her students to think and talk without hesitation on different topics and helped increase their confidence levels.

OUTLOOK

Max India Foundation's primary focus will continue to be on supporting quality schooling that provides a robust foundation for learning and builds strong values among children.

The COVID-19 pandemic has ushered us into the world of online education. MIF will partner with credible NGOs and organisations using online learning to scale up their efforts and create a larger impact.

Going forward, SEE Learning India will focus on building educator capacity and a community of practitioners through various initiatives like the Incubation Program, Best Practices for Implementation etc. These are designed to make the process of adapting SEE Learning as smooth and seamless to ensure translation and contextualisation of the SEE Learning curriculum to suit both the Indian urban and rural setting.

It will expand and strengthen the educator community by way on virtual orientations, bootcamps and Study Circles. The online Facilitator Certification Process and CBCT Retreat will kick off and conclude before the end of this calendar year, which will help us to empanel the first cohort of SEE Learning certified facilitators in India. These trainers will accelerate the introduction of SEE Learning as a concept and practice in Indian schools.

56-69
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, 2020, the Board comprised of eight members with one executive director and seven non-executive directors of which five were independent. Mr Analjit Singh (DIN: 00029641), Promoter Director is the Chairman of the Board of Directors of the Company as on March 31, 2020.

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.

During the year, Mr Ashwani Windlass (DIN: 00042686) and Mr Sanjay Nayar (DIN: 00002615) who had been holding the positions of Non Executive Non Independent Directors, resigned from the Board of Directors the Company with effect from January 16,2020 and February 6, 2020, respectively.

The details of the Directors and their attendance at the Board meeting during the year 2019-20 and at the last annual general meeting, including the details of their Directorships and Committee Memberships, as of March 31, 2020, are furnished hereunder:

Name of Director	Attendance at Board meetings during the year 2019-20		Attendance at last AGM held on September 24, 2019	Number of committee positions held in other public companies as on March 31, 2020**		Directorships in other Listed companies (category of Directorship)
	Held	Attended		Chairman	Member	
Mr Analjit Singh [Chairman & Non-Executive Director] DIN: 00029641	6	4^	No	-	-	Max India Limited (Non Executive Director & Chairman) Max Ventures and Industries Limited (Non Executive Director & Chairman)
Mrs Naina Lal Kidwai [Independent Director] DIN: 00017806	6	3	No	2	2	Larsen and Toubro Limited (Independent Director) Cipla Limited (Independent Director)
Mr Mohit Talwar [Managing Director] DIN: 02394694	6	6	Yes	-	2	Max India Limited (Executive Director) Max Ventures and Industries Limited (Non Executive Director)
Mr Aman Mehta [Independent Director] DIN: 00009364	6	5	Yes	1	4	Wockhardt Limited (Independent Director) Godrej Consumer Products Ltd (Independent Director) Vedanta Limited (Independent Director) Tata Steel Limited (Independent Director)
Mr Ashwani Windlass # [Non-Executive Director] DIN: 00042686	3	3	No	-	-	-
Mr Dinesh Kumar Mittal [Independent Director] DIN: 00040000	6	6	Yes	7	-	Balrampur Chini Mills Ltd (Independent Director) Bharti Airtel Limited (Independent Director) Max India Limited (Independent Director) Max Ventures And Industries Limited (Independent Director) Trident Limited (Independent Director)
Mr Sanjay Omprakash Nayar## [Non-Executive Director] DIN: 00002615	4	0	No	-	-	-
Mr Sahil Vachani [Non-Executive Director] DIN: 00761695	6	5	No	-	2	Max Ventures and Industries Limited (Executive Director)
Mr Jai Arya [Independent Director] DIN: 08270093	6	2	No	-	-	-
Sir Charles Richard Vernon Stagg [Independent Director] DIN: 07176980	6	2	No	-	1	-

* 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

^ One Meeting each attended through Video Conferencing.

Resigned from the Board of Directors with effect from January 16, 2020

Resigned from the Board of Directors with effect from February 6, 2020

Core skills/expertise/competencies identified by the Board of Directors as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations]

In terms of the requirement of the SEBI (LODR) Listing Regulations, the Board has identified the following core skills/expertise/ competencies of the Directors for effective functioning of the Company in the context of company's business.

1. Industry and sector experience or knowledge: understand the Company's business, policies, and culture and knowledge of the industry in which the Company operates;

2. Leadership and governance: Board experience, responsibility for taking decisions keeping in mind the interest of all stakeholders;

3. Strategic thinking and decision making: Having experience in decision making keeping in mind the interest of shareholders;

4. Experience in M&A, business restructuring and joint ventures; and

5. Financial Skills: Experience in financial management; risk assessment; treasury and fund raising initiatives

Mr Analjit Singh, Mrs Naina Lal Kidwai, Mr Aman Mehta, Mr D K Mittal, Mr Jai Arya, Mr Mohit Talwar and Mr Sahil Vachani possess all the aforementioned skills/expertise/ competencies. Sir Richard Stagg possesses the skillsets mentioned at serial no. 1 to 4 above. The brief profiles of Directors forming part of this Annual Report provide an insight into the education, expertise, skills and experience of the Directors, thus bringing in diversity to the Board's perspectives which enable them make informed decision making at the Board.

Confirmation on the independence of the Independent Directors

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfil the conditions specified in the SEBI (LODR) Regulations and are Independent of the Management.

Details of Board meetings held during the year ended March 31, 2020

S. No.	Date	Board Strength	No. of Directors present
1	May 28, 2019	10	5
2	August 6,2019	10	7
3	November 6, 2019	10	7
4	February 5, 2020	9	6
5	February 20, 2020	8	7
6	March 3, 2020	8	4

INTERSE RELATIONSHIP AMONG DIRECTORS

Mr Sahil Vachani and Mr Analjit Singh are related to each other; Mr Sahil Vachani being son-in-law of Mr Analjit Singh.

The details of equity shares of ₹ 2/- each held by Directors of the Company as on March 31, 2020 are: (a) Mr Analjit Singh – 10,000 shares, (b) Mr Aman Mehta – 29,000 shares, and (c) Mr Mohit Talwar – 2,83,231 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 March 31, 2020 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 changes, during the year under review:

Mr Ashwani Windlass resigned from the Board of Directors of the Company effective January 16,2020 and accordingly he ceased to be a member of the Stakeholders Relationship Committee, Nomination and Remuneration Committee, CSR Committee and Risk and Compliance Review Committee.

As most of the matters mandated to the Investment and Finance Committee were required to be statutorily considered by Audit Committee and the Board, the Board disbanded the Investment and Finance Committee with effect from February 5, 2020.

Audit Committee

As on March 31, 2020, this Committee comprised of Mr D.K. Mittal (Chairman), Mr Aman Mehta, Mrs Naina Lal Kidwai and Mr Mohit Talwar. All members of the Committee, except Mr Mohit Talwar, are Independent Directors. 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, 2020

Director	Number of meetings held	Number of meetings attended
Mr D.K. Mittal	4	4
Mr Aman Mehta	4	3
Mrs Naina Lal Kidwai	4	2
Mr Mohit Talwar	4	4

Nomination and Remuneration Committee

As on March 31, 2020, this Committee comprised of Mrs Naina Lal Kidwai (Chairman) Mr Aman Mehta, Mr Analjit Singh and Mr D.K. Mittal. All the members are Independent Directors, except Mr Analjit Singh, who is a non-executive non-independent Director.

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, 2020

Director	Number of meetings held	Number of meetings attended
Mrs Naina Lal Kidwai	1	-
Mr Aman Mehta	1	1
Mr Analjit Singh*	-	-
Mr Ashwani Windlass***	1	1
Mr D.K. Mittal**	-	-

* Mr Analjit Singh was co-opted as a member of the Committee effective February 5, 2020.

** Mr D.K. Mittal was co-opted as a member of the Committee effective March 16, 2020.

*** Mr Ashwani Windlass ceased to be a member of the Committee effective January 16, 2020.

Remuneration paid to the Directors during 2019-2020

During the year 2019–20, the Company paid a sitting fee 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 and Commission to Independent Directors for the financial year 2018-19 as per details given below:

Sitting fees paid during 2019-20 are as under

S. No.	Name of Director	Amount (In ₹)
1	Mrs Naina Lal Kidwai	5,00,000
2	Mr Ashwani Windlass	10,00,000
3	Mr Analjit Singh	4,00,000
4	Mr Aman Mehta	10,00,000
5	Mr Dinesh Kumar Mittal	17,00,000
6	Mr Sahil Vachani	5,00,000
8	Mr Jai Arya	3,00,000
9	Sir Charles Richard Vernon Stagg	2,00,000

Commission paid to Independent Directors during 2018-19 are as under

Pursuant to applicable provisions of Companies Act, rules made thereunder, payment of commission were made during the financial year to the Independent Directors of the Company for the previous financial year 2018-19, detailed as under:

Name of Director	No. of days	Amount (in ₹)
Mrs Naina Lal Kidwai	365	3,000,000
Mr Aman Mehta	365	3,000,000
Mr D K Mittal	365	3,000,000
Mr Rajesh Khanna (Till February 11, 2019)	317	2,605,479
Mr Jai Arya (w.e.f. November 14, 2018)	138	1,134,247
Sir Richard Stagg (w.e.f. February 11, 2019)	49	402,740
		13,142,466

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, 2019 to March 31, 2020 are as under:

Description	Amount in ₹
Salary and allowances	4,29,46,476
Other Benefits (Perquisites)	1,24,81,596
Performance Incentive / special payments	2,24,96,950
Retirals	22,15,084
Service contract	5 years
Notice period	3 months
Employee Stock Options (ESOPs) granted (in numbers)	1,15,420

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 2019-20, Mr Mohit Talwar was granted 1,15,420 stock options, which entitle him 1,15,420 equity shares of ₹ 2/- at par value with a graded vesting. No other Director was granted any employee stock options. During the year, 1,23,708 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, 2020, this Committee comprised of Mr Sahil Vachani (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. Mr Ashwani Windlass ceased to be a member of the Committee consequent to his resignation from the Board with effect from January 16, 2020. Mr Sahil Vachani was co-opted as a Member and Chairman of the Committee with effect from February 5, 2020.

Meetings & attendance during the year ended March 31, 2020

Director	Number of meetings held	Number of meetings attended
Mr Ashwani Windlass	3	3
Mr Mohit Talwar	3	3
Mr D.K. Mittal	3	3
Mr Sahil Vachani	@	NA

@ No meeting held since his co-option as a member

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, 2020, five 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 V. Krishnan, Company Secretary of the Company is the designated Compliance Officer.

Investment & Finance Committee

As mentioned earlier, the Board of Directors disbanded the Investment and Finance Committee with effect from February 5, 2020. The details of meetings and attendance of the said committee during the year ended March 31, 2020 are as under:

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

Corporate Social Responsibility Committee

As on March 31, 2020, this Committee comprised of Mr Aman Mehta, Mr D.K. Mittal, Mrs Naina Lal Kidwai, Mr Jai Arya and Mr Mohit Talwar. 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. Due to the lock down declared by the Central

Government due to Covid-19 Pandemic, the meeting of the Committee which was scheduled to be held on March 24, 2020 could not held for want of quorum. However, the meeting of the Committee was held later on May 26, 2020 through video conferencing in the presence of all the aforesaid members of the Committee.

Risk and Compliance Review Committee

As on March 31, 2020, this Committee comprised of Mr Aman Mehta, Mr D.K. Mittal, Mrs Naina Lal Kidwai, Mr Jai Arya and Mr Mohit Talwar. 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. Due to the lock down declared by the Central Government due to Covid-19 Pandemic, the meeting of the Committee which was scheduled to be held on March 24, 2020 could not held for want of quorum. However, the meeting of the Committee was held on May 26, 2020 as permitted under SEBI (LODR) Regulations. However, the meeting of the Committee was held later on May 26, 2020 through video conferencing in the presence of all the aforesaid members of the Committee.

Separate meeting of Independent Directors

A separate meeting of the Independent Directors was held on May 26, 2020 through video conferencing in the presence of all the five independent directors of the Company 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

All the last three Annual General Meetings (AGMs) of the Company were 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, 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.
March 31, 2018	September 25, 2018 11:00 AM	• Approval for payment of a sum, as remuneration by way of commission, to be distributed amongst the Directors of the Company, other than the Managing Director or Whole-time Director(s), for each financial year effective from financial year 2018-19 onwards, subject to the overall ceilings in terms of Section 197 of the Companies Act, 2013. • Approval for payment of remuneration of Mr Mohit Talwar (DIN: 02394694), Managing Director of the Company for the remaining period of his current tenure, i.e. from January 15, 2019 until January 14, 2021, within the existing limits approved by the shareholders of the Company earlier.

Financial Year ended	Date & Time	Special Resolutions passed
March 31,2019	September 24, 2019 11:00 AM	• Approval for re-appointment of Mr Aman Mehta (DIN: 00009364), who was appointed as an Independent Director on the Board of Directors of the Company and whose current term of office expires on September 29, 2019 and who meets the criteria of Independence as provided under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. • Approval for re-appointment of Mr Dinesh Kumar Mittal (DIN: 00040000), who was appointed as an Independent Director on the Board of Directors of the Company and whose term of office expires on December 31,2019 and who meets the criteria of Independence as provided under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. • Approval accorded to the Board to permit Registered Foreign Portfolio Investors ("RFPIs") registered under the SEBI FPI Regulations and the Foreign Institutional Investors ("FIIs") (including their sub-accounts) registered with the Securities and Exchange Board of India ("SEBI") to acquire and hold on their own account and on behalf of each of their sub-accounts registered with SEBI, the Equity Shares of the Company upto an enhanced aggregate limit of 58% of the Paid-up Equity Share capital of the Company at the time of making such investments, provided that the individual shareholding of RFPIs/FIIs on its own account and on behalf of each of their sub-accounts, in the Company, shall not exceed 10% of the Paid-up Equity Share capital of the Company or such limits.

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2019-20, the Company had not passed any resolution through postal ballot process. However, the Company sought approvals from the members of the Company during the financial year 2020-21 as detailed below:

1. As a strategic step to consolidate the Company's shareholding in Max Life Insurance Company Limited (**'Max Life'**), its sole subsidiary, approval of the members was sought by calling an Extraordinary General Meeting EGM) for the proposal to acquire 394,775,831 (Three Hundred Ninety Four Million Seven Hundred Seventy Five Thousand and Eight Hundred Thirty One) Equity Shares of ₹ 10/- (Rupees Ten) each of Max Life representing 20.57% of the Equity Share capital of Max Life through a share swap transaction from its joint venture partner, viz., Mitsui Sumitomo Insurance Company Limited, Japan (**'MSI'**) by issuance of equity shares of the Company on a preferential issue basis to MSI. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at ₹ 85/- (Rupees Eighty Five only) for every Equity Share of ₹ 10/- (Rupees Ten) each held by MSI in Max Life. However, the EGM could not convened due to nationwide lock down arising from COVID-19.

Meanwhile the Ministry of Corporate Affairs ("**MCA**") has issued circulars on April 8, 2020 and April 13, 2020 ("**MCA Circulars**"), providing certain relaxations in the requirement of convening a physical shareholders' meetings and has permitted companies to hold shareholder meetings via video conferencing facilities and postal ballot, subject to certain terms and conditions being satisfied. The Company, therefore sought the approval of the members for the aforesaid proposals through the postal ballot process. Result of the same will be declared on May 27, 2020.

2. The Company also sought approval of the shareholders of the Company by way of a postal ballot process for divestment of upto 29% equity stake in Max Life Insurance Company Limited and approvals in terms of Sections 180(1)(a) and 186(3) of the Companies Act, 2013 for re-acquisition of shares in case of exercise of put options by Axis Bank Limited and/or its affiliates ("the Prospective Investors"). Result of the same will be declared on June 18, 2020.

The details of the said postal ballot processes are under:

Process followed for passing resolutions through postal ballot

The Company appointed M/s Chandrasekaran Associates, Practicing Company Secretaries having office at 11F, Pocket-IV, Mayur Vihar Phase-I, Delhi – 110091 as the Scrutinizer for conducting for both the Postal Ballot processes in a fair and transparent manner.

The Company issued the postal ballot notice dated April 22, 2020 and notice dated May 13, 2020 for matters 1 and 2 stated above and sent through electronically on April 24, 2020 and May 15, 2020, respectively.

In light of the COVID-19 crisis and in accordance with Section 110 of the Companies Act, 2013 and Rules 22 and 20 of the Companies (Management and Administration) Rules, 2014 read with the Circular no. 14/2020 dated April 8, 2020 read with Circular no. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs, Government of India ('MCA Circulars'), physical copy of the Notices have not been circulated to the members. However, it was clarified that all the persons who are members of the Company as on as on the respective cut off dates, i.e., April 16, 2020 and May 8, 2020 (including those members who may not have received this Notice due to non-registration of their email IDs with the Company or with the Depositories) were entitled to vote in relation to the resolutions specified in respective Notices.

The results of the postal ballots will be declared on May 27, 2020 and June 18, 2020, respectively at the Registered Office of the Company at Punjab. The results will also be informed to the BSE Limited (the BSE) and National Stock Exchange of India Limited (the NSE), where the Company's shares are listed and made accessible on Company's website at www.maxindia.com/wp-content/uploads/2016/09/MIL-Voting-Result-Reg443.pdf

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 ensuing General Meeting.

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. 31 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, except the following:

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have equal number of Independent and Non-Independent Directors, in case the Company is having a promoter chairman.

The said requirement had arisen for the Company on the appointment of Mr Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of provision of Articles of the Company.

However, both BSE and NSE had levied penalty of ₹ 3,50,000/- (plus GST) for period July 23, 2018 up to September 30, 2018 – which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. Subsequently, additional penalty of ₹ 2,20,000/- had been levied by both the exchanges for residual period i.e. October 1, 2018 up to November 13, 2018 also, which had also been paid UNDER PROTEST along with request for waiver. NSE has formally communicated to the Company that such waiver cannot be granted. The response from BSE on the waiver request is awaited.

(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 the compliance with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

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, except as disclosed in (b) above.

(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) Fees to the Statutory Auditors of the Company

The total fees for all services paid by the Company to the Statutory Auditors of the Company are mentioned at Note No. 39 of Notes to standalone financial statements.

(g) 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 on the website of the Company at 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 2019-20, 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 D K Mittal is the common Independent Director for the Company for the Company and Max Life.

Further, Mr Analjit Singh, Chairman, Mr Mohit Talwar, Managing Director and Mr Sahil Vachani, Non-executive Director of the Company are also 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 Directors report. Kindly refer to **Annexure- 7 of Directors report.**

A certificate from M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority is annexed as **Annexure – III** to the Report.

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 2019-20.

Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director, Mr Analjit Singh, a Non Executive Promoter Director is the Chairman of the Company. 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**

Analjit Singh
Chairman
DIN: 00029641

Franschhoek, South Africa
May 26, 2020

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, 2020 from all Directors and Senior Management personnel of the Company.

For **Max Financial Services Limited**

Mohit Talwar
Managing Director
DIN: 02394694

Date: May 26, 2020
Place: New Delhi

Annexure- II to the Corporate Governance Report

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

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

We, Mohit Talwar, Managing Director and Jatin Khanna, 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, 2020 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**

Date: May 26, 2020	**Mohit Talwar**	**Jatin Khanna**
Place: New Delhi	Managing Director	Chief Financial Officer

Annexure- III to the Corporate Governance Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Max Financial Services Limited and having CIN L24223PB1988PLC008031 and having registered office at Bhai Mohan Singh Nagar, Rail Majra, Tehsil Balachaur, Distt. Nawanshahr Punjab-144533 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of director	DIN	Date of appointment in Company
1	Aman Mehta	00009364	12/12/2008
2	Naina Lal Kidwai	00017806	15/01/2016
3	Analjit Singh	00029641	23/07/2018
4	Dinesh Kumar Mittal	00040000	01/01/2015
5	Sahil Vachani	00761695	25/05/2018
6	Mohit Talwar	02394694	14/02/2012
7	Charles Richard Vernon Stagg	07176980	11/02/2019
8	Jai Arya	08270093	14/11/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Partner
Membership No. ACS 16302
Certificate of Practice No. 5673
UDIN: A016302B000311179

Date: May 26, 2020
Place: New Delhi

72-75
GENERAL SHAREHOLDER INFORMATION

General Shareholder Information

Registered Office

Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab- 144 533.

Investor Helpline

Max Towers, Level 16, Sector 16B, Gautam Buddh Nagar, Noida, Uttar Pradesh 201301
Phone – 0120 - 2200000
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: Wednesday, December 30, 2020 at 12:00 Noon

Venue: Through Video Conference (“VC”) or Other Audio-Visual Means (“OAVM”)

Book Closure

Thursday, December 24, 2020 to Wednesday, December 30, 2020 (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 – 2020-21

1. First quarter results
   - By second week of August 2020
2. Second quarter & half yearly results
   - By second week of November 2020
3. Third quarter results
   - By second week of February 2021
4. Annual results
   - By May 30, 2021

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 2020-21.

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

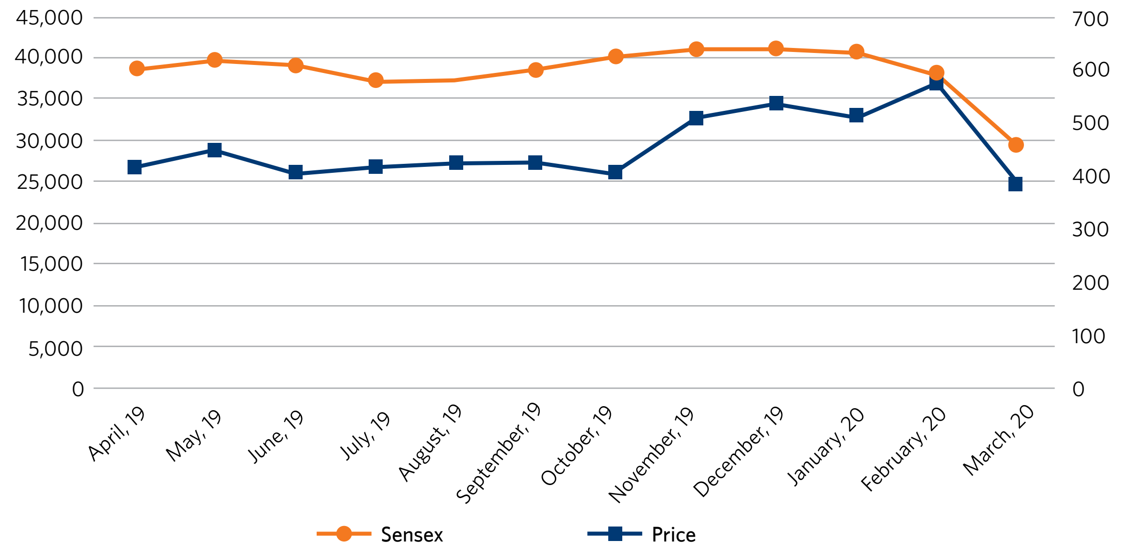
BSE	-	500271
NSE	-	MFSL
Demat ISIN No. for NSDL and CDSL	-	INE180A01020

	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, 19	474.50	410.90	473.00	412.20
May, 19	460.00	394.35	460.50	386.05
June,19	464.40	402.65	464.20	402.85
July, 19	441.85	398.70	442.05	399.70
August, 19	462.95	370.05	462.45	370.00
September, 19	437.15	393.05	437.75	393.00
October, 19	445.55	396.80	445.00	396.95
November, 19	521.10	402.75	521.20	403.00
December, 19	544.70	495.95	544.90	498.55
January, 20	568.20	468.75	567.90	469.00
February, 20	609.65	424.20	609.40	423.75
March, 20	611.90	276.35	611.05	279.75

Share Price vs Sensex



Shareholding Pattern as on March 31, 2020

Category	No. of shares held	% of shareholding
Promoters	7,63,03,608	28.32
Mutual Funds and UTI	7,31,72,675	27.15
Financial Institutions/Banks	3,55,176	0.13
Foreign Institutional Investors	14,28,521	0.53
Foreign Portfolio Investors	8,10,79,839	30.08
Alternate Investment Funds	45,58,549	1.69
Bodies Corporate	47,47,676	1.76
Non-resident Indians/ Overseas Corporate Bodies	20,67,551	0.77
Clearing Members	5,83,165	0.22
Resident Individuals	2,50,52,128	9.29
Trusts	41,089	0.02
Unclaimed Suspense Account	1,19,510	0.04
Total	**26,95,09,487**	**100.00**

Distribution of shareholding as on March 31, 2020

No. of Shareholders	Percentage to total	Shareholdings	No. of shares	Percentage to total
58,298	97.65	1 to 5000	1,66,06,733	6.16
694	1.16	5001 to 10000	24,90,039	0.92
314	0.53	10001 to 20000	22,58,547	0.84
94	0.16	20001 to 30000	11,70,028	0.43
48	0.08	30001 to 40000	8,45,245	0.31
24	0.04	40001 to 50000	5,48,989	0.20
58	0.10	50001 to 100000	20,72,772	0.77
168	0.28	100001 and above	24,35,17,134	90.37
59,698	**100.00**	**Total**	**26,95,09,487**	**100.00**

Dematerialisation status as on March 31, 2020

(i) Shareholding in dematerialized mode 99.64%

(ii) Shareholding in physical mode 0.36%

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 SEBI regulations which prescribe that with effect from April 1, 2019, 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 all companies in your demat account.
6. Demat account can be operated from anywhere in the world

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfer of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Company Secretary is authorized by the Board severally to approve transmission or transposition of securities, which are noted at subsequent meetings.

Further, in respect of shares upto 1000 per folio, transmission or transposition of securities are effected on a weekly basis. For others, the transmission or transposition of securities are effected within limits prescribed by law. The average turnaround time for processing registration of transmission or transposition of securities 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) Regulation 2015, as amended, from time to time ("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.

Transfer of Unclaimed Dividend and Shares to the Investor Education and Protection Fund

The Company had paid interim dividend in FY 2012-13 and the unpaid dividend was transferred to a separate account in same year within prescribed time. In terms of the provisions of Section 124 (5) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the amount of dividend which remains unpaid/ unclaimed for more than 7 years, from the date of the payment of dividend shall be mandatorily transferred by the Company to the Investor Education and Protection Fund (IEPF).

Further as per Section 124(6) of the Companies Act 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred by the company in the name of Investor Education and Protection Fund.

The Company declared Interim Dividend for the financial year 2012-13 on November 9, 2012. The unpaid/unclaimed dividend for the aforesaid interim dividend was due for transfer after November 9, 2019 to the IEPF.

Further, the equity shares on which dividend have not been claimed/encashed for a continuous period of last seven years i.e. from F.Y. 2012-13 shall also be mandatorily transferred by the Company to IEPF as per the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

In this regard, the Company had given adequate notice on September 20, 2019 to the members of the Company, advising them to encash the said dividend. Further, the Company had also given an advertisement in Business Standard, all editions and Desh Sewak, Chandigarh edition on September 17, 2019 for the information of the members of the Company.

In this regard, a sum of ₹ 92,27,448/- which was lying as unpaid/unclaimed dividend in the Dividend Account No. 000184400004031 of the Company with Yes Bank was remitted to IEPF on January 13, 2020 and 5,82,360 equity shares of ₹ 2/- each were also transferred by the Company in the name of Investor Education and Protection Fund on February 14, 2020 as per Section 124(6) of the Companies Act 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more.

On transfer of the aforesaid equity shares to IEPF, the members will have recourse to IEPF to reclaim the shares by providing documentary evidence to IEPF as provided under the Companies Act, 2013.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity: 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 / Desh Sewak. 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 Persons

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

Max Financial Services Limited

Secretarial Department
Max Towers, Level 16,
Sector 16B, Gautam Buddh Nagar,
Noida, Uttar Pradesh 201301
Tel. No.:- 0120 – 2200000
e-mail: investorhelpline@maxindia.com

Company Secretary and Compliance Officer

Mr V. Krishnan
Tel. No. - 0120 - 2200000
e-mail - vkrishnan@maxindia.com

78-118

Board's Report

Board's Report

Dear Members,

Your Directors have pleasure in presenting the Thirty-second Board's Report of Max Financial Services Limited ("MFSL" or "the Company") along with the audited Financial Statements for the financial year ended March 31, 2020.

Standalone Results

The highlights of the standalone financial results of your Company along with previous year's figures (prepared as per IND-AS) are as under:

(Rs. in crores)

	Year ended 31.03.2020	Year ended 31.03.2019
Revenue from operations	**494.94**	316.63
Other income	**0.08**	1.15
Total income	**495.02**	317.78
Expenses		
Finance costs	**0.20**	27.25
Loss on fair value changes on derivative financial instruments	**-**	102.61
Employee benefits expenses	**22.86**	76.40
Depreciation and amortization expense	**9.89**	1.75
Legal and professional expenses	**44.39**	43.51
Other expenses	**21.36**	16.87
Total expenses	**98.70**	268.39
Profit before tax	**396.32**	49.39
Tax expense	**123.78**	-
Profit after tax for the year	**272.54**	49.39
Other comprehensive income for the year	**(0.12)**	(0.30)
Total comprehensive income (after tax)	**272.42**	49.09

The Company had filed application with the income tax authorities under the 'The Direct Tax Vivad se Vishwas Act, 2020' ('the Scheme'), enacted vide the Gazette of India on March 17, 2020 regarding settlement of the ongoing tax litigation pertaining to Telecom stake sale made by its erstwhile subsidiary Max Telecom Ventures Limited (since merged with the Company w.e.f. December 1, 2005). The said litigation was being contested both by the Company and the Income Tax Department for multiple years, pending before various Appellate Authorities.

The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Year 1998-99, Assessment Year 1999-2000 and Assessment Year 2006-07 and the Company has paid the cumulative tax amount of Rs. 123.78 crores, determined under the provisions of the Scheme, towards full and final settlement of the tax arrears.

Your Company is primarily engaged in business of making and holding investments in its subsidiary, Max Life Insurance Company Limited and providing management consultancy services to group companies 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 14% to Rs 2,280 crore as at March 31, 2020 as against Rs. 2,000 Crores as at March 31, 2019.

Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and applicable accounting standards, the audited consolidated financial statements are enclosed as part of this Annual Report.

In FY 2019-20, MFSL reported consolidated revenues of Rs. 18,242 crores, 7% lower compared to the previous year, due to volatility in markets in March 2020 caused by COVID-19 pandemic, causing a mark-to-market loss on debt and equity portfolio.

The Net Premiums at Rs. 15,927 crores, grew at 11% compared to the previous year. The Company reported consolidated Profit after Tax of Rs.273 crores, 34% lower compared to the previous year, largely due to shift in product mix towards non-participating products, investments in expansion of proprietary channel, provision for impairment on financial instruments and one-time tax expense on settlement of tax dispute under Vivad se Vishwas Scheme.

Max Life achieved a significant milestone this year with its Assets under Management (AUM) crossing the Rs. 70,000 crores mark for the first time in February 2020. The AUM as at March 31, 2020 stood at Rs. 68,471 crores, growing 9% over the previous year, owing to COVID-19 led market volatility in March 2020. Another benchmark set by Max Life was in the Claims Paid Ratio category. Already being an industry leader with the highest claims paid ratio of 98.74% in FY19, as per the Insurance Regulatory and Development Authority of India (IRDAI) Annual Report, Max Life further improved the ratio by 48 bps to 99.22% during Q4FY20. The Market Consistent Embedded value of Max Life as on March 31, 2020 was Rs.9,977 crores, with an Operating Return on Embedded Value (RoEV) of 20.3% and the value of new business at Rs. 897 crores has grown 5% with the margins at 21.6% in line with the previous year

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

(Rs. in crores)

	Year ended 31.03.2020	Year ended 31.03.2019
Revenue from operations	**18,239.98**	**19,509.65**
Other income	1.78	3.61
Total income	**18,241.76**	**19,513.26**
Expenses		
Finance costs	0.28	27.30
Impairment on financial instruments	71.43	5.02
Employee benefits expenses	35.95	84.37
Depreciation, amortization and impairment	11.37	1.75
Legal and professional expenses	44.39	43.51
Policyholders' Expenses of Life Insurance operations	17,596.54	18,838.60
Other expenses	39.32	31.87
Total expenses	**17,799.28**	**19,032.42**
Profit before tax	**442.48**	**480.84**
Tax expense	**169.63**	**64.38**
Profit after tax for the year	**272.85**	**416.46**
Other comprehensive income for the year	**12.99**	**1.31**
Total comprehensive income	**285.84**	**417.77**
Total comprehensive income attributable to		
Owners of the company	154.38	263.41
Non-controlling interests	131.46	154.36

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, 2020 and the date of the Directors' report i.e. May 26, 2020 except the Postal ballot notice issued to shareholders for MSI Swap transaction and execution of the definitive documents, regulatory filings and Postal ballot notice issued to the Shareholders for the Axis transaction as detailed below:

The Board of Directors of the Company in its meeting held on March 3, 2020, had considered and approved the issuance and allotment of up to 7,54,58,088 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 39,47,75,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited ("Max Life") ("MSI Swap"), based on the valuation report obtained by the Company in accordance with applicable laws. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at Rs. 85/- for every Equity Share of Rs. 10/- each held by MSI in Max Life ("MSI Put/Call Option"). In this regard, the Company has executed definitive agreements with the parties. The said transaction was subject to receipt of requisite shareholders approvals and regulatory approvals and hence no adjustments have been made in the financial statements.

The Company had issued Notice dated March 3, 2020 for convening an extra ordinary general meeting (EGM) of the shareholders of the Company on April 2, 2020. The meeting was postponed to April 16, 2020 in view of the pandemic situation of COVID-19. On account of extension of nationwide lockdown till May 3, 2020, the adjourned EGM of the Company was cancelled for want of requisite quorum. On April 24, 2020, Postal Ballot Notice was issued for seeking the approval for MSI Share Swap and MSI Put/Call Option from shareholders of the Company by way of Special Resolution. The results of the Postal Ballot will be announced on May 27, 2020.

On February 20, 2020, the Company and Axis Bank Limited ("Axis Bank") executed Confidentiality and Exclusivity Agreement to explore a long-term strategic partnership. The Board of Directors of the Company had approved in its meeting held on April 27, 2020 to enter into definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life, a material subsidiary of the Company, to Axis Bank which will have the effect of Max Life becoming a 70:30 joint venture between the Company and Axis Bank after series of transactions. On May 15, 2020, Postal Ballot Notice was issued seeking the approval for the proposed transaction from shareholders of the Company by way of Special Resolution. The proposed transaction is subject to receipt of requisite shareholders approvals, regulatory approvals (including RBI, IRDAI and CCI) and satisfaction conditions precedent and hence these will be reflected in the subsequent quarter financial results once the transaction is consummated.

Further, the Company will work towards delivering the following value creation options to Axis Bank as agreed under the definitive agreements. The Company, along with Max Life and promoters of the Company, will take all steps to merge the Company into Max Life, resulting into a listed insurance company in terms of applicable law ('Merger'). From the Closing Date, Axis Bank will have the right to subscribe to equity shares of the Company in lieu of all or part of the equity shares held by Axis Bank in Max Life ('Swap Transaction') and the Company will undertake all actions to effect the Swap Transaction. Any income tax payable pursuant to the Swap Transaction shall be split equally between the Company and Axis Bank.

If the Merger is not completed within 5 years from the Closing Date, and Axis Bank has exercised its right for the Swap Transaction, but the Company fails to consummate the Swap Transaction, then Axis Bank shall have the right to require the Company to purchase all the shares held by Axis Bank in Max Life at INR 294 per share, subject to the terms of the definitive agreements.

Estimation of uncertainties relating to COVID-19 global health pandemic

The Company has considered the impact of COVID-19 on its operations as well as its financial statements, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2020. In assessing the carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19, wherever required.

Further, the Group has assessed the impact of COVID-19 on its operations as well as its financial statements, including valuation of investments, valuation of policy liabilities and solvency, for the year ended March 31, 2020. To the best of the information available, the subsidiary of the Company has provided an additional Rs. 1,000.00 lakhs in policyholders reserve on account of COVID related contingencies over and above the policy level liabilities calculated based on prescribed IRDAI Regulations. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19.

Subsidiaries, Associates & Joint Venture companies

As on March 31, 2020, 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. Accordingly, the equity stake of the Company in Max Life increased to 72.52% as at March 31, 2020.

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 2019-20.

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

During the financial year the Authorized share capital of the Company was increased from Rs.60,00,00,000/- (Rupees Sixty Crores only) comprising of 30,00,00,000 equity shares of Rs. 2/- each to Rs. 70,00,00,000 (Rupees Seventy Crores) divided into 35,00,00,000 (Thirty Five Crores) Equity Shares of Rs. 2/- each.

During the year under review, 1,23,708 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, 2020 was Rs. 53,90,18,974/- (Rupees Fifty three crores ninety lakhs eighteen thousand nine hundred seventy four) comprising of 26,95,09,487 equity shares of Rs. 2/- each.

Further, after end of the financial year on March 31, 2020 and till the date of this report i.e. May 26, 2020 your Company had allotted 65,017 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, 2019 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.

During the year under review, the Nomination and Remuneration Committee of Directors of the Company ("NRC") granted 1,15,420 stock options to Mr. Mohit Talwar, Managing Director with effect from April 1, 2019 and 32,010 Stock Options to Mr. Jatin Khanna, Chief Financial Officer of the Company with effect from July 2, 2019 which will vest with them in a graded manner. Further, the NRC granted 33,855 Stock Options to Mr. Jatin Khanna, Chief Financial Officer of the Company with effect from April 3, 2020 which will vest with him in a graded manner.

DIRECTORS

As on date of this report, the Board of Directors of your Company comprised of 8 (eight) members with 1 (one) Executive Director and 7 (seven) Non-Executive Directors of which 5 (five) are independent. Mr. Analjit Singh (DIN: 00029641), Chairman of the Company is a Non Executive Promoter Director.

Mr. Ashwani Windlass and Mr. Sanjay Omprakash Nayar non-executive directors of the Company, resigned from the Board of the Company with effect from January 16, 2020 and February 6, 2020 respectively. Your Directors place their deep appreciation for the valuable contributions made by Mr. Ashwani Windlass and Mr. Sanjay Nayar during their association with the Company.

Mrs. Naina Lal Kidwai was appointed as an Independent Director of the Company for a period of five years with effect from January 15, 2016. The five year tenure of Mrs. Naina Lal Kidwai as Independent Director of the Company shall be completed on January 14, 2021.

In accordance with the Section 149(10) of the Companies Act, 2013 and the SEBI Listing Regulations, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of the Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of a special resolution by the Company.

Your directors recommend the re-appointment of Mrs. Naina Lal Kidwai as an Independent Director on the Board of the Company for another term of five years.

Further, in terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Sahil Vachani is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Sahil Vachani, being eligible have offered himself for re-appointment at the ensuing Annual General Meeting.

Brief profiles of aforesaid directors are annexed to the Notice convening the Annual General Meeting.

The Board met six times during the financial year 2019-20:

S.No.	Date	Board Strength	No. of Directors present
1	May 28, 2019	10	5
2	August 6,2019	10	7
3	November 6, 2019	10	7
4	February 5, 2020	9	6
5	February 20, 2020	8	7
6	March 3, 2020	8	4

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. Aman Mehta (DIN: 00009364) Mr. Dinesh Kumar Mittal (DIN: 00040000), Mr. Jai Arya (DIN: 0008270093) and Sir Charles Richard Vernon Stagg (DIN: 07176980).

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 four times during the financial year 2019-20, viz. on May 28, 2019, August 6, 2019, November 6, 2019 and February 5, 2020. The Committee, as on March 31, 2020, comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, 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 once during the financial year 2019-20, viz. on May 28, 2019. The Committee, as on March 31, 2020, comprised of Mrs. Naina Lal Kidwai (Chairman), Mr. Aman Mehta, Mr. Analjit Singh and Mr. D.K. Mittal.

3. Investment & Finance Committee:

   The Committee met three times during the financial year 2019-20, viz. on May 28, 2019, August 6 2019 and November 6, 2019. As most of the matters mandated to the Investment and Finance Committee were required to be statutorily considered by Audit Committee and the Board, the Board disbanded the Investment and Finance Committee with effect from February 5, 2020.

4. Corporate Social Responsibility Committee:

   As on March 31, 2020, this Committee comprised of Mr. Aman Mehta, Mr. D.K. Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Mr. Mohit Talwar. Due to the lock down declared by the Central Government due to Covid-19 Pandemic, the meeting of the Committee which was scheduled to be held on March 24, 2020 could not be held for want of quorum. The said meeting of the Committee was held on May 26, 2020 through video conferencing.

5. Stakeholders' Relationship Committee:

   The Committee met three times during the financial year 2019-20, viz. on May 28, 2019, August 6, 2019 and November 6, 2019. The Committee, as on March 31, 2020, comprised of Mr. Sahil Vachani (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

6. Risk & Compliance Review Committee:

   As on March 31, 2020, this Committee comprised of Mr. Aman Mehta, Mr. D.K. Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Mr. Mohit Talwar Due to the lock down declared by the Central Government due to Covid-19 Pandemic, the meeting of the Committee which was scheduled to be held on March 24, 2020 could not be held for want of quorum. The said meeting of the Committee was held on May 26, 2020 through video conferencing.

7. Independent Directors:

   The Board of Directors included 5 Independent Directors as on March 31, 2020 viz. Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Sir Charles Richard Vernon Stagg. The Independent Directors had a separate meeting through video conferencing on May 26, 2020. 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 Companies Act, 2013 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, Mr. Jatin Khanna , Chief Financial Officer and Mr. V. Krishnan, 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, 2020, there were 9 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 crores 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 from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2019–20, 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, the Company is not mandatorily required to spend on Corporate Social Responsibility for the financial year 2019-20. However, the Company has voluntarily made 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 Rederessal) 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 6 and 7 respectively, to the standalone financial statements of the Company for the FY 2019-20.

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 is Annexed to this Report as **Annexure - 7**. Further, 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 Number: 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.

Your directors recommend the appointment of M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration Number: 117366W/W-100018), for a further term of five years from the conclusion of 32nd AGM till the conclusion of 37th AGM to be held in the year 2025 in terms of Section 139 and 142 of the Companies Act, 2013. The Company received a written consent from M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants, as required under Section

139 of the Act and a certificate to the effect that their appointment, if may, would be in accordance with the limits prescribed under Section 141 of the Act.

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 2019-20 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 2019-20. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2019-20 is annexed to this report as **Annexure - 8.**

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

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.

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 an ongoing transaction with Max Life Insurance Company Limited for allowing usage of trademarks without any consideration and an approval has already been obtained from shareholders of the Company in 2016 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 - 9.**

The details of all the Related Party Transactions form part of Note no. 32 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. 437.23 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, 2020 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.

Transfer of Unclaimed Dividend and Shares to the Investor Education and Protection Fund

The Company had paid interim dividend in FY2012-13 and the unpaid dividend was transferred to a separate account in same year within prescribed time. After completion of 7 years, the unpaid amounts still lying in the said account were transferred to the Investor Education and Protection Fund, along with respective shares on which such dividend remains unpaid.

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 necessary reminders to concerned shareholders, and subsequently such shares were transferred to the Unclaimed Suspense Account.

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 **(as at beginning of the financial year i.e. April 1, 2019)**	2177	4,66,895
2.	Number of shareholders who approached listed entity for transfer of shares from the Unclaimed Suspense Account during the year	*1681	*3,47,385
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account, during the year	* 1681	*3,47,385
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account **(as at end of the financial year i.e. March 31, 2020)**	496	1,19,510

*This includes 1,667 shareholders comprising of 3,43,985 equity shares transferred to Investor Education and Protection Fund.

Till date of this report, the Company has approved overall 1707 such claims from shareholders, comprising 3,55,800 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

Franschhoek, South Africa
May 26, 2020

Analjit Singh
Chairman
DIN: 00029641

Annexure 1 to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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:

CIN	L24223PB1988PLC008031
Registration Date	24-02-1988
Name of the Company	Max Financial Services Limited
Category / Sub-category	Public Company Limited by Shares; Indian Non-Government Company
Address of the Registered office & contact details	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533 Phone : 01881-462000 Fax : 01881-273607 E-mail : investorhelpline@maxindia.com
Whether listed company	Listed Company
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 4.1% and 95.9% of total turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

As on March 31, 2020, 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	72.52%	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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	420333	0	420,333	0.16	420333	0	420333	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.	75883275	0	75883275	28.17	75883275	0	75883275	28.17	(1.96)
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)	**76303608**	**0**	**76303608**	**28.33**	**76303608**	**0**	**76303608**	**28.32**	**(0.01)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	83171900	400	83172300	30.87	73172275	400	73172675	27.15	(3.72)
b) Banks / FI	175718	13250	188968	0.07	341926	13250	355176	0.13	0.06
c) Alternate Investment Funds	2533034	0	2533034	0.94	4558549	0	4558549	1.69	0.75
d) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
e) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
f) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h) FIIs	10388572	0	10388572	3.86	1428521	0	1428521	0.53	(3.33)
i) Foreign Portfolio Investors	70025154	0	70025154	25.99	81079839	0	81079839	30.08	4.09
j) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
k) Others (specify) FDI	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	**166294378**	**13650**	**166308028**	**61.74**	**160581110**	**13650**	**160594760**	**59.58**	**(2.16)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2951963	60120	3012083	1.12	4736755	6220	4742975	1.76	0.64
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	18096153	1597968	19694121	7.31	20406371	926325	21332696	7.91	0.60
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1535434	0	1535434	0.57	3407201	0	3407201	1.26	0.69
NBFCs registered with RBI	9386	0	9386	0.00	4701	0	4701	0.00	0.00
c) Others (specify)									
Non Resident Indians	1246333	15050	1261383	0.47	2056273	10760	2067033	0.77	0.30
Overseas Corporate Bodies	518	0	518	0.00	518	0	518	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	572553	0	572553	0.21	583165	0	583165	0.22	0.01
Trusts	4797	0	4797	0.00	41089	0	41089	0.01	0.01
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00

Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Directors & their relatives	216973	0	216973	0.08	312231	0	312231	0.12	0.04
Unclaimed Suspense Account	466895	0	466895	0.17	119510	0	119510	0.04	(0.13)
Sub-total (B)(2):-	**25101005**	**1673138**	**26774143**	**9.94**	**31667814**	**943305**	**32611119**	**12.10**	**2.16**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**191395383**	**1686788**	**193082171**	**71.67**	**192248924**	**956955**	**193205879**	**71.68**	**0.01**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**267698991**	**1686788**	**269385779**	**100.00**	**268552532**	**956955**	**269509487**	**100.00**	**0.00**

B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2019]			Shareholding at the end of the year [As on 31-March-2020]			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encum-bered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encum-bered 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	100000	0.04	0.00	100000	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	3675000	1.36	100.00	0	0.00	0.00	(1.36)
7.	Mohair Investment & Trading Co. (P) Ltd.	4690000	1.74	100.00	0	0.00	0.00	(1.74)
8.	@Max Ventures Investment Holdings P Ltd	67518275	25.06	76.27	75883275	28.16	95.29	3.10

@ Pursuant to Composite Scheme of Amalgamation and Arrangement approved by the Hon'ble National Company Law Tribunal, New Delhi vide its order pronounced on September 10, 2018, Liquid Investment & Trading Company Private Limited "Liquid Investment" and Mohair Investment and Trading Company Private Limited "Mohair Investment" (both of the Promoter Group Entities) merged with Max Ventures Investment Holdings Private Limited (another Promoter Group Entity) ("Max Ventures Investment"). The transfer of shares from the demat account of Liquid Investment and Mohair Investment into Max Ventures Investment, which were earlier under process, has been effected during the quarter ended March 2020. Therefore, the name of Liquid Investment and Mohair Investment which were earlier appearing under promoter group category as of March 31, 2019, were not appearing in the shareholding pattern of the Company for the year ended March 31, 2020.

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

SN	Particulars	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the year [As on 31-March-2020]	
		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	10000	0.00	10000	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	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04
5.	**Mrs. 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
6.	**Liquid Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	3675000	1.36	3675000	1.36
	Increase / Decrease in Shareholding during the year (Shares transferred to Max Ventures Investment Holdings Pvt. Ltd. pursuant to Scheme of Amalgamation and Arrangement explained above)	(3675000)	1.36	0	0.00
	At the end of the year			0	0.00
7.	**Mohair Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	4690000	1.74	4690000	1.74
	Increase / Decrease in Shareholding during the year (Shares transferred to Max Ventures Investment Holdings Pvt. Ltd. pursuant to Scheme of Amalgamation and Arrangement explained above)	(4690000)	1.74	0	0.00
	At the end of the year			0	0.00
8.	**Max Ventures Investment Holdings P. Ltd.**				
	At the beginning of the year	67518275	25.06	67518275	25.06
	Increase / Decrease in Shareholding during the year (shares acquired from Liquid Investment & Trading Co. Pvt. Ltd. and Mohair Investment & Trading Co. Pvt. Ltd., pursuant to Scheme of Amalgamation and Arrangement explained above)	8365000	3.10	75883275	28.16
	At the end of the year			75883275	28.16

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the Year [As on 31-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Moneyline Portfolio Investments Limited PAN: AAFCK8877M**				
	At the beginning of the year	18070048	6.71	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	18070048	6.70
2.	**Mirae Asset Tax Saver Fund PAN: AACTM0203B**	4601640	1.70	-	-
	At the beginning of the year			-	-
	Increase / Decrease in Shareholding during the year	426656	0.16	5028296	1.86
	05.04.2019	104000	0.04	5132296	1.90
	12.04.2019	386448	0.14	5518744	2.04
	19.04.2019	100000	0.04	5618744	2.08
	26.04.2019	451859	0.17	6070603	2.25
	17.05.2019	28700	0.00	6099303	2.25
	24.05.2019	130406	0.05	6229709	2.30
	31.05.2019	529585	0.19	6759294	2.49
	07.06.2019	679238	0.25	7438532	2.74
	14.06.2019	443244	0.16	7881776	2.90
	21.06.2019	201200	0.07	8082976	2.97
	28.06.2019	1123128	0.41	9206104	3.38
	05.07.2019	1300	0.00	9207404	3.38
	12.07.2019	135000	0.05	9342404	3.43
	19.07.2019	50000	0.02	9392404	3.45
	26.07.2019	367599	0.13	9760003	3.58
	02.08.2019	17000	0.00	9777003	3.58
	09.08.2019	122500	0.04	9899503	3.62
	16.08.2019	(47399)	0.01	9852104	3.61
	23.08.2019	300000	0.11	10152104	3.72
	30.08.2019	248592	0.09	10400696	3.81
	06.09.2019	1188456	0.44	11589152	4.25
	13.09.2019	550000	0.20	12139152	4.45
	17.09.2019	200000	0.08	12339152	4.53
	20.09.2019	576237	0.22	12915389	4.75
	27.09.2019	100000	0.04	13015389	4.79
	04.10.2019	8393	0.00	13023782	4.79
	11.10.2019	403550	0.16	13427332	4.95
	18.10.2019	(40000)	0.01	13387332	4.94
	06.12.2019	36000	0.01	13423332	4.95
	13.12.2019	(4800)	0.00	13418532	4.95
	27.12.2019	(69500)	0.02	13349032	4.93
	10.10.2020	58300	0.02	13407332	4.95
	17.10.2020	1930778	0.73	15338110	5.68
	07.02.2020	60000	0.02	15398110	5.70
	21.02.2020	(2160779)	0.80	13237331	4.90
	28.02.2020	150000	0.06	13387331	4.96
	13.03.2020	425000	0.17	13812331	5.13
	20.03.2020	20000	0.00	13832331	5.13
	26.03.2020	150000	0.05	13982331	5.18
	27.03.2020				
	At the end of the year	-	-	13982331	5.18

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the Year [As on 31-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	**HDFC Trustee Company Ltd. A/c HDFC Capital Builder Value Fund PAN: AAATH1809A**				
	At the beginning of the year	11562600	4.29	-	-
	Increase / Decrease in Shareholding during the year	100000	0.04	11662600	4.33
	24.05.2019	335600	0.12	11998200	4.45
	14.06.2019	100000	0.04	12098200	4.49
	21.06.2019	500000	0.19	12598200	4.68
	12.07.2019	7200	0.00	12605400	4.68
	19.07.2019	250000	0.09	12855400	4.77
	17.09.2019	95000	0.03	12950400	4.80
	27.09.2019	(358000)	0.14	12592400	4.66
	22.11.2019	8800	0.00	12601200	4.66
	06.12.2019	7200	0.00	12608400	4.66
	13.12.2019	(56000)	0.03	12552400	4.63
	27.12.2019	13016	0.00	12565416	4.63
	10.01.2020	(203458)	0.07	12361958	4.56
	28.02.2020	(277186)	0.11	12084772	4.45
	06.03.2020	700000	0.27	12784772	4.72
	13.03.2020	200000	0.07	12984772	4.79
	20.03.2020	106500	0.03	13091272	4.82
	26.03.2020	(58300)	0.01	13032972	4.83
	27.03.2020	(6739)	0.00	13026233	4.83
	31.03.2020				
	At the end of the year	-	-	13026233	4.83
4.	**Reliance Capital Trustee Co Ltd. A/c Nippon India Growth Fund PAN: AAATR0090B**				
	At the beginning of the year	15429537	5.73	-	-
	Increase / Decrease in Shareholding during the year				
	05.04.2019	(159952)	0.06	15269585	5.67
	12.04.2019	3456	0.00	15273041	5.67
	19.04.2019	1344	0.00	15274385	5.67
	26.04.2019	(9616)	0.00	15264769	5.67
	03.05.2019	386	0.00	15265155	5.67
	10.05.2019	(75506)	0.03	15189649	5.64
	17.05.2019	960	0.00	15190609	5.64
	24.05.2019	451	0.00	15191060	5.64
	31.05.2019	5328	0.00	15196388	5.64
	07.06.2019	1152	0.00	15197540	5.64
	14.06.2019	(468185)	0.17	14729355	5.47
	21.06.2019	(280472)	0.10	14448883	5.37
	28.06.2019	(19835)	0.00	14429048	5.37
	05.07.2019	(90560)	0.03	14338488	5.34
	12.07.2019	624	0.00	14339112	5.34
	19.07.2019	1315	0.00	14340427	5.34
	26.07.2019	576	0.00	14341003	5.34
	02.08.2019	34	0.00	14341037	5.34
	09.08.2019	1248	0.00	14342285	5.34
	16.08.2019	240	0.00	14342525	5.34
	23.08.2019	174279	0.07	14516804	5.41
	29.08.2019	(1109062)	0.41	13407742	5.00
	30.08.2019	288	0.00	13408030	5.00
	06.09.2019	144	0.00	13408174	5.00
	13.09.2019	56336	0.02	13464510	5.02
	17.09.2019	192	0.00	13464702	5.02
	20.09.2019	144	0.00	13464846	5.02
	27.09.2019	411713	0.15	13876559	5.17
	04.10.2019	25192	0.01	13901751	5.18
	11.10.2019	1152	0.00	13902903	5.18
	18.10.2019	288	0.00	13903191	5.18
	01.11.2019	432	0.00	13903623	5.18

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the Year [As on 31-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	08.11.2019	144	0.00	13903767	5.18
	15.11.2019	(319600)	0.12	13584167	5.06
	22.11.2019	(589)	0.00	13583578	5.06
	29.11.2019	(12421)	0.00	13571157	5.06
	06.12.2019	(2301)	0.11	13568856	5.06
	13.12.2019	31246	0.01	13600102	5.07
	20.12.2019	(193971)	0.07	13406131	5.00
	27.12.2019	(297837)	0.11	13108294	4.89
	31.12.2019	47	0.00	13108341	4.89
	03.01.2020	(599560)	0.22	12508781	4.67
	10.01.2020	146	0.00	12508927	4.67
	17.01.2020	402448	0.15	12911375	4.82
	24.01.2020	(158689)	0.06	12752686	4.76
	31.01.2020	(1584)	0.00	12751102	4.76
	07.02.2020	(997499)	0.37	11753603	4.39
	14.02.2020	336	0.00	11753939	4.39
	21.02.2020	(2208)	0.00	11751731	4.39
	28.02.2020	(150216)	0.06	11601515	4.33
	06.03.2020	(198560)	0.07	11402955	4.26
	13.03.2020	(561895)	0.23	10841060	4.03
	20.03.2020	(4697)	0.00	10836363	4.03
	26.03.2020	(329)	0.00	10836034	4.03
	31.03.2020	(222509)	0.09	10613525	3.94
	At the end of the year	-	-	10613525	3.94
5.	**ICICI Prudential Equity& Debt Fund PAN: AAAAI0038F**				
	At the beginning of the year	12540097	4.65	-	-
	Increase / Decrease in Shareholding during the year	12172	0.00	12552269	4.65
	17.05.2019	86	0.00	12552355	4.65
	24.05.2019	(1261662)	0.47	11290693	4.18
	05.07.2019	(331641)	0.12	10959052	4.06
	12.07.2019	(429056)	0.16	10529996	3.90
	19.07.2019	(737968)	0.27	9792028	3.63
	26.07.2019	(64925)	0.02	9727103	3.61
	02.08.2019	(2500175)	0.93	7226928	2.68
	09.08.2019	(429677)	0.16	6797251	2.52
	16.08.2019	(56238)	0.02	6741013	2.50
	23.08.2019	590771	0.22	7331784	2.72
	29.08.2019	(218400)	0.08	7113384	2.64
	30.08.2019	339600	0.13	7452984	2.77
	06.09.2019	(305824)	0.11	7147160	2.66
	27.09.2019	88	0.00	7147248	2.66
	30.09.2019	88	0.00	7147336	2.66
	04.10.2019	88	0.00	7147424	2.66
	11.10.2019	13	0.00	7147437	2.66
	18.10.2019	88	0.00	7147525	2.66
	25.10.2019	(170398)	0.06	6977127	2.60
	01.11.2019	(674410)	0.25	6302717	2.35
	08.11.2019	(234669)	0.09	6068048	2.26
	15.11.2019	(165243)	0.06	5902805	2.20
	22.11.2019	(50298)	0.02	5852507	2.18
	06.12.2019	(15519)	0.00	5836988	2.18
	27.12.2019	(322319)	0.12	5514669	2.06
	10.01.2020	2137490	0.79	7652159	2.85
	17.01.2020	726926	0.27	8379085	3.12
	24.01.2020	1894	0.00	8380979	3.12
	31.01.2020	664282	0.25	9045261	3.37
	07.02.2020	(2)	0.00	9045259	3.37
	14.02.2020	(300126)	0.11	8745133	3.26
	06.03.2020	116338	0.04	8861471	3.30
	13.03.2020	9981	0.00	8871452	3.30
	20.03.2020	629	0.00	8872081	3.30
	26.03.2020	44	0.00	8872125	3.30
	27.03.2020	375592	0.13	9247717	3.43
	31.03.2020				
	At the end of the year	-	-	9247717	3.43

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the Year [As on 31-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	**Baron Emerging Markets Fund PAN: AACEB4051F**				
	At the beginning of the year	7289005	2.70	-	-
	Increase / Decrease in Shareholding during the year				
	05.04.2019	188248	0.07	7477253	2.77
	12.04.2019	78752	0.03	7556005	2.80
	07.06.2019	188803	0.07	7744808	2.87
	26.07.2019	(50000)	0.02	7694808	2.85
	29.08.2019	273570	0.10	7968378	2.95
	10.01.2020	735684	0.27	8704062	3.22
	28.02.2020	348190	0.13	9052252	3.35
	20.03.2020	(58510)	0.02	8993742	3.33
	31.03.2020	(103201)	0.03	8890541	3.30
	At the end of the year	-	-	8890541	3.30
7.	**Kotak Equity Opportunities Fund PAN: AAATK4475F**				
	At the beginning of the year	4536782	1.68	-	-
	Increase / Decrease in Shareholding during the year				
	05.04.2019	19200	0.00	4555982	1.68
	12.04.2019	87600	0.03	4643582	1.71
	19.04.2019	69600	0.02	4713182	1.73
	26.04.2019	34800	0.01	4747982	1.74
	03.05.2019	98400	0.04	4846382	1.78
	10.05.2019	15600	0.00	4861982	1.78
	17.05.2019	3600	0.00	4865582	1.78
	24.05.2019	8400	0.00	4873982	1.78
	31.05.2019	92400	0.04	4966382	1.82
	07.06.2019	49200	0.02	5015582	1.84
	14.06.2019	(18000)	0.00	4997582	1.84
	21.06.2019	(128400)	0.05	4869182	1.79
	28.06.2019	42000	0.02	4911182	1.81
	05.07.2019	118800	0.04	5029982	1.85
	12.07.2019	120285	0.04	5150267	1.89
	19.07.2019	148800	0.05	5299067	1.94
	26.07.2019	6000	0.00	5305067	1.94
	02.08.2019	(136393)	0.05	5168674	1.89
	09.08.2019	567258	0.21	5735932	2.10
	16.08.2019	243106	0.09	5979038	2.19
	23.08.2019	(378337)	0.14	5600701	2.05
	29.08.2019	(63600)	0.02	5537101	2.03
	30.08.2019	85200	0.03	5622301	2.06
	06.09.2019	284400	0.11	5906701	2.17
	13.09.2019	208000	0.08	6114701	2.25
	17.09.2019	246027	0.09	6360728	2.34
	20.09.2019	51346	0.02	6412074	2.36
	27.09.2019	503600	0.19	6915674	2.55
	30.09.2019	97200	0.04	7012874	2.59
	11.10.2019	(211671)	0.08	6801203	2.51
	18.10.2019	(2800)	0.00	6798403	2.51
	25.10.2019	(105600)	0.04	6692803	2.47
	01.11.2019	415416	0.15	7108219	2.62
	08.11.2019	766187	0.28	7874406	2.90
	15.11.2019	837600	0.31	8712006	3.21
	22.11.2019	213600	0.08	8925606	3.29
	29.11.2019	279100	0.10	9204706	3.39
	06.12.2019	135828	0.05	9340534	3.44
	13.12.2019	21600	0.01	9362134	3.45
	20.12.2019	66300	0.02	9428434	3.47
	27.12.2019	(18600)	0.00	9409834	3.47
	10.01.2020	(406900)	0.15	9002934	3.32
	17.01.2020	(213200)	0.08	8789734	3.24
	24.01.2020	287300	0.11	9077034	3.35
	31.01.2020	231400	0.09	9308434	3.44
	07.02.2020	(656500)	0.24	8651934	3.20
	14.02.2020	92500	0.03	8744434	3.23
	21.02.2020	98700	0.04	8843134	3.27
	28.02.2020	(2070900)	0.77	6772234	2.50
	06.03.2020	1467200	0.54	8239434	3.04
	13.03.2020	225600	0.08	8465034	3.12
	20.03.2020	48213	0.02	8513247	3.14
	26.03.2020	102000	0.05	8615247	3.19
	27.03.2020	3900	0.00	8619147	3.19
	At the end of the year	-	-	8619147	3.19

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the Year [As on 31-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8.	***WF Asian Smaller Companies Fund Limited PAN: AAACW5648R**				
	At the beginning of the year	4000636	1.48	-	-
	Increase / Decrease in Shareholding during				
	the year	1260000	0.47	5260636	1.95
	06.03.2020	1701313	0.63	6961949	2.58
	13.03.2020				
	At the end of the year	-	-	6961949	2.58
9.	**New York Life Insurance Company PAN: AAECN2229H**				
	At the beginning of the year	5336982	1.98	-	-
	Increase / Decrease in Shareholding during				
	the year	688000	0.25	6024982	2.23
	31.03.2020				
	At the end of the year	-	-	6024982	2.23
10.	**Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Equity Fund PAN: AAATB0102C**				
	At the beginning of the year	6987968	2.59	-	-
	Increase / Decrease in Shareholding during				
	the year	82000	0.03	7069968	2.62
	24.05.2019	100000	0.04	7169968	2.66
	21.06.2019	225000	0.08	7394968	2.74
	09.08.2019	6200	0.00	7401168	2.74
	06.09.2019	(238362)	0.09	7162806	2.65
	22.11.2019	292000	0.11	7454806	2.76
	29.11.2019	381417	0.14	7836223	2.90
	06.12.2019	108427	0.04	7944650	2.94
	13.12.2019	178449	0.07	8123099	3.01
	20.02.2019	36854	0.01	8159953	3.02
	03.01.2020	145097	0.05	8305050	3.07
	10.01.2020	20000	0.01	8325050	3.08
	17.01.2020	(85000)	0.03	8240050	3.05
	07.02.2020	(77100)	0.03	8162950	3.02
	21.02.2020	(2015765)	0.75	6147185	2.27
	28.02.2020	(1106230)	0.41	5040955	1.86
	06.03.2020	(29756)	0.01	5011199	1.85
	20.03.2020	84692	0.04	5095891	1.89
	26.03.2020	(35063)	0.01	5060828	1.88
	31.03.2020				
	At the end of the year	-	-	5060828	1.88
11.	**Government Pension Fund PAN: AACCN1454E**				
	At the beginning of the year	5363939	1.99	-	-
	Increase / Decrease in Shareholding during				
	the year	(519319)	0.19	4844620	1.80
	10.01.2020	(936873)	0.35	3907747	1.45
	17.01.2020				
	At the end of the year	-	-	3907747	1.45

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the Year [As on 31-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
12.	**Motilal Oswal Midcap 100 ETF PAN:AACTM3577A**				
	At the beginning of the year	10690647	3.97	-	
	Increase / Decrease in Shareholding during the year				
	05.04.2019	154	0.00	10690801	3.97
	12.04.2019	(4800)	0.00	10686001	3.97
	19.04.2019	65	0.00	10686066	3.97
	26.04.2019	(528052)	0.20	10158014	3.77
	10.05.2019	(198)	0.00	10157816	3.77
	24.05.2019	66	0.00	10157882	3.77
	31.05.2019	66	0.00	10157948	3.77
	07.06.2019	(160846)	0.06	9997102	3.71
	28.06.2019	(25)	0.00	9997077	3.71
	12.07.2019	66	0.00	9997143	3.71
	19.07.2019	(303000)	0.11	9694143	3.60
	26.07.2019	(615164)	0.23	9078979	3.37
	02.08.2019	66	0.00	9079045	3.37
	09.08.2019	25066	0.01	9104000	3.38
	16.08.2019	66	0.00	9104177	3.38
	29.08.2019	(567868)	0.21	8536309	3.17
	30.08.2019	(337360)	0.12	8198949	3.05
	06.09.2019	(772574)	0.29	7426375	2.76
	13.09.2019	(4100000)	1.52	3326375	1.24
	17.09.2019	(469934)	0.17	2856441	1.07
	20.09.2019	(308474)	0.11	2547967	0.96
	27.09.2019	(1570296)	0.58	977671	0.38
	30.09.2019	(382)	0.00	977289	0.38
	04.10.2019	388	0.00	977677	0.38
	11.10.2019	40	0.00	977717	0.38
	18.10.2019	126	0.00	977843	0.38
	25.10.2019	27	0.00	977870	0.38
	15.11.2019	(6000)	0.00	971870	0.38
	13.12.2019	63	0.00	971933	0.38
	20.12.2019	63	0.00	971996	0.38
	27.12.2019	(71)	0.00	971925	0.38
	31.12.2019	77	0.00	972002	0.38
	03.01.2020	(19)	0.00	971983	0.38
	10.01.2020	126	0.00	972109	0.38
	17.01.2020	315	0.00	972424	0.38
	24.01.2020	189	0.00	972613	0.38
	31.01.2020	477	0.00	973090	0.38
	07.02.2020	441	0.00	973531	0.38
	28.02.2020	63	0.00	973594	0.38
	13.03.2020	(49379)	0.02	924215	0.36
	20.03.2020	252	0.00	924467	0.36
	26.03.2020	252	0.00	924719	0.36
	31.03.2020	(96072)	0.05	828647	0.31
	At the end of the year	-	-	828647	0.31

* become shareholder with effect from 28.02.2020

E) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 31-March-2019]		Cumulative Shareholding during the year [As on 31-March-2020]	
		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	1,59,523	0.06	1,59,523	0.06
	Increase / Decrease in Shareholding during the year @19.04.2019 @10.12.2019	 12,958 1,10,750	 0.00 0.04	 1,72,481 2,83,231	 0.06 0.10
	At the end of the year			2,83,231	0.10
2	**#Mr. Ashwani Windlass, NED**				
	At the beginning of the year	28,450	0.01	28,450	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	
	At the end of the year			0	0.00
3.	**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
4.	**^Mrs. Sujatha Ratnam, CFO**				
	At the beginning of the year	100	0.00	100	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			0	0.00
5.	***Mr. Jatin Khanna, CFO**				
	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			10,000	0.00
6.	**$Mr. V. Krishnan, CS**				
	At the beginning of the year	5100	0	5100	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			5100	0.00

@ allotment of equity shares under ESOP

resigned from the Board of Directors w.e.f. January 16, 2020

^ resigned from the position of CFO w.e.f. June 30, 2019

* appointed as the CFO w.e.f. July 1, 2019

$ appointed as the CS w.e.f. July 1, 2019

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	Total Amount (Rs.)
		Mr. Mohit Talwar Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	952,96,997	952,96,997
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Options^	27,604,186	27,604,186
3	Sweat Equity		
4	Commission	NIL	NIL
	- as % of profit		
	- others, specify…		
5	Others:		
	- Company Contribution to PF	22,15,084	22,15,084
	- Medical Reimbursements	NIL	NIL
	- Medical Insurance Premium	69,680	69,680
	- Personal Accident Insurance Premium	460	460
	Total	**125,186,407**	**125,186,407**
	Ceiling as per the Act		NA

^ Perquisite value of stock options exercised during the year

B. Remuneration to other directors:

Sl. 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. Analjit Singh (NED)	Sahil Vachani (NED)	Mr. Jai Arya (ID)	Sir CRV Stagg (NED)	Total Amount
1	**Independent Directors (ID):** Fee for attending board and committee meetings	5,00,000	--	10,00,000	17,00,000	NIL	NIL	NIL	3,00,000	2,00,000	37,00,000
	Commission (for FY 2018-19 paid during FY 2019-20)	30,00,000	26,05,479	30,00,000	30,00,000	NIL	NIL	NIL	11,34,247	4,02,740	1,31,42,466
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	35,00,000	26,05,479	40,00,000	47,00,000	NIL	NIL	NIL	14,34,247	6,02,740	1,68,42,466
2	**Other Non-Executive Directors (NED):**										
	Fee for attending board and committee meetings	NIL	NIL	NIL	NIL	10,00,000	4,00,000	5,00,000	NIL	NIL	19,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	10,00,000	4,00,000	5,00,000	NIL	NIL	19,00,000
	Total Remuneration = (1) + (2)	35,00,000	26,05,479	40,00,000	47,00,000	10,00,000	4,00,000	5,00,000	14,34,247	6,02,740	1,87,42,466

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	Mr. Jatin Khanna (CFO)	Mr. V.Krishnan (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	81,79,818	96,38,401	178,18,219
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	--	29,700	24,300	54,000
	(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	-	360,000	377,854	737,854
	- Medical Reimbursements		--	--	--
	- Medical Insurance Premium	-	0	0	0
	- Personal Accident Insurance Premium		0	0	0
	Total	**-**	**86,21,784**	**100,92,821**	**187,14,605**

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

On behalf of the Board of Directors
Max Financial Services Limited

Franschhoek, South Africa
May 26, 2020

Analjit Singh
Chairman
DIN: 00029641

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, 2020	INR	191,881.29	68,058.38	7,177,242.53	6,917,302.86	6,847,068.71	1,839,088.76	59,784.00	5,846.80	53,937.20	-	72.52%

Part "B" - Associate Companies and Joint-Ventures

Not Applicable, as there are no Associates / Joint Ventures

Franschhoek, South Africa
May 26, 2020

On behalf of Board of Directors
for Max Financial Services Limited

Analjit Singh
Chairman
DIN: 00029641

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 buyback 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, 2020

A. Relevant disclosures in terms of the 'Guidance W 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. 29 of Standalone Financial Statements for the year ended 31st March, 2020.

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. 10.11 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	Nil

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 :

iv. Option movement during the year:

Number of options outstanding at the beginning of the period	1,31,015
Number of options granted during the year	1,47,430
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	1,23,708
Number of options exercised during the year	1,23,708
Number of shares arising as a result of exercise of options	1,23,708
Money realized by exercise of options (INR), if scheme is implemented directly by the company	3,44,91,316
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	1,54,737

i. 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 FY2019-20 was Rs. 509.29 Further, the weighted average fair value of the outstanding options as on 31st March 2020 was Rs.85.25 For details, please refer to Note no. 29 of Standalone Financial Statements.

ii. Employee wise details of options granted - *ESOPs were granted by the Company during the financial year 2019-20.*

a)	Senior Managerial Personnel	1,47,430
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

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

ESOPs were granted by the Company during the financial year 2019-20.

weighted-average values of share price (at time of grant)	1,15,420 options at the rate of Rs.422.07/- per option and 32,010 options at the rate of Rs.427.66 per option
exercise price	1,15,420 options at the rate of Rs.2/- per option and 32,010 options at the rate of Rs.404.45 per option
expected volatility	1,15,420 options – 42.82% 32,010 options – 35.30% to 37.09%
expected option life (in years)	1,15,420 options - 3 to 3.79 years 32,010 options – 3 to 6 years
expected dividends	NIL
risk-free interest rate	1,15,420 options - 6.66% to 6.93% 32,010 options - 6.58% to 7.09%
any other inputs to the model	
the method used and the assumptions made to incorporate the effects of expected early exercise	Black Scholes Option Pricing
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Historical volatility
whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	NIL

On behalf of the Board of Directors
Max Financial Services Limited

Franschhoek, South Africa
May 26, 2020

Analjit Singh
Chairman
DIN: 00029641

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, 2020

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 FY19 (INR Cr.)	Remuneration for FY20 (INR Cr.)	% Increase in Remuneration in FY20 vs. FY19
1	Mr. Mohit Talwar[1]	Managing Director	9.74	12.52	29%
2	Mr. Jatin Khanna[3]	Chief Financial Officer	__	0.86	NA[6]
3	Mr. V Krishnan[5]	Company Secretary	__	1.01	NA[6]
4	Ms. Sujatha Ratnam[2]	Chief Financial Officer	2.05	3.32	NA[6]
5	Mr. Sandeep Pathak[4]	Company Secretary (MFSL)	0.86	0.19	NA[6]

[1] *Mr. Mohit Talwar's remuneration includes the perquisite value of Rs.* 2.76 *crores, being the value of ESOPs exercised during the year under review against the ESOPs granted earlier (corresponding value in FY19 was Rs. 2.19 crores).*

[2] *Ms. Sujatha Ratnam had left the Company on June 30, 2019. Her remuneration for FY20 includes a one-time special payment of Rs 2.17 Crs.*

[3] *Mr. Jatin Khanna was appointed as the CFO in place of Ms. Sujatha Ratnam w.e.f. July 1, 2019.*

[4] *Mr. Sandeep Pathak got transferred out of the Company on June 30, 2019.*

[5] *Mr. Krishnan was appointed as the Company Secretary in place of Mr. Sandeep Pathak w.e.f. July 1, 2019.*

[6] *Since the KMPs changed during the year, the increase in remuneration for them is indeterminable.*

B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs. 50,47,311/- in FY 20 as against Rs. 40,37,881/- in FY19. The increase in MRE in FY 20 as compared to FY19 is around 25%.

   Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2019) to the MRE for FY20 is around 24.8:1

C. The number of permanent employees on the rolls of the Company as on March 31, 2020 was 9, as against 12 permanent employees as on March 31, 2019.

D. The average increase in fixed remuneration (excluding WTD remuneration) in FY20 over FY19 was around 7.56%. This was based on the industry benchmarks and approval of the Nomination and Remuneration Committee.

E. The increase in fixed remuneration for WTD was 16% over previous year. Since both the KMPs (CFO & Company Secretary) changed during the year, the increase in fixed remuneration of KMPs is not determinable.

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 FY20, 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.

On behalf of the Board of Directors

Max Financial Services Limited

Franschhoek, South Africa
May 26, 2020

Analjit Singh
Chairman
DIN: 00029641

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, 2020

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	Pai, Ramachandra Vishnu	53	Manager - Administration	Administration	2,514,164	B.Com	18.09.1995	32	Johnson & Johnson	Warehousing Supervisor
2	Ramsundar, K K	62	Admn. Assistant, Office of Founder & Chairman Emeritus	Administration	5,598,680	B.Com (P), PGDBA, PGDMM	02.07.1979	44	Ranbaxy Labs Limited	Steno Typist
3	Rao, Anuradha	61	Executive Assistant, Office of Founder & Chairman Emeritus	Executive Assistant	10,740,541	BA (Hons)	03.06.1987	41	Northern Engineering Industries (India) Limited	Assistant cum Secretary
4	Sethi Jyoti	41	Secretary	Executive Assistant	1,504,377	Graduate	20.01.2017	17	Max Learning Limited	Executive Assistant
5	Soni Vinod	35	Assistant Manager - Facilities and F&B Manager	Administration	1,568,336	Post Graduation Certificate in Food Quality Management, Diploma in Hospitality & Tourism	20.04.2015	14	Faculty Food & Beverage Service	International Institute of Hotel Management
6	Talwar, Mohit	60	Managing Director	General Management	125,186,407	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	41	Standard Chartered Bank	Director & Head Wholesale Bank, East India
B.	**Employed for part of the year**									
7	Das Akul	39	Executive Assistant	Executive Assistant	949,689	MBA	23.05.2013	14	Max India Limited	Executive Assistant
8	Khanna Jatin	41	Chief Financial Officer	Finance	8,621,784	CA, PGPMAX-ISB	01.07.2019	20	Max India Limited	Chief Financial Officer
9	Khosla, Rahul	61	Executive President	General Management	90,665,426	BA (Hons), CA	18.08.2011	36	Visa	Group Head of Products
10	Krishnan, V	56	Company Secretary	Company Secretary	10,092,821	B.Com, FCS	01.07.2019	35	Max India Limited	Company Secretary
11	Pathak, Sandeep	40	Company Secretary (MFSL) & Head-Legal (Max Corp)	Company Secretary	1,947,820	B.Com (Hons), FCS, FCMA, ACA, LLB	05.07.2016	20	Sembcorp Green Infra Limited	General Manager - Company Secretary
12	Peter Rose Mary	54	Executive Assistant	Executive Assistant	6,091,103	BA	17.11.1986	33	Max India Limited	Executive Assistant
13	Ratnam, Sujatha	56	Chief Financial Officer	Corporate Treasury	33,216,612	B. Com (Hons), ACA	12.07.2004	31	Jubilant Orgnosys Ltd.	General Manager - Finance
14	Trehan, Vandana	45	Executive Assistant to Executive President	Executive Assistant	4,495,943	PGDBM	16.08.2011	20	TSYS International	Executive Assistant

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 159,523 equity shares constituting 0.06% 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.

Franschhoek, South Africa
May 26, 2020

On behalf of the Board of Directors
for Max Financial Services Limited

Analjit Singh
Chairman
DIN: 00029641

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
3	Registered address	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr Punjab 144533
4	Website	
5	Email address	investorhelpline@maxindia.com
6	Financial year reported	1 April 2019 – 31 March 2020
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	1. Investments in subsidiaries (NIC Code – 64200) 2. 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. 53.90 crore
2	Total turnover	Rs. 495.02 crore (revenue from operations)
3	Total profit after tax	Rs. 278.55 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%]	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: Mr. Jatin Khanna Designation: CFO Telephone number: (011) 42598000 Email ID: jkhanna@maxindia.com
2	Principle-wise BR policy/policies	Included in this BR Report
3	Governance related to BR	Included in this BR Report
Section E	**Principle-wise performance**	
1	Principle-wise performance	Included in this BR 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 BRR in line with the requirements of SEBI. This BRR provides information on key initiatives undertaken by the Company and / or its subsidiary. It further reflects the environmental, social and governance (ESG) practices of the Company highlighting its key business values and the positive impact it has created in the communities it operates in.

MFSL is the holding company of Max Life Insurance Company Limited (an unlisted material subsidiary), which continued to work with Max India Foundation (MIF), the Corporate Social Responsibility arm of the Max Group, to implement its CSR programme in the focus areas of education, 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 are shared across the Group – Sevabhav (spirit of service), Excellence and Credibility.

Since its inception in 2008, MIF has focused on providing quality healthcare for underprivileged communities in the country benefitting almost 35 lakh individuals

in over 800 locations, in collaboration with more than 450 NGO partners.

In April 2019, MIF renewed its focus towards plugging the gaps in India's education system, particularly in areas of value-based education and quality schooling. Thus, in addition to supporting NGOs and organisations in the area of foundational learning, MIF also directly drives and coordinates the science and practice of Social, Emotional Ethical (SEE) Learning, which fosters holistic education and the development of emotional intelligence for students and educators.

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.

As on March 31, 2020, MFSL's subsidiary, Max Life has an optimum combination of executive, non-executive and independent directors on its Board which comprises of 2 executive directors, 7 non–executive (non-independent) directors and 4 independent directors.

Max Life Insurance Company Limited is a registered Life Insurance Company regulated by the Insurance Regulatory and Development Authority of India (IRDAI or Authority). It's compliance function acts as a second line of defense and is responsible for monitoring the adequacy of the compliance framework across the Company through an integrated risk-based compliance audit plan. Key issues observed as part of this monitoring are reported to the Board Audit Committee, and implementation of recommendations is actively monitored. Additionally, a quarterly compliance self-certification is driven and monitored through an automated Compliance Management System. Based on the confirmations from respective functions, a compliance status report is placed before the Board Audit Committee, Risk Committee and the Board of directors.

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. Several efforts around optimizing energy consumption, reducing wastage and recycling have been undertaken at Max Life Insurance Company, that tie back to its focus on key **Environmental, Social, and Governance (ESG) practices**.

As an example, Max Life, a subsidiary of MFSL, has implemented sustainable practices within the offices to ensure a reduction of 23% in paper usage, 36% garbage, and 50% food wastage. Other initiatives undertaken include usage of 100% recycled water at the Head Office, monitoring of food wastage and placement of indoor plants that has helped forward the environmental commitment of the organisation. Digitization efforts also have the potential to promote sustainable business practices. For our operations, it offers opportunities to build efficiencies and enable prudent use of resources while minimizing the impact on the environment. As an example, Max Life has worked on removing physical paper from their journeys through OTPs and digital signatures.

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

As of March 31, 2020, MFSL had a total of 9 employees, which included 2 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 including providing requisite training. Employees are also given opportunities to move across other Group companies to get wider exposure.

Furthering the social practices under its ESG framework, 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 2019-20 and none were pending as of 31 March 2020. The Company does not have any employee association.

MFSL's sole operating subsidiary, Max Life also takes care of employee health and wellness with a focused healthcare benefits programs. These entail medical insurance for employees and their families, specialized healthcare services at home, children's health initiatives, along with workplace counselling services.

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.

As MFSL's subsidiary, Max Life is one of the leading fair pay organisations that has a well-setup grade of total monetary benefits for the employees distributed across verticals including Fixed Pay, Variable Pay, Long-Term Pay, Benefits and Tools of Trade. These focused benefits help drive performance and align organisational goals to employee efforts.

Max Life employees' spirit of volunteering has stayed alive during the pandemic as well. Employee volunteers have been collaborating with NGOs that we work with across the country to engage with children, young adults, women and other sections through Digital volunteering platform.

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. The Company ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

In addition, MFSL's subsidiary Max Life has established structured platforms and mechanisms with dedicated process owners to resolve grievances with speed and effectiveness. The organisation also seeks feedback on the health of the Grievance Process in Engagement Surveys. The redressal mechanism empowers everyone to report adverse issues in secured, confidential and transparent manner. The employee grievance redressal procedures provide a well-defined structured framework to deal with relationship or procedural challenges at workplace.

All policies of the Company comply with conventionally understood provisions of human rights and the ESG practices of the organization. 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 2019-20.

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.

The bedrock of MFSL's subsidiary company, Max Life Insurance's Environmental, Social and Governance (ESG) framework lies in the belief that every action makes a difference and can create long term value for our customers, employees, shareholders and the communities in which we operate. Through an agile organization backed by a strong leadership, ethical business practices and a progressive culture, we are contributing to a sustainable nation by efforts in Energy Reduction, Waste Management, Water Management, Digitization efforts, and maintaining the highest standards of governance and conduct.

At Max Life, various CSR initiatives are undertaken to reduce the impact of carbon footprint. In the year 2019-20, employee volunteers planted more than 35,000 trees across the country. The company also initiated a Water Conservation drive wherein 1,15,000+ water saving nozzles were distributed to educational institutions, Government bodies, RWAs and employees. These nozzles save upto 60% water and the company intends to do its part by saving the depleting water table.

MIF adopted two village clusters in Uttarakhand and one in Punjab, primarily for interventions on health-related and environment issues such as sanitation and waste management to improve the quality of life for villagers.

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

MSFL's subsidiary Max Life Insurance has supported 10 NGOs working in the areas of preventive healthcare, health awareness, artificial limbs, rehabilitation of patients, nourishment to children, immunisation and medicines to underprivileged patients thereby benefitting 43,596 people overall. The company also provided financial support for palliative care for cancer patients and towards childhood cancer treatment and cancer awareness, Cancer screening which benefited 2,484 patients and 1,127 care givers.

We also supported education of 51,936 children and provided support for training of 80 teachers. In addition, the company also helped set up 30 libraries in schools.

The company's employees volunteer extensively through the volunteer platform- Pehal. Over 5,400 employees and agent advisors of the Company participated in multiple activities for social good which included environment protection, imparting financial literacy and insurance awareness and joy of giving initiatives covering 180+ offices.

In the fight against the COVID-19 pandemic, Max Life, the sole operating subsidiary of MFSL has dedicated 16% of its total CSR budget towards COVID-19 support initiatives. This budget has been earmarked for contributing 20,000 PPE Kits to healthcare workers, 50,000 safety kits to police officials along with antigen testing kits, recovery kits, health and safety kits and contribution to the PM Cares Fund.

MIF proactively took steps to combat the pandemic by providing direct and indirect relief, through NGOs and social support groups. In April 2020, MIF launched the #StayHomeIndia campaign, encouraging people to adhere to social distancing by pledging to stay at home. MIF also supported Teach for India (TFI) in resuming the education of over 8,000 underprivileged children in Delhi-NCR by providing them internet connectivity for attending e-classes during this disruptive year thus reducing educational inequity and ensuring uninterrupted learning. Additionally, MIF also provided food and essential supplies to children and families to help them survive the pandemic. It also donated protective gear, medical essentials and enabled large-scale distribution of food packets (cooked and uncooked) to various underserved communities.

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.

Additionally, MFSL's subsidiary, Max Life continues to relentlessly focus on customer centricity and is committed to being completely transparent, customer-focused, equitable and fair in dealing with its customers. In pursuance of its commitment to deliver timely insurance claim settlement, the company has bettered its claims paid ratio which now stands at 99.22%, amongst the highest in the industry.

Max Life today settles ~48% eligible policy claims within a day under its Instaclaim initiative for vintage policyholders. The company believes in offering timely and hassle-free claim settlement thus provide value to customers at the most important moment of truth for the life insured and insurer relationship.

Additionally, the company educates its customers and spreads awareness on the role of life insurance in meeting their life stage and protection needs and services offered through varied media including social media, public relations, company website, active customer communications etc.

On behalf of the Board of Directors
Max Financial Services Limited

Franschhoek, South Africa
May 26, 2020

Analjit Singh
Chairman
DIN: 00029641

Annexure – 7 to the Directors' Report

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

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

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 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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
UDIN: A016302B000311179

Date: May 26, 2020
Place: Delhi

Annexure – 8 to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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, 2020 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, 2020 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 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(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, 2018;

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, 2018. 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) Securities and Exchange Board of India (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.

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 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 0.74% equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Axis Bank Limited, thereby increasing its stake in MLIC from 71.79% to 72.52% as at March 31, 2020 and the said event is deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

We further report that the Company received a demand notice dated February 18, 2020 from the Office of Enforcement Directorate, New Delhi ("ED Office"). The said notice referred to an adjudication order dated June 30, 2004 issued by Office of the Additional Commissioner of Customs, New Delhi imposing a penalty of Rs. 8 crores on the Company (erstwhile Max India Limited) for alleged non-submission of documentary evidence in respect of import of goods against foreign exchange remitted. The Company, has vide its reply dated February 28, 2020, sought time from the ED Office to submit detailed response and also sought assistance in retrieval of facts and relevant background papers involving the adjudication proceedings against the Company. Due to the ongoing lockdown situation, there has been no further development on this matter.

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No.:16302
Certificate of Practice No.:5673
UDIN: A016302B000265672

Date: 26.05.2020
Place: Delhi

Informatory Notes:

i. 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.

ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.

iii. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

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
UDIN :A016302B000265672

Date: 26.05.2020
Place: Delhi

Annexure – 9 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

Franschhoek, South Africa
May 26, 2020

Analjit Singh
Chairman
DIN: 00029641

122-184

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To The Members of Max Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Max Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Loss), the Cash Flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Fair value of derivative financial instruments	**Principal Audit Procedures performed:**
(Standalone Financial Statements) **(Refer note 42 of the standalone financial statements)** Derivatives arose out of Option arrangements executed during the year ended March 31, 2016. The fair value of the derivative is determined through the application of valuation techniques which involves exercise of judgement by the Management and the use of assumptions, estimates and valuation models. Hence, it is considered as a key audit matter.	Obtained an understanding of the Company's process for determining the valuation and disclosure of derivative. Tested the design and operating effectiveness of the internal controls on the valuation of the derivatives as at the period end. Evaluated the objectivity, competence and independence of the management's valuer. Involved our internal valuation expert in relation to testing of the appropriateness of the valuation method applied and on sample basis, re-priced the valuation of derivative.

We further assessed the adequacy of the disclosures made in the standalone financial statements for the year ended 31 March 2020.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report 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 including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 24 of the forming part of 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 36 of the notes forming part of 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 37 of the notes forming part of standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" or "CARO 2016") 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. 098564)
UDIN : 20098564AAAAAR1930

Place: New Delhi
Date: May 26, 2020

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** ("the Company") as of March 31, 2020 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 of the Company 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 standalone 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 March 31, 2020, based on the criteria for internal financial control over financial reporting 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. 098564)
UDIN : 20098564AAAAAR1930

Place: New Delhi
Date: May 26, 2020

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) In respect of its property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment 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 property, plant and equipment at reasonable intervals and 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 copy of registered conveyance deed provided to us, we report that, the registered conveyance deed, comprising the immovable property of the building which is freehold, is held in the name of the Company as at balance sheet date. According to the information and explanations given to us and the records examined by us, no other immovable properties of land and buildings have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements.

(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) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(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 and the records of the Company examined by us, in respect of statutory dues :

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Service Tax and Customs Duty which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues (Refer note 24 of the standalone financial statements)	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. in Lakhs)	Amount unpaid (Rs. in Lakhs)
Customs Act, 1962	Customs Duty Demand on non-fulfilment of export obligation	Directorate General of Foreign Trade	FY 1994-95	562.89	562.89
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

There are no dues of Income Tax and Goods and Services Tax as on March 31, 2020 on account of disputes.

The provisions of Employees State Insurance Act, 1948 are not applicable to the Company and 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 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 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 standalone financial statements 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 directors of its subsidiary or persons connected with them 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 38, 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. 098564)
UDIN : 20098564AAAAAR1930

Place: New Delhi
Date: May 26, 2020

Standalone Balance Sheet as at 31 March, 2020

(Rs. in lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
A. ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	3	28.74	42.77
(b) Bank balances other than (a) above	4	164.79	267.22
(c) Receivables - Trade receivables	5	1,924.60	2,179.55
(d) Loans	6	1.36	7.37
(e) Investments	7	246,839.98	213,131.82
(f) Other financial assets	8	68.24	114.35
Total financial assets		**249,027.71**	**215,743.08**
2. Non financial assets			
(a) Current tax assets (Net)	9	812.96	606.21
(b) Property, plant and equipment	10A	2,213.63	3,036.47
(c) Intangible assets	10B	-	8.89
(d) Right-of-Use asset	10C	336.61	-
(e) Other non-financial assets	11	164.90	164.16
Total non-financial assets		**3,528.10**	**3,815.73**
Total assets		**252,555.81**	**219,558.81**
B. LIABILITIES AND EQUITY			
I LIABILITIES			
1. Financial liabilities			
(a) Derivative financial instruments	12	9,146.70	16,013.45
(b) Trade payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,005.05	1,419.86
(c) Lease liability	30	272.75	-
(d) Other financial liabilities	14	287.98	1,104.63
Total financial liabilities		**10,712.48**	**18,537.94**
2. Non financial liabilities			
(a) Current tax liabilities	15	12378.21	-
(b) Provisions	16	1,191.35	395.54
(c) Deferred tax liabilities (net)	24	-	-
(d) Other non-financial liabilities	17	241.63	623.02
Total non-financial liabilities		**13,811.19**	**1,018.56**
Total liabilities		**24,523.67**	**19,556.50**
II EQUITY			
(a) Equity share capital	18	5,390.19	5,387.72
(b) Other equity	19	222,641.95	194,614.59
Total equity		**228,032.14**	**200,002.31**
Total liabilities and equity		**252,555.81**	**219,558.81**

See accompanying notes to the standalone financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Standalone Statement of Profit and Loss

for the year ended 31 March, 2020

(Rs. in lakhs)

Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
1. Revenue from operations			
(a) Interest income		46.72	1.37
(b) Dividend income		46,369.92	28,100.90
(c) Rental income		42.00	-
(d) Gain on fair value changes			
- on derivative financial instruments	42	133.05	-
- on investments in mutual funds		888.92	832.13
(e) Sale of services		2,013.00	2,728.56
2. Total revenue from operations		**49,493.61**	**31,662.96**
3. Other Income	20	8.35	114.85
4. Total Income (2+3)		**49,501.96**	**31,777.81**
5. Expenses			
(a) Finance costs	41	19.57	2,724.62
(b) Loss on fair value changes on derivative financial instruments	42	-	10,261.27
(c) Employee benefits expense	21	2,285.94	7,639.60
(d) Depreciation, amortisation and impairment	22	989.17	175.25
(e) Legal and professional expenses		4,438.63	4,351.26
(f) Other expenses	23	2,135.64	1,687.30
6. Total expenses		**9,868.95**	**26,839.30**
7. Profit before tax (5-6)		**39,633.01**	**4,938.51**
8. Tax expense			
(a) Current tax	24	12,378.21	-
(b) Deferred tax		-	-
9. Total tax expense		**12,378.21**	**-**
10. Profit after tax (7-9)		**27,254.80**	**4,938.51**
11. Other comprehensive income/(loss)			
Items that will not be reclassified to Profit and Loss			
- Remeasurement of defined benefit obligations		(12.45)	(29.67)
12. Total other comprehensive income/(loss)		**(12.45)**	**(29.67)**
13. Total comprehensive income/(loss) for the year (10+12)		**27,242.35**	**4,908.84**
14. Earnings per equity share (EPS)	28		
(Face value of Rs. 2 per share)			
Basic (in Rs.)		10.12	1.83
Diluted (in Rs.)		10.11	1.83

See accompanying notes to the standalone financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Standalone Cash Flow Statement

for the year ended 31 March, 2020

(Rs. in lakhs)

Particulars		**Year ended 31.03.2020**	**Year ended 31.03.2019**
A. Cash flow from operating activities			
Profit before tax		39,633.01	4,938.51
Adjustments for :			
Depreciation, amortisation and impairment		989.17	175.25
Interest income		(46.90)	(35.15)
Dividend income on long term investments		(46,369.92)	(28,100.90)
Net loss / (profit) on sale / disposal of property, plant and equipment		(2.33)	17.73
Net loss/ (gain) on fair value changes			
- on derivative financial instruments		(133.05)	10,261.27
- on investments in mutual funds		(888.92)	(832.13)
Liabilities/provisions no longer required written back		-	(1.26)
Allowance for doubtful input tax credit receivable		60.00	-
Provision for rates and taxes		802.75	-
Expense on employee stock option scheme		442.57	719.98
Operating profit/(Loss) before working capital changes		**(5,513.62)**	**(12,856.70)**
Changes in working capital:			
<u>Adjustments for (increase)/ decrease in operating assets:</u>			
Trade receivables		254.95	(1,510.81)
Loans		6.01	75.18
Other financial assets		46.86	2.99
Other non-financial assets		(60.74)	29.27
Dividend received		46,369.92	28,100.90
Interest received		46.15	37.54
<u>Adjustments for increase / (decrease) in operating liabilities:</u>			
Trade payables		(414.81)	404.19
Other financial liabilities		(543.90)	23.48
Provisions		(19.39)	(225.96)
Other non-financial liabilities		(381.39)	54.74
Cash generated from operations		39,790.04	14,134.82
Net income tax (paid) / refunds		(206.72)	(1.15)
Net cash flow from operating activities	**(A)**	**39,583.32**	**14,133.67**
B. Cash flow from investing activities			
Capital expenditure on property, plant and equipment including capital advances		(497.96)	(98.97)
Proceeds from sale of property, plant and equipment		6.24	4.08
Bank balances not considered as Cash and cash equivalents (net)		102.43	(12.80)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Investments in mutual funds			
- Purchased		(53,998.48)	(52,091.12)
- Proceeds from sale		33,434.42	52,184.01
Investments in equity shares of subsidiary company			
- Purchased		(18,988.90)	(16,536.52)
Net cash (used in)/from investing activities	**(B)**	**(39,942.25)**	**(16,551.32)**
C. Cash flow from financing activities			
Proceeds from ESOPs exercised (including share premium)		344.90	2,418.73
Net cash used in financing activities	**(C)**	**344.90**	**2,418.73**
Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	(14.03)	1.08
Cash and cash equivalents as at the beginning of the year		42.77	41.69
Cash and cash equivalents as at the end of the year (See note 3)*		**28.74**	**42.77**
* Comprises:			
a. Cash on hand		0.65	0.81
b. Balance with scheduled banks			
- in current accounts		28.09	41.96
		28.74	**42.77**

See accompanying notes to the standalone financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Standalone Statement of Changes in Equity
for the year ended 31 March, 2020

a. Equity share capital

(Rs. in lakhs)

Particulars	Amount
Balance at 1 April, 2018	**5,367.68**
Changes in equity share capital during the year	
Issue of equity shares (See note 18)	20.04
Balance at 31 March, 2019	**5,387.72**
Changes in equity share capital during the year	
Issue of equity shares (See note 18)	2.47
Balance at 31 March, 2020	**5,390.19**

b. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus				Total
	Securities premium	General reserve	Equity-settled employee benefits reserve	Retained earnings	
Balance at 1 April, 2018	**37,280.67**	**16,418.22**	**1,723.28**	**131,164.91**	**186,587.08**
Profit/(Loss) for the year	-	-	-	4,938.51	4,938.51
Other comprehensive income/(loss) for the year	-	-	-	(29.67)	(29.67)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**4,908.84**	**4,908.84**
Premium on shares issued during the year (See note 19)	4,590.23	-	(2,191.54)	-	2,398.69
Share-based payments to employees (See note 19)	-	-	719.98	-	719.98
Balance at 31 March, 2019	**41,870.90**	**16,418.22**	**251.72**	**136,073.75**	**194,614.59**
Profit/(Loss) for the year	-	-	-	27,254.80	27,254.80
Other comprehensive income/(loss) for the year	-	-	-	(12.45)	(12.45)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**27,242.35**	**27,242.35**
Premium on shares issued during the year (See note 19)	612.68	-	(270.24)	-	342.44
Share-based payments to employees (See note 19)	-	-	442.57	-	442.57
Balance at 31 March, 2020	**42,483.58**	**16,418.22**	**424.05**	**163,316.10**	**222,641.95**

See accompanying notes to the standalone financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Notes forming part of the standalone financial statements

1. Corporate information

Max Financial Services Limited ("the Company") is a public limited company domiciled in India. The shares of the Company are listed on National Stock Exchange of India Limited (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.

2. Significant accounting policies

2.1 Basis of preparation

(i) Statement of Compliance

The standalone financial statements 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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

(ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

2.2 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three

Notes forming part of the standalone financial statements

months or less from the date of acquisition) and 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 indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss 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 available information.

2.5 Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2017 (transition date) measured as per the previous GAAP as their deemed cost as of the transition date.

All the items of property, plant and equipment are stated at historical cost net of cenvat credit less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken in accordance with Schedule II to the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible assets

Intangible assets acquired separately Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes forming part of the standalone financial statements

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 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.

Dividend

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

2.9 Share-based payment arrangements

The Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are measured at the fair value of the equity instruments at

Notes forming part of the standalone financial statements

the grant date. 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.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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 cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investment in subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Notes forming part of the standalone financial statements

Investments in subsidiary are carried at cost less impairment. Cost comprises price paid to acquire the investment and directly attributable cost.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make

Notes forming part of the standalone financial statements

an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This

Notes forming part of the standalone financial statements

expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.11 Financial liabilities and equity instruments (including derivative contracts)

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity

Notes forming part of the standalone financial statements

instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-

Notes forming part of the standalone financial statements

trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.12 Employee benefit costs

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

Retirement benefits costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in

Notes forming part of the standalone financial statements

profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
b. net interest expense or income; and
c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in

Notes forming part of the standalone financial statements

accordance with Ind AS 19.70.

2.13 Segment information

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

2.14 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 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. As a result, the comparative information has not been restated.

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with

Notes forming part of the standalone financial statements

expected general inflation.

The Company as lessor :

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on accrual basis over the term of the relevant lease.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional 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 exceptional 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 employee share options and bonus shares, if any, as appropriate.

2.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

In case of uncertainty whether the relevant taxation authority will accept the tax treatment, the Company predicts the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/ credits and tax rates. In vice-versa case, the Company shows the effect of the uncertainty for each uncertain tax treatment on amount of related items by using either the most likely outcome or the expected outcome of the uncertainty.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be

Notes forming part of the standalone financial statements

utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 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.

Notes forming part of the standalone financial statements

2.19 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote. (See note 25)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes (See note 34)

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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.

Notes forming part of the standalone financial statements

3. Cash and cash equivalents

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Cash in hand	0.65	0.81
(ii)	Balance with scheduled banks		
	- in current accounts	28.09	41.96
	Total	**28.74**	**42.77**

4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances in earmarked accounts		
- Unpaid dividend accounts (See note 14)	153.59	256.02
- Balances held as margin money against guarantee	11.20	11.20
Total	**164.79**	**267.22**

5. Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good		
- Trade receivables	1,924.60	2,179.55
Total	**1,924.60**	**2,179.55**

Notes:

Trade receivables are related to the amounts recoverable from group companies. The management based on confirmations from the group companies believes that no expected credit allowance is required to be recognised on these trade receivables.

6. Loans (Carried at amortised cost)

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Loans to employees - Unsecured, considered good	1.36	7.37
	Total	**1.36**	**7.37**

Notes forming part of the standalone financial statements

7. Investments

Particulars			Quantity (in number)	As at 31.03.2020 (Rs. in lakhs)	Quantity (in number)	As at 31.03.2019 (Rs. in lakhs)
A.	**Unquoted investments in equity shares (all fully paid) of subsidiary company (Carried at cost)**					
	Max Life Insurance Company Limited (face value of Rs 10 per share) (See note 43 and 44)		1,391,579,381	220,281.31	1,377,408,564	208,026.12
	Total (A)			**220,281.31**		**208,026.12**
B.	**Investment in mutual funds (unquoted)**					
	Carried at FVTPL					
	(a)	Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	23,892.12	76.35	333,920.59	1,003.22
	(b)	Axis Liquid Fund - Direct Plan Growth- Face value Rs. 1000 per unit	53,664.91	1,182.96	98,326.32	2,038.82
	(c)	ICICI Prudential Liquid Plan - Direct Growth- Face value Rs. 100 per unit	-	-	105,023.95	290.30
	(d)	Sundaram Money fund (G) - Direct Growth- Face value Rs. 10 per unit	2,764,944.63	1,157.68	4,499,591.42	1,773.36
	(e)	Kotak Money Market Scheme - (Growth) - Direct - Face value Rs. 1000 per unit	157,809.89	5,228.37	-	-
	(f)	HDFC Liquid Fund - Direct Plan - Face value Rs. 1000 per unit	7,106.09	277.61	-	-
	(g)	Aditya Birla Sun Life Money Manager Fund - Growth - Direct Plan - Face value Rs. 100 per unit	1,904,428.41	5,159.53	-	-
	(h)	ICICI Prudential Money Market Fund Option - Direct Plan - Growth - Face value Rs. 100 per unit	1,030,301.31	2,877.27	-	-
	(i)	HDFC Money Market Fund - Direct Plan - Growth Option - Face value Rs. 1000 per unit	116,880.99	4,932.19	-	-
	(j)	SBI Liquid Fund - DIRECT PLAN -Growth - Face value Rs. 1000 per unit	17,567.71	546.18	-	-
	(k)	UTI Liquid Cash Fund Institutional - Direct Plan - Face value Rs. 1000 per unit	24,576.73	799.10	-	-
	(l)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	190,560.15	4,321.43	-	-
		Total (B)		**26,558.67**		**5,105.70**
	Total aggregate unquoted investments			**246,839.98**		**213,131.82**
	Aggregate carrying value of unquoted investments			**246,839.98**		**213,131.82**

Notes forming part of the standalone financial statements

8. Other financial assets

(Rs. in lakhs)

	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Security deposits	47.44	31.47
(ii)	Interest accrued on deposits	0.76	0.01
(iii)	Interest receivable from erstwhile directors (See note 25B)	-	31.89
(iv)	Receivable on sale of property, plant and equipment	-	3.25
(v)	Income accrued on lease rental	-	0.30
(vi)	Other receivables	20.04	47.43
	Total	**68.24**	**114.35**

9. Non current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance tax including tax deducted at source	23,642.39	23,435.64
Less: Provision for income tax	(22,829.43)	(22,829.43)
Total	**812.96**	**606.21**

10.

10A Property, plant and equipment

(Rs. in lakhs)

		As at 31.03.2020	As at 31.03.2019
Carrying amounts of :			
a)	Buildings	1,836.67	2,552.71
b)	Office equipment	49.67	62.31
c)	Computers	12.90	16.26
d)	Leasehold improvements	14.11	35.02
e)	Furniture and fixtures	154.27	189.88
f)	Vehicles	146.01	180.29
		2,213.63	**3,036.47**

(Rs. in lakhs)

	Buildings [See notes (i) and (ii) below]	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross carrying value							
Balance at 1 April, 2018	**2,640.81**	**94.69**	**17.39**	**-**	**242.70**	**277.91**	**3,273.50**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	4.24	0.02	-	23.66	4.32	32.24
Balance at 31 March, 2019	**2,640.81**	**117.17**	**28.96**	**45.99**	**257.99**	**273.59**	**3,364.51**
Additions	-	3.78	2.12	-	1.21	4.28	11.39
Disposals	-	0.93	3.56	-	-	4.19	8.68

Notes forming part of the standalone financial statements

	Buildings [See notes (i) and (ii) below]	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Balance at 31 March, 2020	**2,640.81**	**120.02**	**27.52**	**45.99**	**259.20**	**273.68**	**3,367.22**
Accumulated depreciation							
Balance at 1 April, 2018	**44.05**	**37.30**	**6.38**	**-**	**36.40**	**51.64**	**175.77**
Depreciation expense	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Elimination on disposals of assets	-	2.28	-	-	6.03	2.12	10.43
Balance at 31 March, 2019	**88.10**	**54.86**	**12.70**	**10.97**	**68.11**	**93.30**	**328.04**
Depreciation expenses	44.05	16.18	4.29	20.91	36.82	36.08	158.33
Impairment allowance [See note (ii) below]	671.99	-	-	-	-	-	671.99
Elimination on disposals of assets	-	0.69	2.37	-	-	1.71	4.77
Balance at 31 March, 2020	**804.14**	**70.35**	**14.62**	**31.88**	**104.93**	**127.67**	**1,153.59**
Net carrying value as at March 31, 2019	**2,552.71**	**62.31**	**16.26**	**35.02**	**189.88**	**180.29**	**3,036.47**
Net carrying value as at March 31, 2020	**1,836.67**	**49.67**	**12.90**	**14.11**	**154.27**	**146.01**	**2,213.63**

Note :

(i) Buildings include property owned by the Company, given to a former employee on an operating lease. The former employee has a right to purchase the property at an amount equivalent to the cost of acquisition for the Company. Such right will be settled by way of transfer of property at a future date. Considering the current market value, the management believes that exercising of such right cannot be concluded at the current date.

(ii) During the year ended 31 March 2020, the Company has recognised impairment loss of Rs. 671.99 lakhs due to decline in value of the building held by the Company, as determined based on the valuation report obtained by the Company from external certified valuer.

10B Other intangible assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
Computer software	-	8.89
	-	**8.89**

	Computer Software	Total
Gross carrying value		
Balance at 1 April, 2018	**33.88**	**33.88**
Additions	-	-
Disposals	-	**-**

Notes forming part of the standalone financial statements

	As at 31.03.2020	As at 31.03.2019
Balance at 31 March, 2019	**33.88**	**33.88**
Additions	-	-
Disposals	33.88	**33.88**
Balance at 31 March, 2020	**-**	**-**
Accumulated amortisation		
Balance at 1 April, 2018	**12.44**	**12.44**
Amortisation expense	12.55	**12.55**
Disposals	-	**-**
Balance at 31 March, 2019	**24.99**	**24.99**
Amortisation expense	8.89	**8.89**
Disposals	33.88	**33.88**
Balance at 31 March, 2020	**-**	**-**
Net carrying value as at March 31, 2019	**8.89**	**8.89**
Net carrying value as at March 31, 2020	**-**	**-**

10C Right-of-use assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
Right-of-use assets (See note 30)	336.61	-
	336.61	**-**

(Rs. in lakhs)

	Right-of-use assets	Total
Gross carrying value		
Balance at 1 April, 2018	**-**	**-**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**-**	**-**
Impact of adoption of Ind AS 116	207.22	207.22
Additions	279.35	279.35
Disposals	-	-
Balance at 31 March, 2020	**486.57**	**486.57**
Accumulated depreciation		
Balance at 1 April, 2018	**-**	**-**
Amortisation expense	-	**-**
Disposals	-	**-**
Balance at 31 March, 2019	**-**	**-**
Depreciation expense	149.96	149.96
Disposals	-	-
Balance at 31 March, 2020	**149.96**	**149.96**
Net carrying value as at March 31, 2019	**-**	**-**
Net carrying value as at March 31, 2020	**336.61**	**336.61**

Notes forming part of the standalone financial statements

11. Other non financial assets

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Prepaid expenses	47.67	54.20
(ii)	Deposits under protest (see note 25)	23.40	23.40
(iii)	Advances recoverable in cash or kind		
	- Unsecured, considered good	14.74	25.60
	- Unsecured, considered doubtful	303.00	303.00
		317.74	328.60
	Less: Impairment allowance for doubtful advances	(303.00)	(303.00)
		14.74	25.60
(iv)	Balances with government authorities - input tax credit receivable		
	- Unsecured, considered good	79.09	60.96
	- Unsecured, considered doubtful	262.98	202.98
		342.07	263.94
	Less: Impairment allowance for doubtful balances	(262.98)	(202.98)
		79.09	60.96
	Total	**164.90**	**164.16**

12. Derivative financial instruments

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Derivative financial liabilities (See note 42)	9,146.70	16,013.45
Total	**9,146.70**	**16,013.45**

13. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade payables - Other than acceptances		
- total outstanding dues of micro enterprises and small enterprises (See note 40)	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,005.05	1,419.86
Total	**1,005.05**	**1,419.86**

14. Other financial liabilities

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Security deposits received	0.90	3.34
(ii)	Unclaimed/unpaid dividends (See note 4)	153.59	256.02
(iii)	Liability for employee stock appreciation rights (See note 29.2)	133.49	845.27
	Total	**287.98**	**1,104.63**

Notes forming part of the standalone financial statements

15. Current tax liability (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for income tax (see note 25f)	12,378.21	-
Total	**12,378.21**	**-**

16. Provisions

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Provision for compensated absences	70.18	70.26
(ii)	Provision for gratuity (See note 27)	209.99	216.85
(iii)	Other provisions [See note below]	911.18	108.43
	Total	**1,191.35**	**395.54**

Note

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Provision for contingencies (See note below)		
Opening balances	108.43	105.69
Add: Provisions made during the year	802.75	2.74
Closing balance	**911.18**	**108.43**

The Company has created a provision for claims received in current and previous years with respect to interest and penalties under custom duty and related regulations. The Company is in the process of obtaining additional information into these matters and the provision will be settled on closure of same.

17. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory remittances (Contribution to PF, GST, TDS, withholding taxes etc.)	241.63	623.02
Total	**241.63**	**623.02**

18. Equity share capital

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Equity share capital	5,390.19	5,387.72
	5,390.19	**5,387.72**
Authorised share capital:		
350,000,000 (As at 31 March, 2019 300,000,000) equity shares of Rs. 2 each with voting rights	7,000.00	6,000.00
Issued and subscribed capital comprises:		
269,509,487 (As at 31 March, 2019, 269,385,779) equity shares of Rs. 2 each fully paid up with voting rights	5,390.19	5,387.72

Notes forming part of the standalone financial statements

Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
Balance as at 1 April, 2018	268,384,027	5,367.68
Add: Issue of shares	1,001,752	20.04
Balance as at 31 March, 2019	**269,385,779**	**5,387.72**
Add: Issue of shares	123,708	2.47
Balance as at 31 March, 2020	**269,509,487**	**5,390.19**

Refer notes (i) to (iv) below

(i) 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.

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

Name of Shareholder	As at 31.03.2020 No. of Shares	% Holding	As at 31.03.2019 No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Max Ventures Investment Holdings Private Limited	75,883,275	28.16%	67,518,275	25.06%
- Moneyline Portfolio Investments Limited	18,070,048	6.70%	18,070,048	6.71%
- Reliance Capital Trustee Co Limited	10,613,525	3.94%	15,429,537	5.73%
- Mirae Assets Equity Savings fund	13,982,331	5.19%	4,601,640	1.71%

(iii) Shares reserved for issuance

As at 31.03.2020 - 154,737 (As at 31 March, 2019 : 131,015) 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. (See note 29.1).

(iv) The Company has issued total 3,006,714 shares (As at 31 March, 2019 : 3,158,522) 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.

19. Other equity

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Securities premium	42,483.58	41,870.90
(ii)	Share options outstanding account	424.05	251.72
(iii)	General reserve	16,418.22	16,418.22
(iv)	Surplus in Statement of Profit and Loss	163,316.10	136,073.75
	Total	**222,641.95**	**194,614.59**

Notes forming part of the standalone financial statements

(Rs. in lakhs)

				As at 31.03.2020	As at 31.03.2019
(i)	**Securities premium account**				
	a.	Opening balance		41,870.90	37,280.67
	b.	Add : Premium on shares issued during the year		612.68	4,590.23
	c.	Closing balance	(A)	**42,483.58**	**41,870.90**
(ii)	**Share options outstanding account**				
	a.	Employees stock option outstanding (ESOP)		251.72	1,723.28
	b.	Add : ESOP compensation expense		442.57	719.98
	c.	Less : Transferred to securities premium account on exercise		(270.24)	(2,191.54)
	d.	Closing balance	(B)	**424.05**	**251.72**
(iii)	**General reserve**				
	a.	Opening balance		16,418.22	16,418.22
	b.	Add : Addition/(deletion)		-	-
	c.	Closing balance	(C)	**16,418.22**	**16,418.22**
(iv)	**Surplus in Statement of Profit and Loss**				
	a.	Opening balance		136,073.75	131,164.91
	b.	Add: Profit for the year		27,254.80	4,938.51
	c.	Other comprehensive income arising from remeasurement of defined benefit obligation		(12.45)	(29.67)
	d.	Closing balance	(D)	**163,316.10**	**136,073.75**
			(A+B+C+D)	**222,641.95**	**194,614.59**

20. Other Income

(Rs. in lakhs)

	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a)	Liabilities / provisions no longer required written back	-	1.26
(b)	Interest on income tax refund	-	33.06
(c)	Interest recovery from erstwhile directors (See note 25B)	-	31.89
(d)	Interest on loan to employees	0.18	0.72
(e)	Net gain on foreign currency transactions and translation	-	4.30
(f)	Net profit on sale of property, plant and equipment	2.33	-
(g)	Rental income	4.68	42.30
(h)	Interest on security deposit	0.40	1.32
(i)	Miscellaneous Income	0.76	-
	Total	**8.35**	**114.85**

Notes forming part of the standalone financial statements

21. Employee benefits expense

(Rs. in lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Salaries and wages (See note below)	1,640.59	5,707.11
(b)	Contribution to provident and other funds (See note 27)	68.27	141.17
(c)	Expense on employee stock option scheme (See note 29)	554.79	1,772.07
(d)	Staff welfare expenses	22.29	19.25
	Total	**2,285.94**	**7,639.60**

Note:
Salaries and wages for the year ended March 31, 2020 and March 31, 2019 includes severance pay aggregating to Rs. 274.92 lakhs and Rs. 2,575.00 lakhs respectively.

22. Depreciation, amortisation and impairment

(Rs. in lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Depreciation of property, plant and equipment (See note 10A)	158.33	162.70
(b)	Amortisation of intangible assets (See note 10B)	8.89	12.55
(c)	Depreciation of right-of-use assets (See note 10C)	149.96	-
(d)	Impairment of property, plant and equipment (See note 10A)	671.99	-
	Total	**989.17**	**175.25**

23. Other expenses

(Rs. in lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Recruitment and training expenses	0.62	2.01
(b)	Rent including lease rentals (See note 30)	230.18	431.82
(c)	Insurance	35.16	40.86
(d)	Rates and taxes	6.04	2.66
(e)	Repairs and maintenance - others	259.69	359.98
(f)	Power and fuel	9.71	37.01
(g)	Printing and stationery	23.38	21.42
(h)	Travelling and conveyance	314.39	308.79
(i)	Communication	32.02	41.30
(j)	Director's sitting fees	61.36	124.99
(k)	Commission to directors	100.00	131.42
(l)	Business promotion	53.49	39.76
(m)	Advertisement expenses	5.64	10.73
(n)	Net loss on sale / disposal of property, plant and equipment	-	17.73
(o)	Allowance on doubtful input tax credit receivable	60.00	-
(p)	Charity and donation	85.22	75.21
(q)	Net loss on foreign currency transactions and translation	7.06	-
(r)	Provision for contingencies (See note 16)	802.75	2.74
(s)	Miscellaneous expenses	48.93	38.87
	Total	**2,135.64**	**1,687.30**

Notes forming part of the standalone financial statements

24. Income taxes

A Income tax recognised in Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Current tax		
In respect of current year	-	-
Adjustments recognised in the period for current tax of prior periods (see note 25f)	12,378.21	-
	12,378.21	-
(b) Deferred tax		
In respect of current year	-	-
	-	-
Total tax expense charged/(credited) in Statement of Profit and Loss	**12,378.21**	**-**
(c) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(Loss) before tax	39,633.01	4,938.51
Applicable tax rate	25.17%	34.94%
Income tax expense calculated	9,974.84	1,725.71
Effect of income that is exempt from taxation	(9,974.84)	(1,725.71)
	-	-
Adjustment required in the period for current tax of prior periods (see note 25f)	12,378.21	-
Total tax expense charged/(credited) in Statement of Profit and Loss	**12378.21**	**-**

B Movement in deferred tax

(i) Movement of deferred tax for the year ended 31 March, 2020

(Rs. in lakhs)

Particulars	Year ended 31.03.2020		
	Opening balance as on 1 April, 2019	Recognised in profit or loss	Closing balance as on 31 March, 2020
<u>Tax effect of items constituting deferred tax liabilities</u>			
Fair value of Financial Instruments measured at FVTPL	-	(65.34)	(65.34)
Property, plant and equipment and other intangible assets	(125.11)	125.11	-
	(125.11)	**59.77**	**(65.34)**
<u>Tax effect of items constituting deferred tax assets</u>			
Property, plant and equipment and other intangible assets	-	65.34	65.34
Carry forward business loss to be adjusted in future years	125.11	(125.11)	-
	125.11	**(59.77)**	**65.34**
Deferred tax liabilities (net)	**-**	**-**	**-**

Notes forming part of the standalone financial statements

(ii) Movement of deferred tax for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars	Year ended 31.03.2019		
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Closing balance as on 31 March, 2019
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment and other intangible assets	(125.11)	-	(125.11)
	(125.11)	**-**	**(125.11)**
Tax effect of items constituting deferred tax assets			
Carry forward business loss to be adjusted in future years	125.11	-	125.11
	125.11	**-**	**125.11**
Deferred tax liabilities (net)	**-**	**-**	**-**

Note : The Company is a Non Systematic Core Investment Company (CIC) and earns income out of dividend received from subsidiary company which is not liable to tax under Income Tax. Accordingly, in the absence of any future taxable profits under Income Tax, no deferred tax liability/ asset is recognised. Further, the Company has carried its assessment of carried forward business losses and other differences and believes that it cannot reasonable determine the future tax liability against which these items can be set off and accordingly, no deferred tax asset have been recorded in these financial statements.

25. Commitments and contingent liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
A. Capital commitments		
(i) Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	-	-
B. Contingent liabilities		
Claims against the Company not acknowledged as debts (Refer note a)		
(i) Disputed demands raised by custom authorities	451.71	440.54
(ii) Disputed demand raised by service tax authorities (See note b)	352.58	352.58
(iii) Notice for non-compliance with corporate governance requirements (See note c)	11.40	11.40
(iv) Disputed demand raised by income tax authorities (See note d)	-	159.04
(v) Litigation against the Company relating to Company Law matters (See note e)		
(vi) Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (See note f)		

Notes forming part of the standalone financial statements

C. Other commitments

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 tranches at a price linked to fair market value. (See note 43)

Also refer note 44 and 45 with respect to other ongoing transactions.

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 (As at 31 March, 2019 : Rs. 12.00 lakhs).

c. The Company has received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company has deposited Rs. 11.40 lakhs under protest and has requested NSE and BSE for waivers.

d. 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 Company believes that they have a good case based on existing judicial pronouncements.

e. 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 Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

   The Hon'ble High Court passed the following judgements in the three matters on 5 March 2019:

   1. Non-display of registered office address at its corporate office in a prominent manner: Decided in favour of the Company with no costs.

   2. Providing interest free loans to group companies: A nominal compounding fee of Rs. 0.50 lakhs has been levied on the Company and the matter was disposed off. The Company has paid the compounding fee of Rs. 0.50 lakhs vide demand draft number 033477 dated 7 March 2019.

Notes forming part of the standalone financial statements

3. Non-charging of interest on the excess remuneration received and refunded by former executive directors: The Hon'ble High Court directed the former executive directors to pay simple interest @ 12% per annum for the period such excess remuneration was retained by them. The Company recorded the interest receivable in the financial statements for the year ended 31 March, 2019. The amounts have been recovered during the current year.

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) (Also, See note below)

S. No.	Assessment Year	Brief Description
1	1998-99 and 1999-2000	Gains arising from stake sale of shares held by MTVL in Hutchison Max telecom Limited ['HMTL'] during AY 1998-99 (1st stake sale) amounting to Rs. 47,493.09 Lakhs, were returned as capital gains and claimed as tax exempt under Section 10(23G) of the Act. The said exemption claim made by MTVL was denied to it by the Assessing Officer, but subsequently allowed in favour of MTVL by the CIT(A), which is currently being contested by the Department before the ITAT, Amritsar. Further, a Writ petition filed by MTVL, is also pending before the Hon'ble Punjab & Haryana High Court on the action of ITAT of recalling its own order passed in relation to appeal filed by MTVL on the issue of the year of taxability of the stake sale being AY 1999-2000 and not AY 1998-99.
		In AY 1999-2000, the above mentioned stake sale transaction was once again brought to tax on a protective basis by the Assessing Officer, as MTVL had claimed that the transaction pertained to AY 1999-2000 and not AY 1998-99. The issue was once again held in favour of MTVL by the CIT(A), against which the Department is into appeal before the ITAT, Amritsar, which is pending as on date.
2	2006-07	In AY 2006-07, the Assessing Officer proceeded to tax the gains arising from sale of balance shares held by MTVL in HMTL (2nd stake sale) amounting to Rs. 41,153.88 lakhs as business income and denying the capital gains exemption u/s 10(23G) in the hands of MTVL, an entity which by that time had merged with the Company and hence, had ceased to exist. The issue of assessment being made in the name of non-existent entity has since been allowed in favour of the Company and is now pending as Department's appeal before the Hon'ble Punjab & Haryana High Court. Subsequently reassessment proceedings were again initiated under Section 147 r.w.s 148 of the Act by the Department and the assessment was framed on the Company, as successor of MTVL, denying the capital gains exemption u/s 10(23G). In further appeal, the CIT(A) decided the issue in favour of the Assessee and currently the matter is pending before the ITAT, Amritsar. Assessee has also filed cross objections on the technical issue of validity of reassessment proceedings initiated under Section 148 of the Act before ITAT, Amritsar.

Note : In March 2020, the Company had filed application(s) with the income tax authorities

Notes forming part of the standalone financial statements

under the 'The Direct Tax Vivad se Vishwas Act, 2020' ('the Scheme'), enacted vide the Gazette of India on March 17, 2020 regarding settlement of the ongoing tax litigation pertaining to Telecom stake sale made by its erstwhile subsidiary Max Telecom Ventures Limited (since merged with the Company w.e.f December 1, 2005) [Details as stated in note (f) above]. The said litigation was being contested both by the Company and the Income Tax Department for multiple years, pending before various Appellate Authorities and previously disclosed as contingent liabilities.

The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Year 1998-99, Assessment Year 1999-2000 and Assessment Year 2006-07 and the Company has paid the cumulative tax amount of Rs. 12,378.21 lakhs in May 2020, determined under the provisions of the Scheme, towards full and final settlement of the tax arrears. The Company has made provision of Rs. 12,378.21 lakhs for the same and is disclosed as 'current tax' in the year ended March 31, 2020.

26. Segment information

I. The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting', notified under the Companies (Indian Accounting Standard) Rules, 2015.

27. Employee benefit plans

Defined benefit plans

A Gratuity:

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 gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Notes forming part of the standalone financial statements

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March, 2020 by Manohar Lal Sodhi, Consulting Actuary, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**Year ended 31.03.2020**	**Year ended 31.03.2019**
Discount rate(s)	6.50%	7.00%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10.00%	10.00%
Retirement age	58-65 years	58-65 years
Mortality tables	IALM (2012 - 14)	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)	79.33	81.63

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company's standalone financial statements as at March 31, 2020:

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(Rs. in lakhs)

Particulars	**Year ended 31.03.2020**	**Year ended 31.03.2019**
Service cost		
- Current service cost	16.54	18.34
- Past service cost and (gain)/loss from settlements	-	-
Interest cost (net)	15.18	24.95
Interest income	-	-
Components of defined benefit costs recognised in profit or loss	**31.72**	**43.29**
Remeasurement on the net defined benefit liability		

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Return on plan assets (excluding amounts included in net interest expense)	(0.04)	(0.33)
- Actuarial (gains) / losses arising from changes in demographic assumptions	0.06	-
- Actuarial (gains) / losses arising from changes in financial assumptions	5.78	1.68
- Actuarial (gains) / losses arising from experience adjustments	6.65	28.32
Components of defined benefit costs recognised in other comprehensive income	**12.45**	**29.67**
Total	**44.17**	**72.96**

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of funded defined benefit obligation	(217.75)	(224.07)
Fair value of plan assets	7.76	7.22
Net liability arising from defined benefit obligation	**(209.99)**	**(216.85)**

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Opening defined benefit obligation	224.07	377.73
Current service cost	16.54	18.34
Interest cost	15.68	27.20
Liability transferred to Max India Limited from the enterprise	(4.53)	-
Liability transferred from Max India Limited to the enterprise.	59.72	-
Remeasurement (gains)/losses:		
- Actuarial gains and losses arising from changes in demographic assumptions	0.06	-
- Actuarial gains and losses arising from changes in financial assumptions	5.78	1.68
- Actuarial gains and losses arising from experience adjustments	6.65	28.32
Benefit paid - Paid by the Enterprise	(106.22)	(202.42)
Benefit paid - Payment made out of the Fund	-	(26.78)
Closing defined benefit obligation	**217.75**	**224.07**

Notes forming part of the standalone financial statements

(e) Movements in the present value of the plan assets are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Plan assets at beginning of the year	7.22	31.41
Acquisition adjustment	-	-
Interest Income	0.50	2.25
Return on plan assets (excluding amounts including in net interest expense)	0.04	0.33
Actuarial gain / (loss) on plan assets	-	-
Benefits paid	-	(26.77)
Plan assets at the end of the year	**7.76**	**7.22**

(f) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 11.29 lakhs (increase by Rs. 12.43 lakhs) [as at 31 March, 2019: decrease by Rs. 10.29 lakhs (increase by Rs. 10.97 lakhs)].

ii) If the expected salary growth increases (decreases) by 1.00%, the defined benefit obligation would increase by Rs. 11.90 lakhs (decrease by Rs. 11.04 lakhs) [as at 31 March, 2019: increase by Rs. 8.49 lakhs (decrease by Rs. 8.01 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(g) The average duration of the benefit obligation represents average duration for active members at 31 March, 2020: 11.33 years (as at 31 March, 2019: 10.83 years).

(h) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in lakhs)

Particulars	Gratuity				
	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Present value of DBO	217.75	224.07	377.73	295.34	252.68
Fair value of plan assets	7.76	7.22	31.41	29.01	16.92
Funded status [Surplus / (Deficit)]	(209.99)	(216.85)	(346.32)	(235.76)	(389.53)
Experience gain / (loss) adjustments on plan liabilities	(6.65)	(28.32)	(30.31)	12.54	(14.69)
Experience gain / (loss) adjustments on plan assets	-	-	-	(0.04)	(0.54)

Notes forming part of the standalone financial statements

B Provident Fund:

The Company is contributing in a provident fund trust "Max Financial Services Limited Employees Provident Trust Fund" which is a common fund for Max Group companies. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan.

The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by respective group companies. The actuary has accordingly provided a valuation for "Max Financial Services Limited Employees Provident Trust Fund" which is a common fund for MFSL, its subsidiaries and associate companies.

The details of fund and plan asset position as at March 31, 2020 as per the actuarial valuation of active members are as follows:

(Rs. in lakhs)

Particulars	**As at 31.03.2020**	**As at 31.03.2019**
Plan assets at year end at fair value	1,063.75	1,987.06
Present value of defined benefit obligation at year end	1,054.67	1,945.33
Surplus as per actuarial certificate	9.08	41.73
Shortfall recognized in balance sheet	**-**	**-**
Active members as at year end (Nos)	7	12

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

(Rs. in lakhs)

Particulars	**Year ended 31.03.2020**	**Year ended 31.03.2019**
Discount rate	5.45%	6.76%
Yield on existing funds	8.50%	8.65%
Expected guaranteed interest rate	8.50%	8.65%

Contribution to Defined benefit Plan, recognized as expense for the year is as under:

(Rs. in lakhs)

Particulars	**Year ended 31.03.2020**	**Year ended 31.03.2019**
Employer's Contribution towards Provident Fund (PF)	36.55	95.77
Total	**36.55**	**95.77**

Notes forming part of the standalone financial statements

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

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	27,254.80	4,938.51
Weighted average number of equity shares outstanding during the year (Nos.)	269,431,688	268,605,095
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**10.12**	**1.83**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	142,130	254,562
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,573,818	268,859,657
Diluted Earnings Per Share (Rs.)	**10.11**	**1.83**

29 Employee Stock Option Plan

29.1 Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors on August 25, 2003 and by the shareholders on September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the 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.

The following share based arrangements were in existence during the current and prior years :

(Rs. in lakhs)

Options Series	Number	Grant date	Expiry date	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
1 Employee Stock Option Plan - 2003	7,307	1-Apr-16	1-Apr-20	2.00	332.46
	57,710	1-Apr-19	1-Apr-20	2.00	420.43
	57,710	1-Apr-19	14-Jan-21	2.00	420.53
	8,003	2-Jul-19	2-Jul-20	404.45	146.53
	8,003	2-Jul-19	30-Jun-21	404.45	175.33
	8,002	2-Jul-19	30-Jun-22	404.45	198.27
	8,002	2-Jul-19	30-Jun-23	404.45	218.10

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Notes forming part of the standalone financial statements

Particulars	March 31, 2020	March 31, 2019
Risk- free interest rate	6.58% - 7.91%	7.49% - 7.91%
Expected volatility (standard dev - annual)	35.30% - 42.82%	36.82% - 41.82%
Expected life (years)	3.00-6.00	3.00-8.52
Expected dividend yield	0% - 0.51%	0% - 0.51%

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	131,015	224.82	1,132,767	219.48
Granted during the year	147,430	89	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(123,708)	278.87	(1,001,752)	218.78
Outstanding at the end of the year	154,737	85.25	131,015	224.82
Exercisable at the end of the year	-	-	-	-

For the period, the weighted average share price at the exercise date was Rs. 509.29 (March 31, 2019: Rs. 425.52).

The weighted average exercise price for stock options outstanding as at March 31, 2020 was Rs. 85.25 per share (March 31, 2019: Rs 224.82 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2020 is 2.02 years (March 31, 2019: 0.56 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 404.45 (March 31, 2019: 2.00 to 311.34).

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.

29.2 Employees Phantom Stock Plans (PSP Plans) - Employee stock appreciation rights

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 Company. 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. 112.22 lakhs (previous year: Rs. 1,052.09 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:

Notes forming part of the standalone financial statements

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	191,467	5.68	222,478	5.68
Granted during the Year	-	-	173,723	5.38
Forfeited during the year	-	-	-	-
Exercised during the year	(163,327)	5.17	(204,734)	6.00
Outstanding at the end of the year	28,140	2.00	191,467	5.68
Exercisable at the end of the year	28,140	2.00	135,189	5.83

Options were priced using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:.

Particulars	March 31, 2020	March 31, 2019
Risk- free interest rate	5.22%	6.66% - 6.77%
Expected volatility (standard dev - annual)	53.58%	42.79%
Expected life (years)	2.00	2.00 - 3.00
Expected dividend yield	0.00%	0.00%

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2020 is Nil years (31 March, 2019: 1.00 year).

30. Leases

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 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 and earnings per share for the current year.

The Company has entered into short term lease arrangements for certain facilities and office premises. Rent expense of Rs. 230.18 lakhs in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss for these short term lease arrangements.

Notes forming part of the standalone financial statements

Company as a Lessee

a. Following are the changes in the carrying value of right of use assets for the year ended ended March 31, 2020:

(Rs. in lakhs)

Particulars	**Category of ROU assets Building**
Balance as on 1 April, 2019 (on adoption of Ind AS 116)	207.22
Additions	279.35
Depreciation	149.96
Balance as of 31 March, 2020	**336.61**

b. The following is the break-up of current and non-current lease liabilities as of March 31, 2020:

(Rs. in lakhs)

Particulars	**Amount as on March 31, 2020**
Current Liabilities	152.10
Non-Current Liabilities	120.65
Total	**272.75**

c. The following is the movement in lease liabilities during the year ended March 31, 2020:

(Rs. in lakhs)

Particulars	**Amount as on March 31, 2020**
Balance as on 1 April, 2019 (on adoption of Ind AS 116)	203.83
Additions	274.19
Finance cost accrued during the period	19.57
Payment of Lease liabilities	224.84
Balance as of 31 March, 2020	**272.75**

d. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

(Rs. in lakhs)

Particulars	**Amount as on March 31, 2020**
Less than one year	138.17
One to five years	159.28
More than five years	-
Total	**297.45**

Company as a Lessor

The Company has entered into an agreement of leasing out the property. This is in the nature of operating lease and lease arrangement contains provisions for renewal. The total lease income in respect of such lease recognised in Statement of Profit and Loss for the year ended March 31, 2020 is Rs. 46.68 lakhs."

Notes forming part of the standalone financial statements

31. Related party disclosures

A. List of related parties

Subsidiary company	-	Max Life Insurance Company Limited
Names of other related parties with whom transactions have taken place during the year		
Entity/person having significant influence/control upon the Company	-	Max Ventures Investment Holdings Private Limited
	-	Mr. Analjit Singh (Chairman)
Key Management Personnel (KMP)	-	Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
	-	Mr. Mohit Talwar (Managing Director)
	-	Mr. Ashwani Windlass (Director) (till January 16, 2020)
	-	Mr. Rajesh Khanna (Director) (till 11 February, 2019)
	-	Mr. Aman Mehta (Director)
	-	Mr. D.K. Mittal (Director)
	-	Ms. Naina lal Kidwai (Director)
	-	Mr. Sahil Vachani (Director) (w.e.f. 25 May, 2018)
	-	Mr. Jai Arya (Director) (w.e.f. 14 November, 2018)
	-	Mr. Charles Richard Vernon Stagg (Director) (w.e.f. 11 February, 2019)
	-	Mr. Sanjay Nayar (Director) (till February 06, 2020)
	-	Ms. Sujatha Ratnam (Chief Financial Officer) (till June 30, 2019)
	-	Mr. Sandeep Pathak (Company Secretary) (till June 30, 2019)
	-	Mr. Jatin Khanna (Chief Financial Officer) (w.e.f. July 01, 2019)
	-	Mr. V Krishnan (Company Secretary) (w.e.f. July 01, 2019)
Enterprises owned or significantly influenced by key management personnel or their relatives (with whom transactions have taken place during the year)	-	Max India Foundation
	-	Max India Limited
	-	Max Ventures and Industries Limited
	-	Max Bupa Health Insurance Company Limited (till December 16, 2019)
	-	Antara Purukul Senior Living Limited
	-	Max Skill First Limited
	-	Antara Senior Living Limited
	-	Max Learning Limited
	-	Max UK Limited
	-	KKR Capital Market India Private Limited
	-	Delhi Guest House Private Limited
	-	New Delhi House Services Limited
	-	Pharmax Corporation Limited
	-	Advaita Allied Health Services Limited
	-	Forum I Aviation Private Limited (w.e.f. July 01, 2019)
	-	SKA Diagnostic Private Limited (w.e.f. September 01, 2019)
	-	Max Healthcare Institute Limited
	-	ALPS Hospital Limited
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Note : The related parties have been identified by the management.

Notes forming part of the standalone financial statements

B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Nature of transaction	Name of related party	year ended March 31, 2020	year ended March 31, 2019
Sale of services	Max Life Insurance Company Limited	1,500.00	1,503.73
	Max India Limited	300.00	809.80
	Max Ventures and Industries Limited	153.00	159.15
	Max Healthcare Institute Limited	60.00	248.60
	Max Bupa Health Insurance Company Limited	-	5.19
	Antara Purukul Senior Living Limited	-	2.09
Reimbursement of expenses (received from)	Max Life Insurance Company Limited	3.46	23.39
	Max Bupa Health Insurance Company Limited	1.38	22.02
	Max Ventures and Industries Limited	3.46	3.64
	Max India Limited	67.65	1.46
	Max Skill First Limited	1.38	1.46
	Antara Senior Living Limited	1.38	1.46
	Advaita Allied Health Services Limited	1.80	1.46
	Max Healthcare Institute Limited	1.80	1.46
	Antara Purukul Senior Living Limited	-	4.85
	Max Learning Limited	-	1.25
	ALPS Hospital Limited	-	2.40
Reimbursement of expenses (paid to)	Max Life Insurance Company Limited	11.00	4.72
	New Delhi House Services Limited	-	24.26
	Max India Limited	9.06	34.04
	Max Ventures and Industries Limited	-	9.41
Repairs and maintenance - others	New Delhi House Services Limited	151.28	189.02
Miscellaneous expense	New Delhi House Services Limited	26.24	-
Contribution to provident fund	Max Financial Services Limited Employees' Provident Fund Trust	36.55	95.77
Finance costs	KKR Capital Markets India Private Limited	-	2,034.00
Insurance expense	Max Life Insurance Company Limited	3.89	10.90
	Max Bupa Health Insurance Company Limited	10.31	10.40
Legal and professional expenses	Max India Limited	2,700.00	2,700.00
	Max UK Limited	74.70	51.49
Lease rental payments	Delhi Guest House Private Limited	99.97	189.05
	Max India Limited	214.82	184.87
	Pharmax Corporation Limited	3.80	26.96
	SKA Diagnostic Private Limited	58.33	-

Notes forming part of the standalone financial statements

Nature of transaction	Name of related party	year ended March 31, 2020	year ended March 31, 2019
Charity and donations	Max India Foundation	85.00	75.00
Travelling and conveyance	Forum I Aviation Private Limited	82.62	-
Security deposit paid	Delhi Guest House Private Limited	-	4.82
Security deposit received	Max India Limited	0.45	-
	Advaita Allied Health Services Limited	0.45	-
	Max Healthcare Institute Limited	0.45	-
Investments made	Max Life Insurance Company Limited	12,255.19	15,961.05

C. Transactions with the key management personnel during the year:

(Rs. in lakhs)

Name of key management personnel	Nature of transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Mohit Talwar	Remuneration	1,251.86	974.09
Ms. Sujatha Ratnam	Remuneration (including severance pay)	332.17	204.58
Mr. Sandeep Pathak	Remuneration	19.48	86.26
Mr. Jatin Khanna	Remuneration	86.22	-
Mr. V Krishnan	Remuneration	100.93	-
Mr. Analjit Singh	Director sitting fees	4.00	3.00
Mr. Ashwani Windlass	Director sitting fees	10.00	27.00
Mr. Rajesh Khanna	Director sitting fees		22.00
Mr. Aman Mehta	Director sitting fees	10.00	7.00
Mr. D.K. Mittal	Director sitting fees	17.00	28.00
Ms. Naina Lal Kidwai	Director sitting fees	5.00	21.00
Mr. Sahil Vachani	Director sitting fees	5.00	3.00
Mr. Jai Arya	Director sitting fees	3.00	2.00
Mr. Charles Richad Vernon Stagg	Director sitting fees	2.00	2.00
Mr. Rajesh Khanna	Commission	-	26.05
Mr. Aman Mehta	Commission	20.00	30.00
Mr. D.K. Mittal	Commission	20.00	30.00
Ms. Naina Lal Kidwai	Commission	20.00	30.00
Mr. Jai Arya	Commission	20.00	11.34
Mr. Charles Richad Vernon Stagg	Commission	20.00	4.03

Note : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

Notes forming part of the standalone financial statements

D. The following table provides the year end balances with related parties for the relevant financial year:

(Rs. in lakhs)

Nature of transaction	Name of related party	As at March 31, 2020	As at March 31, 2019
Trade receivables	Max Bupa Health Insurance Company Limited	1.63	5.05
	Max Life Insurance Company Limited	1,608.76	1,629.25
	Max Healthcare Institute Limited	149.02	388.01
	Max Ventures and Industries Limited	165.18	157.24
Other receivables	Antara Purukul Senior Living Limited	-	3.25
	Pharmax Corporation Limited	19.56	19.16
	Delhi Guest House Private Limited	-	20.96
	Advaita Allied Health Services Limited	0.49	-
Security deposits receivable	Pharmax Corporation Limited	-	4.50
	Delhi Guest House Private Limited	22.82	22.38
	SKA Diagnostic Private Limited	25.00	-
Advance lease rental payments	SKA Diagnostic Private Limited	66.67	-
Trade payables	New Delhi House Services Limited	30.57	22.36
	Max India Limited	448.15	625.96
	Max UK Limited	74.70	-
Investment in equity share capital	Max Life Insurance Company Limited	220,281.31	208,026.12

32. Disclosure of section 186 (4) of the Companies Act 2013

Particulars of Investments made:

(Rs. in lakhs)

Name of the Investee	As at 01.04.2019	Investment made during the year	Investment redeemed / extin-guished	As at 31.03.2020	Purpose
Investment in equity shares of					
Max Life Insurance Company Limited	208,026.12	12,255.19	-	220,281.31	Strategic investment

33. Financial Instruments

(a) Capital Management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

Notes forming part of the standalone financial statements

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(b) Financial risk management objective and policies

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March, 2020

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	28.74	-	-	28.74
Bank balances other than (a) above	164.79	-	-	164.79
Trade receivables	1,924.60	-	-	1,924.60
Loans	1.36	-	-	1.36
Investments	-	-	26,558.67	26,558.67
Other financial assets	68.24	-	-	68.24
	2,187.73	**-**	**26,558.67**	**28,746.40**
Investment in equity shares of subsidiary carried at cost less impairment				**220,281.31**
Total financial assets				**249,027.71**

(Rs. in lakhs)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	-	-	9,146.70	9,146.70
Trade payables	1,005.05	-	-	1,005.05
Lease liability	272.75	-	-	272.75
Other financial liabilities	287.98	-	-	287.98
	1,565.78	**-**	**9,146.70**	**10,712.48**

As at 31 March, 2019

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	42.77	-	-	42.77
Bank balances other than (a) above	267.22	-	-	267.22
Derivative financial instruments	-	-	-	-
Trade receivables	2,179.55	-	-	2,179.55
Loans	7.37	-	-	7.37
Investments	-	-	5,105.70	5,105.70
Other financial assets	114.35	-	-	114.35
	2,611.26	**-**	**5,105.70**	**7,716.96**
Investment in equity shares of subsidiary carried at cost less impairment				**208,026.12**
Total financial assets				**215,743.08**

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	-	-	16,013.45	16,013.45
Trade payables	1,419.86	-	-	1,419.86
Other financial liabilities	1,213.06	-	-	1,213.06
	2,632.92	**-**	**16,013.45**	**18,646.37**

(c) Risk management framework

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Company's risk management framework is to manage the above risks and aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

(i) Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price.

The Company's activities expose it primarily to interest rate risk, currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes : Fixed deposits, current investments, borrowings and other current financial liabilities.

(ii) Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment needs.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company (other than derivative financial liability).

(Rs. in lakhs)

	As at 31 March, 2020				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Trade payables	1,005.05	-	-	-	1,005.05
Other financial liabilities	287.98	-	-	-	287.98
Total	**1,293.03**	**-**	**-**	**-**	**1,293.03**

Notes forming part of the standalone financial statements

(Rs. in lakhs)

	As at 31 March, 2019				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Trade payables	1,419.86	-	-	-	1,419.86
Other financial liabilities	1,213.06	-	-	-	1,213.06
Total	**2,632.92**	**-**	**-**	**-**	**2,632.92**

iii. Interest rate risk

The Company is exposed to interest rate risk on fixed deposits outstanding as at the year end. The Company invests in fixed deposits to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

The changes to interest risk will impact the return of the Company, in terms of investments in deposits accounts and fluctuations in NAV of debt mutual fund investments made, which is not ascertainable.

(iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. The Company's exposure and credit worthiness of its counterparties are continuously monitored.

34. Fair value measurement

i) Financial assets and financial liabilities that are not measured at fair value are as under:

(Rs. in lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	28.74	28.74	42.77	42.77
Bank balances other than cash and cash equivalents	164.79	164.79	267.22	267.22
Trade receivables	1,924.60	1,924.60	2,179.55	2,179.55
Loans	1.36	1.36	7.37	7.37
Other financial assets	68.24	68.24	114.35	114.35
Financial liabilities				
Trade payables	1,005.05	1,005.05	1,419.86	1,419.86
Other financial liabilities	287.98	287.98	1,213.06	1,213.06

Note :
The carrying value of the above financial assets and financial liabilities carried at amortised cost approximate these fair value.

ii) Fair value hierarchy of assets measured at fair value as at 31 March, 2020 and 31 March, 2019 is as follows:

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2020	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					Based on the NAV report issued by the fund manager
Investment in mutual funds	26,558.67	26,558.67	-	-	
Total financial assets	**26,558.67**	**26,558.67**	**-**	**-**	
Financial liabilities					Valuation based on black scholes option pricing model.
Derivative financial instruments	9,146.70	-	-	9,146.70	
Total financial liabilities	**9,146.70**	**-**	**-**	**9,146.70**	

(Rs. in lakhs)

Particulars	As at 31.03.2019	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					Based on the NAV report issued by the fund manager
Investment in mutual funds	5,105.70	5,105.70	-	-	
Total financial assets	**5,105.70**	**5,105.70**	**-**	**-**	
Financial liabilities					Valuation based on black scholes option pricing model.
Derivative financial instruments	16,013.45	-	-	16,013.45	
Total financial liabilities	**16,013.45**	**-**	**-**	**16,013.45**	

35. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in lakhs)

Particulars	As at 31.03.2020			As at 31.03.2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
A. ASSETS						
1. Financial Assets						
(a) Cash and cash equivalents	28.74	-	28.74	42.77	-	42.77
(b) Bank balances other than cash and cash equivalents	153.59	11.20	164.79	256.02	11.20	267.22
(c) Receivables - Trade receivables	1,924.60	-	1,924.60	2,179.55	-	2,179.55
(d) Loans	1.36	-	1.36	7.37	-	7.37
(e) Investments	26,558.67	220,281.31	246,839.98	5,105.70	208,026.12	213,131.82
(f) Other financial assets	20.80	47.44	68.24	82.88	31.47	114.35
Total financial assets	**28,687.76**	**220,339.95**	**249,027.71**	**7,674.29**	**208,068.79**	**215,743.08**

Notes forming part of the standalone financial statements

Particulars			As at 31.03.2020			As at 31.03.2019		
			Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
2.	**Non financial Assets**							
	(a)	Current tax assets (Net)	-	812.96	812.96	-	606.21	606.21
	(b)	Property, plant and equipment	-	2,213.63	2,213.63	-	3,036.47	3,036.47
	(c)	Intangible assets	-	-	-	-	8.89	8.89
	(d)	Right-of-Use asset	-	336.61	336.61	-	-	-
	(e)	Other non-financial assets	141.50	23.40	164.90	140.76	23.40	164.16
	Total non-financial assets		**141.50**	**3,386.60**	**3,528.10**	**140.76**	**3,674.97**	**3,815.73**
	TOTAL Assets		**28,829.26**	**223,726.55**	**252,555.81**	**7,815.05**	**211,743.76**	**219,558.81**
B.	**LIABILITIES AND EQUITY**							
1.	**Financial liabilities**							
	(a)	Derivative financial instruments	9,146.70	-	9,146.70	9,005.42	7,008.03	16,013.45
	(b)	Trade payables						
		(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,005.05	-	1,005.05	1,419.86	-	1,419.86
	(c)	Lease liability	152.10	120.65	272.75	-	-	-
	(d)	Other financial liabilities	287.98	-	287.98	1,104.63	-	1,104.63
	Total financial liabilities		**10,591.83**	**120.65**	**10,712.48**	**11,529.91**	**7,008.03**	**18,537.94**
2.	**Non-financial liabilities**							
	(a)	Current tax liability (Net)	12,378.21	-	12,378.21	-	-	-
	(b)	Provisions	197.39	993.96	1,191.35	197.61	197.93	395.54
	(c)	Deferred tax liabilities (net)	-	-	-	-		-
	(d)	Other non-financial liabilities	241.63	-	241.63	623.02	-	623.02
	Total non-financial liabilities		**12,817.23**	**993.96**	**13,811.19**	**820.63**	**197.93**	**1,018.56**
3.	**Equity**							
	(a)	Equity share capital	-	5,390.19	5,390.19	-	5,387.72	5,387.72
	(b)	Other equity	-	222,641.95	222,641.95	-	194,614.59	194,614.59
	Total equity		**-**	**228,032.14**	**228,032.14**	**-**	**200,002.31**	**200,002.31**
	Total liabilities and equity		**23,409.06**	**229,146.75**	**252,555.81**	**12,350.54**	**207,208.27**	**219,558.81**

Notes forming part of the standalone financial statements

36. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

37. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

38. 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.

39. Payment to auditor (excluding GST (included in legal and professional)

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
To statutory auditor:		
For audit (Including limited reviews)*	41.00	18.00
For certifications	7.00	-
For other services	-	5.00
Reimbursement of expenses	2.14	1.09
Total	**50.14**	**24.09**

*Including Rs. 13.00 lakhs pertaining to previous year

40. Disclosures as per the Micro and Small Enterprises

(Rs. in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) The principal amount remaining unpaid to any supplier	-	-
(ii) Interest due thereon remaining unpaid at the end of the year	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid 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.

41. During the previous year, the Company had incurred finance cost aggregating to Rs. 2,724.62 lakhs towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable

Notes forming part of the standalone financial statements

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.

42. 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 (MSI) and accounted for Fair Value Through Profit or Loss account (FVTPL) in standalone financial statements of the Company as per Ind AS 109.

During the year, the Company acquired 0.73% equity shares of MLIC, subsidiary of the Company from Axis Bank Limited (previous year: 0.74% equity shares of MLIC from Axis Bank Limited and 0.30% equity shares of MLIC from MSI), thereby increasing its stake in MLIC from 71.79% to 72.52% (previous year: 70.75% to 71.79%) as at the year end; on exercise of such options.

43. The Board of Directors of the Company in its meeting held on March 3, 2020, had considered and approved the issuance and allotment of up to 75,458,088 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 394,775,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited ('MLIC')["MSI Swap"], based on the valuation report obtained by the Company in accordance with applicable laws. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in MLIC ("MSI Put/Call Option"). In this regard, the Company has executed definitive agreements with the parties.

The Company had issued Notice dated March 3, 2020 for convening an extra ordinary general meeting (EGM) of the shareholders of the Company on April 2, 2020 to seek approval of shareholders via Special Resolution. The EGM got adjourned to April 16, 2020 in view of the situation arising from COVID-19 pandemic. On account of extension of nationwide lockdown till May 3, 2020, the adjourned EGM of the Company was cancelled due to inability to organise requisite quorum. On April 24, 2020, the Company issued Postal Ballot Notice to the shareholders seeking the approval for MSI Share Swap and MSI Put/Call Option. The results of the Postal Ballot will be announced on May 27, 2020.

The above transaction is subject to receipt of requisite shareholders and regulatory approvals and hence, no adjustments have been made in the financial statements.

The Company has thus far received approval from Competition Commission of India and is pursuing approval of other regulatory authorities namely Department of Economic Affairs and Insurance Regulatory and Development Authority of India.

44. On February 20, 2020, the Company and Axis Bank Limited ("Axis Bank") executed Confidentiality and Exclusivity Agreement to explore a long-term strategic partnership. The Board of Directors of the Company in its meeting held on April 27, 2020 further approved entering into definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life Insurance Company Limited ("Max

Notes forming part of the standalone financial statements

Life"), subsidiary Company, to Axis Bank which will have the effect of Max Life becoming a 70:30 joint venture between the Company and Axis Bank after series of transactions. On May 13, 2020, the Company issued Postal Ballot Notice seeking the approval for the proposed transaction from shareholders of the Company by way of a Special Resolution.

Further, the Company will work towards delivering the following value creation options to Axis Bank as agreed under the definitive agreements. The Company, along with Max Life and promoters of the Company, will take all steps to merge the Company into Max Life, resulting into a listed insurance company in terms of applicable law ('Merger'). From the Closing Date, Axis Bank will have the right to subscribe to equity shares of the Company in lieu of all or part of the equity shares held by Axis Bank in Max Life ('Swap Transaction') and the Company will undertake all actions to effect the Swap Transaction. Any income tax payable pursuant to the Swap Transaction shall be split equally between the Company and Axis Bank.

If the Merger is not completed within 5 years from the Closing Date, and Axis Bank has exercised its right for the Swap Transaction, but the Company fails to consummate the Swap Transaction, then Axis Bank shall have the right to require the Company to purchase all the shares held by Axis Bank in Max Life at Rs. 294 per share, subject to the terms of the definitive agreements. The put option right shall be subject to receipt of requisite regulatory approvals.

The above transaction is subject to receipt of requisite shareholders approvals, regulatory approvals (including approvals from the Insurance Regulatory and Development Authority of India, Competition Commission of India and the Reserve Bank of India) and hence, no adjustments were made in the financial statements.

45. Estimation of uncertainties relating to COVID-19 global health pandemic:

The Company has considered the impact of COVID-19 on its operations as well as its financial statements, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2020. In assessing the carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19, wherever required.

46. The figures for the previous year have been regrouped/ reclassified wherever necessary, to make them comparable.

47. The standalone financial statements were approved for issue by the Board of Directors on May 26, 2020.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

188-302

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To The Members of Max Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Max Financial Services Limited** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the auditors of the subsidiary company in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

"Estimation of uncertainties relating to COVID-19 global health pandemic" of Max Life Insurance Company Limited, subsidiary company – Reported by auditors of subsidiary company

We draw attention to note 58(b) of the Consolidated financial statements, which describes that the auditors of Max Life Insurance Company Limited, subsidiary company, in their auditor's report on the financial statements of that company for the year ended March 31, 2020, have reported under the above heading a matter regarding outbreak of COVID-19 pandemic and the assessment made by the management of the subsidiary company on its business and financial statements, including valuation of Investments and valuation of policy liabilities for the year ended March 31, 2020. This assessment and the outcome of the pandemic is as made by the management of the subsidiary company and is highly dependent on the circumstances as they evolve in the subsequent periods.

Our report is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Accounting of put options written to Non Controlling Interests (NCI) in Consolidated Financial Statements** **(Refer note 55 of the consolidated financial statements)** During the year ended March 31, 2016, the Group has entered into written Put Option arrangement with Non-Controlling Interests that require Group to purchase certain shares held by Non-Controlling Interests in future. 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 on exercise of option and is adjusted against the shareholders' equity on April 01, 2017 (date of transition). In the absence of any mandatorily applicable accounting guidance, the Group has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity. Considering, the magnitude of fair value amount of the liability recognised towards written put option and election of accounting policy choice, we have considered such matters to be key audit matter.	**Principal Audit Procedures performed:** • Reviewed and analysed the contractual arrangements of the written put option arrangement to understand the key terms and to determine whether the Group's accounting treatment under Ind AS is appropriate. • Assessed Evaluated the competency, capability and objectivity, competence and independence of the management's valuer. • Tested the design and operating effectiveness of the internal controls on the valuation of the written put options as at the period end. • Assessed the competency, capability and objectivity of the management's valuer. • Tested the mathematical accuracy of the valuation model used. • Involved our internal valuation expert in relation to testing of the appropriateness of the valuation method applied and on sample basis tested the valuation of written put options. • We further assessed the adequacy of the disclosures made in the consolidated financial statements for the year ended 31 March 2020.
2.	**Policy liabilities** **(In respect of the subsidiary company)** Provisions against life insurance contracts mainly comprise the provision for future policy benefits and the provision for outstanding claims. Valuation of the provision for future policy benefits is necessarily dependent on a number of assumptions. These refer in particular to discount rates, mortality and morbidity assumptions, acquisition and administration expenses, and calculated lapse rates. In accordance with applicable accounting regulations, these assumptions are determined at the start of a contract and are only adjusted if there is a significant deterioration. As the assumptions are generally not observable in the market, the determination or adjustment of these assumptions are subject to uncertainty and judgement	**Principal Audit Procedures performed in respect of subsidiary company:** The auditors of subsidiary company have assessed the Appointed Actuary's calculation of the liabilities by performing the following procedures: • Verified the underlying data to source documentation on a sample basis. • Reconciled the underlying data used by the Actuary with the trial balance and the data obtained from the policy administration system to ensure completeness. • Understood from the Appointed Actuary the assumptions used and the basis for the same to evaluate these assumptions with the available peer details.

Sr. No.	Key Audit Matter	Auditor's Response
		• Assessed the Company's methodology for calculating the policy liabilities against recognized actuarial practices. • Obtained and reconciled the provision amount with the Appointed Actuary's certificate in this regard. However, auditors of subsidiary company have not audited the actuarial process and computations. These are not covered by the audit opinion
3.	**Multiple Information Technology Systems** **(In respect of the subsidiary company)** The subsidiary company is highly dependent on technology due to the significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit approach relies extensively on automated controls and therefore on the effectiveness of controls over IT systems. IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. Management is in the process of implementing several remediation activities that are expected to contribute to reducing the risk over IT applications in the financial reporting process. These included implementation ofby subsidiary company wide preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature, in preliminary risk assessment, the auditors of subsidiary company will begin by assessing the risk of a material misstatement arising from technology as significant for the audit.	**Principal Audit Procedures performed in respect of subsidiary company:** The auditors of subsidiary company performed a range of audit procedures, which included the following: Tested access rights over applications, operating systems and databases relied upon for financial reporting. Specifically, the tests were designed to cover the following: - New access requests for joiners are properly reviewed and authorised; - User access rights are removed on a timely basis when an individual has left or moved role; - Periodic monitoring of access rights to applications, operating systems and databases for appropriateness; and - Highly privileged access is restricted to appropriate personnel. Other areas that were assessed included password policies, security configurations, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. Other procedures that were carried out are: - Where inappropriate access was identified, the nature of the access was understood, and, where possible, obtain additional evidence on the appropriateness of the activities performed; - Obtained a list of users' access permissions and manually compared it to other access lists where segregation of duties was deemed to be of higher risk.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint ventures, is traced from their financial statements.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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; 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 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 Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information entities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

In respect of Max Life Insurance Company Limited ("MLIC"), a subsidiary company, determination of the following as at year ended March 31, 2020 is the responsibility of the subsidiary'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 March 31, 2020 in respect of the subsidiary. 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 March 31, 2020. These charges have been actuarially determined, based on the liabilities duly certified by the subsidiary's Appointed Actuary; and

ii. Other adjustments for the purpose of preparation of the Statement, as confirmed by the Appointed Actuary of subsidiary 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.

    e. Disclosures as mentioned in note 42(b)(iv) of the consolidated financial statements.

The joint 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 opinion on the financial information of the said subsidiary.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report 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 auditors of the subsidiary company.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent and the report of the auditors of the subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2020 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 Parent and subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 35 of consolidated financial statements.

ii. The liability for insurance contracts, is determined by the MLIC's Appointed Actuary, and is covered by the Appointed Actuary's certificate, referred to in Other Matters paragraph above, on which the auditors of the subsidiary company have placed reliance. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer note 51 of 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 Parent and its subsidiary company - Refer note 52 of consolidated financial statements.

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

Satpal Singh Arora
Partner
(Membership No. 098564)
UDIN : 20098564AAAAAS3468

Place: New Delhi
Date: May 26, 2020

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 March 31, 2020, we have audited the internal financial controls over financial reporting of **Max Financial Services Limited** (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

In respect of Max Life Insurance Company Limited ('MLIC"), a subsidiary company, the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued 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 the auditors of the subsidiary company, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements of the Group as at and for the year ended March 31, 2020. Accordingly, the auditors of the subsidiary company 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 Parent 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 Parent and 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 the auditors of the subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

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 auditors of the subsidiary company referred to in the Other Matters paragraph below, the Parent and 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 March 31, 2020, based on the criteria for internal financial control over financial reporting 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"), a subsidiary company have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued 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 them, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements of the Group as at and for the year ended March 31, 2020. 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 (one) subsidiary company, which is company incorporated in India, is based solely on the corresponding report 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. 098564)
UDIN : 20098564AAAAAS3468

Place: New Delhi
Date: May 26, 2020

Consolidated Balance Sheet as at 31 March 2020

(Rs. in lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
A. ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	3	44,746.18	50,573.81
(b) Bank balance other than (a) above	4	164.79	267.22
(c) Receivables - Trade receivables	5	315.84	550.30
(d) Loans	6	1.36	7.37
(e) Investments	7	337,238.95	349,280.30
(f) Other financial assets	8	1,676.61	131.05
(g) Financial assets of Life Insurance Policyholders' Fund	9	6,749,785.66	6,140,595.11
Total financial assets		**7,133,929.39**	**6,541,405.16**
2. Non-financial assets			
(a) Current tax assets (net)	10	1,005.55	988.48
(b) Deferred tax assets (net)	24	993.74	-
(c) Investment Property	11A	8,991.40	-
(d) Property, plant and equipment	11B	2,213.63	3,036.45
(e) Goodwill		52,525.44	52,525.44
(f) Other Intangible assets	12A	-	8.89
(g) Right of use assets	12B	336.61	-
(h) Other non-financial assets	13	2,192.49	8,375.29
(i) Non- financial assets of Life Insurance Policyholders' Fund	14	250,433.72	109,274.35
Total non-financial assets		**318,692.58**	**174,208.90**
Total Assets		**7,452,621.97**	**6,715,614.06**
B. LIABILITIES AND EQUITY			
I. LIABILITIES			
1. Financial liabilities			
(a) Trade Payables	15		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,277.10	2,752.09
(b) Lease liability	40	272.75	-
(c) Other financial liabilities	16	35,102.44	49,647.56
(d) Financial liabilities of Life Insurance Policyholders' Fund	17	193,756.89	177,752.17
Total financial liabilities		**231,409.18**	**230,151.82**
2. Non-financial liabilities			
(a) Current tax liabilities (net)	18	12,378.21	-
(b) Provisions	19	1,191.35	395.54
(c) Deferred tax liabilities (net)	24	-	5,650.79
(d) Other non-financial liabilities	20	241.63	623.02

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
(e) Non- financial liabilities of Life Insurance Policyholders' Fund	21	6,925,516.20	6,195,483.04
Total non-financial liabilities		**6,939,327.39**	**6,202,152.39**
Total liabilities		**7,170,736.57**	**6,432,304.21**
II. EQUITY			
(a) Equity share capital	22	5,390.19	5,387.72
(b) Other equity	23	209,261.80	200,515.72
Equity attributable to owners of the Company		**214,651.99**	**205,903.44**
Non Controlling Interest		67,233.41	77,406.41
Total equity		**281,885.40**	**283,309.85**
Total liabilities and equity		**7,452,621.97**	**6,715,614.06**

See accompanying notes to the consolidated financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(Rs. in lakhs)

Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
1. Revenue from operations			
(a) Interest Income	25	17,071.11	16,237.11
(b) Dividend Income	26	306.69	203.79
(c) Rental Income		42.00	-
(d) Net gain on fair value changes	27	2,112.58	5,127.17
(e) Policyholders' Income from Life Insurance operations	28	1,803,952.46	1,928,172.09
(f) Sale of services		513.00	1,225.06
2. Total revenue from operations		**1,823,997.84**	**1,950,965.22**
3. Other income	29	178.38	361.46
4. Total income (2+3)		**1,824,176.22**	**1,951,326.68**
5. Expenses			
(a) Finance costs	30	28.26	2,729.85
(b) Impairment on financial instruments		7,143.17	501.89
(c) Employee benefits expenses	31	3,594.82	8,436.72
(d) Depreciation, amortisation and impairment	32	1,136.90	175.25
(e) Legal and professional expenses		4,438.63	4,351.26
(f) Policyholders' Expenses from Life Insurance operations	33	1,759,653.93	1,883,860.65
(g) Other expenses	34	3,931.96	3,187.08
6. Total expenses		**1,779,927.67**	**1,903,242.70**
7. Profit before tax (4-6)		**44,248.55**	**48,083.98**
8. Tax expense			
Relating to other than revenue account of Life Insurance policyholders			
Current tax	24	18,225.01	6,622.07
Deferred tax	24	(1,261.89)	(185.30)
Relating to revenue account of Life Insurance policyholders			
Current tax		-	-
Total tax expense		**16,963.12**	**6,436.77**
9. Profit after tax for the year (7-8)		**27,285.43**	**41,647.21**
10. 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			
- Remeasurement of defined benefit obligations		(1,134.26)	(532.15)
Less: Transferred to Policyholders' Fund in the Balance Sheet		1,134.26	532.15
Subtotal (A)		**-**	**-**
(ii) Items that will be reclassified to profit or loss in subsequent periods			
- Changes in fair values of FVTOCI debt instruments		1,857.59	(782.14)
- Cash flow hedge		(1,684.37)	8,653.36
- Impairment loss (including reversals)		(2.78)	-
Less: Transferred to Policyholders' Fund in the Balance Sheet		(170.44)	(7,871.22)
Subtotal (B)		**-**	**-**
Relating to Others			
(i) Items that will not be reclassified to profit or loss in subsequent periods			
- Remeasurement of defined benefit obligations		(12.45)	(29.67)

(Rs. in lakhs)

Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Subtotal (C)		**(12.45)**	**(29.67)**
(ii) Items that will be reclassified to profit or loss in subsequent periods			
- Changes in fair values of FVTOCI debt instruments		1,537.07	190.00
- Cash flow hedge		-	-
- Impairment loss (including reversals)		(3.06)	-
- Income tax relating to items that will be reclassified to profit or loss		(223.35)	(28.58)
Subtotal (D)		**1,310.66**	**161.42**
11. Other Comprehensive Income for the year (A+B+C+D)		**1,298.21**	**131.75**
12. Total Comprehensive Income (9+11)		**28,583.64**	**41,778.96**
Profit for the year attributable to			
Owners of the Company		14,499.37	26,256.07
Non-controlling interests		12,786.06	15,391.14
Other Comprehensive Income attributable to			
Owners of the Company		938.08	86.20
Non-controlling interests		360.13	45.55
Total Comprehensive Income attributable to			
Owners of the Company		15,437.45	26,342.27
Non-controlling interests		13,146.19	15,436.69
Earnings per share (EPS) (Rs.)	38		
(a) Basic EPS		5.38	9.77
(b) Diluted EPS		5.38	9.77

See accompanying notes to the consolidated financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Consolidated Cash Flow Statement

for the year ended 31 March, 2020

(Rs. In lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**44,248.55**	**48,083.98**
	Adjustments for:		
	Depreciation, amortisation and impairment	16,121.82	7,621.47
	Interest Income	(392,172.12)	(329,124.58)
	Dividend income	(17,540.89)	(16,053.60)
	Net loss / (profit) on sale / disposal of property, plant and equipments	(28.04)	15.77
	Realised gain/(loss) on financial instruments classified as FVTPL	294,888.01	(181,702.26)
	Realised loss on financial instruments classified as FVTOCI	(1,242.10)	(105.90)
	Realised loss on financial instruments classified as amortised cost	(763.52)	(2,199.26)
	Net gain on Derivative at fair value through profit or loss	3,905.07	-
	Liabilities/provisions no longer required written back	-	(1.26)
	Allowance for doubtful input tax credit receivable	60.00	-
	Provision for doubtful debts and bad-debts written off	194.07	174.94
	Provision for rates and taxes	802.75	-
	Change in policyholder reserves (including funds for future appropriation)	764,622.23	1,026,301.80
	Expense on employee stock option scheme	442.57	719.98
	Operating Profit before working capital changes	**713,538.40**	**553,731.08**
	Changes in working capital:		
	<u>Adjustments for (increase)/ decrease in operating assets:</u>		
	Trade receivables	(18,869.80)	(5,553.43)
	Loans	6.01	75.18
	Other financial assets	(25,740.73)	(32,699.90)
	Other non financial assets	(84,190.05)	(31,241.69)
	Re-insurance assets	92,476.06	37,393.24
	Dividend received	17,540.89	16,053.60
	Interest received	382,691.44	310,660.22
	<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
	Trade payables	(16,993.89)	8,573.56
	Other financial liabilities	20,197.72	5,351.27
	Provisions	1,133.32	1,074.20
	Insurance contract liabilities	(96,421.31)	18,930.21
	Investment contract liabilities	(31,654.05)	(10,206.20)
	Other non financial liabilities	(569.57)	17,595.50
	Cash generated from operations	**953,144.44**	**889,736.84**
	Net income tax (paid) / refunds	(6,390.72)	(7,130.85)
	Net cash from operating activities (A)	**946,753.72**	**882,605.99**

(Rs. In lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure on property, plant and equipment including capital advances	(12,782.57)	(10,044.90)
	Proceeds from sale of property, plant and equipment	48.16	201.21
	Bank balances not considered as Cash and cash equivalents (net)	102.43	(12.80)
	Investments		
	- Purchased	(70,702,710.32)	(74,385,946.08)
	- Proceeds from sale	69,807,150.85	73,527,204.86
	Proceeds from loan against policies	(9,994.35)	(10,324.73)
	Receivable from Unit Linked fund and advance for property	9,542.52	-
	Realised Hedge Fluctuation Reserve & Derivative Profit & Loss	7,750.50	-
	Net cash used in investing activities (B)	**(900,892.78)**	**(878,922.44)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from ESOPs exercised (including share premium)	344.90	2,418.73
	Dividend including distribution tax	(31,123.30)	(19,782.97)
	Lease payments	(7,245.00)	-
	Net cash used in financing activities (C)	**(38,023.40)**	**(17,364.24)**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**7,837.54**	**(13,680.69)**
E	**Cash and cash equivalents as at the beginning of the year**	**68,864.03**	**82,544.72**
Cash and cash equivalents as at the end of the year *		**76,701.57**	**68,864.03**
* Components of Cash and Cash Equivalents:			
Cash on hand		4,334.75	9,326.44
Balances with scheduled banks			
- On current accounts		37,616.82	44,276.04
- Deposits with original maturity of upto 3 months		34,750.00	15,261.55
Total cash and cash equivalents (See note 3 and note 9A)		**76,701.57**	**68,864.03**

The above consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7- Statement of Cash Flows.

See accompanying notes to the consolidated financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Consolidated Statement of changes in equity
for the year ended 31 March, 2020

a) Equity share capital

(Rs. in lakhs)

Particulars	Amount
Balance at 1 April, 2018	**5,367.68**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	20.04
Balance at 31 March, 2019	**5,387.72**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	2.47
Balance at 31 March, 2020	**5,390.19**

b) Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Items of OCI	Attributable to owners of the Company	Attributable to Non controlling interest	Total other equity
	Securities premium	Capital Redemption Reserve	Share option outstanding account	Surplus in the statement of profit and loss	General Reserve	FVTOCI Reserve			
Balance as at 01 April, 2018	37,280.67	2,587.84	1,723.28	118,467.87	15,358.07	1,142.07	176,559.80	78,251.65	254,811.45
Profit for the year	-	-	-	26,256.07	-	-	26,256.07	15,391.14	41,647.21
Other comprehensive income/ (loss)	-	-	-	(29.67)	-	115.87	86.20	45.55	131.75
Total comprehensive income	**-**	**-**	**-**	**26,226.40**	**-**	**115.87**	**26,342.27**	**15,436.69**	**41,778.96**
Premium on shares issued during the year (See note 23)	4,590.23	-	(2,191.54)	-	-	-	2,398.69	-	2,398.69
Interim Dividends	-	-	-	-	-	-	-	(6,605.13)	(6,605.13)
Final Dividends	-	-	-	-	-	-	-	(4,601.94)	(4,601.94)
Dividend Distribution Tax	-	-	-	(8,114.25)	-	-	(8,114.25)	(2,303.64)	(10,417.89)
Share-based payments to employees (See note 23)	-	-	719.98	-	-	-	719.98	-	719.98
Transferred to securities premium account	-	-	-	-	-	-	-	-	-
Transfer to non-controlling interest	-	-	-	-	-	-	-	(2,771.22)	(2,771.22)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 56)	-	-	-	249.44	-	-	249.44	-	249.44
Gain/(loss) on stake change in subsidiary without loss of control	-	-	-	2,359.79	-	-	2,359.79	-	2,359.79
As at 31 March, 2019	**41,870.90**	**2,587.84**	**251.72**	**139,189.25**	**15,358.07**	**1,257.94**	**200,515.72**	**77,406.41**	**277,922.13**
Profit for the year	-	-	-	14,499.37	-	-	14,499.37	12,786.06	27,285.43
Other comprehensive income/ (loss)	-	-	-	(12.45)	-	950.53	938.08	360.13	1,298.21
Total comprehensive income	**-**	**-**	**-**	**14,486.92**	**-**	**950.53**	**15,437.45**	**13,146.19**	**28,583.64**

(Rs. in lakhs)

Particulars	Reserves and Surplus					Items of OCI	Attributable to owners of the Company	Attributable to Non controlling interest	Total other equity
	Securities premium	Capital Redemption Reserve	Share option outstanding account	Surplus in the statement of profit and loss	General Reserve	FVTOCI Reserve			
Premium on shares issued during the year (See note 23)	612.68	-	-	-	-	-	612.68	-	612.68
Interim Dividends	-	-	-	-	-	-	-	(10,438.93)	(10,438.93)
Final Dividends	-	-	-	-	-	-	-	(7,471.38)	(7,471.38)
Dividend Distribution Tax	-	-	-	(3,925.63)	-	-	(3,925.63)	(3,682.36)	(7,607.99)
Share-based payments to employees (See note 23)	-	-	442.57	-	-	-	442.57	-	442.57
Transferred to securities premium account	-	-	(270.24)	-	-	-	(270.24)	-	(270.24)
Transfer to non-controlling interest	-	-	-	-	-	-	-	(1,726.52)	(1,726.52)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 56)	-	-	-	(5,277.24)	-	-	(5,277.24)	-	(5,277.24)
Gain/(loss) on stake change in subsidiary without loss of control	-	-	-	1,726.49	-	-	1,726.49	-	1,726.49
As at 31 March, 2020	**42,483.58**	**2,587.84**	**424.05**	**146,199.79**	**15,358.07**	**2,208.47**	**209,261.80**	**67,233.41**	**276,495.21**

See accompanying notes to the consolidated financial statements

In terms of our report attached

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

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

Notes forming part of the Consolidated financial statements

1. **Corporate information**

Max Financial Services Limited ('the Company'/'the Parent') 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.

Max Life Insurance Company Limited ('the Subsidiary 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 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. **Significant accounting policies**

2.01 Basis of preparation

(i) **Statement of compliance**

The consolidated financial statements of the Company and the Subsidiary Company (collectively referred to as the 'Group') 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. The Group presents its financial statements to comply with Division III of Schedule III to the Companies Act, 2013 which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS) and the requirements of Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

(ii) **Basis of preparation and presentation**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes,

Notes forming part of the Consolidated financial statements

fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As permitted by Ind AS 104 Insurance Contracts, the Subsidiary Company continues to apply the existing accounting policies that were applied prior to the adoption of Ind AS, with certain modifications allowed by the standard subsequent to adoption for its insurance contracts and investment contracts with a discretionary participation feature (DPF).

For all periods up to and including the year ended March 31, 2020, the Subsidiary Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and as amended from time to time and IRDAI regulations to such extent.

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

As per the Insurance Act, 1938, (as amended by Insurance Laws (Amendment) Act, 2015) (the “Insurance Act”):

i. A life insurer is required to carry all receipts due in respect of such business, into a separate fund to be called the life insurance fund. The assets of the life insurance fund are required to be kept distinct and separate from all other assets of the insurer and the deposit made by the insurer in respect of life insurance business is deemed to be part of the assets of such fund. [Section 10(2)].

ii. The life insurance fund is absolutely the security of the life policyholders as though it belonged to an insurer carrying on no other business than life insurance business. The life insurance fund would not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance. Also, the life insurance fund is not to be applied directly or indirectly for any purposes other than those of the life insurance business of the insurer [Section 10(3)].

On account of the above regulatory restrictions on transfer of surplus / funds from the life insurance fund to shareholders, no proportion of the surplus relating to life insurance fund (including in respect of contracts without discretionary participating features) arising out of the adjustments due to application of Ind AS principles can be attributed to shareholders. Under the Previous GAAP fair valuation changes relating to the life insurance fund assets is accumulated within the liability

Notes forming part of the Consolidated financial statements

group "Policyholders' Funds" in a line item labelled "Credit / (Debit) Fair Value Change Account" separately from "Policy Liabilities", "Insurance Reserves" and "Provision for Linked Liabilities". Therefore the differences arising from the application of the Ind AS principles to the assets and liabilities of the life insurance fund be retained within the "Life Insurance Policyholders' Fund" liability group as "Fair Valuation Differences of Policyholders' Investments", "Measurement difference of Ind AS 104 Adjustments" and "Measurement difference – Other Adjustments".

Further all assets, liabilities, income and expenses pertaining to the life insurance fund have been grouped under "Assets of life insurance fund", "Liabilities of Life insurance fund", "Income from life insurance operations" and "Expense of the life insurance operations" respectively.

2.02 **Principles of Consolidation**

The Consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March, 2020. The Company has one Subsidiary Company in India, Max Life Insurance Company Limited. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

b. Exposure, or rights, to variable returns from its involvement with the investee, and

c. The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The accounting policies of the subsidiary are, in all material respects, in line with accounting policies of the Company.

The financial statements of the Subsidiary Company for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on 31 March.

Consolidation procedures:

a. The financial statements of the Company and its subsidiary company are consolidated on line-by-line basis adding together the book value of assets, liabilities, equity, income, expenses and cash flows of the parent with its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recongised in the consolidated financial statements as at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

c. Eliminate in full, intragroup assets and liabilities, equity, income, expenses and

Notes forming part of the Consolidated financial statements

cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recongised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a. Derecognises the assets (including goodwill) and liabilities of the subsidiary.

b. Derecognises the carrying amount of any non-controlling interests.

c. Derecognises the cumulative translation differences recorded in equity.

d. Recognises the fair value of the consideration received.

e. Recognises the fair value of any investment retained.

f. Recognises any surplus or deficit in profit or loss.

g. Reclassifies the parent's share of components previously recongised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

2.03 **Product classification**

Insurance contracts are those contracts when the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Group determines whether the contract has significant insurance risk, by comparing benefits payable on death is higher by at least 5% of the fund value at any time during the term of the contract for unit linked products or higher by at least 5% of the premium at any time during the term of the contract for other than unit linked products. Investment contracts are those contracts that transfer significant financial risk and which do not carry significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are

Notes forming part of the Consolidated financial statements

extinguished or expire. Investment contracts are further classified as being either with or without discretionary participation features (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits,
- The amount or timing of which is contractually at the discretion of the issuer, and
- That are contractually based on the:
  - o performance of a specified pool of contracts or a specified type of contract,
  - o realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
  - o the profit or loss of the company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded financial derivatives separately at fair value through the income statement. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/ or investment contract itself is measured at fair value through the income statement. The Group has considered the probable embedded derivatives in the products offered and have calculated the value for embedded derivative separately for reporting under Ind AS 104 as at 31 March 2020.

2.04 **Premium Income**

The premium income for insurance contract and investment contract with discretionary participation feature (DPF) is recognised as revenue 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.

For investment contract without DPF, deposit accounting in accordance with Ind AS 104 and Ind AS 109 is followed. Consequently only to the extent of charges and fees collected from such investment contract is accounted as income in statement of profit and loss.

2.05 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.

2.06 Reinsurance Premium Ceded

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.

2.07 Income from services

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

2.08 Acquisition Costs

Acquisition costs include expenses which are incurred to solicit and underwrite insurance contracts such as commission, medical fee, policy printing expenses, etc. These costs are expensed in the year in which they are incurred for insurance contract and investment contract with DPF. In case of investment contact without DPF, the acquisition costs are deferred as per policy mentioned in Note 2.14. Claw back of the

Notes forming part of the Consolidated financial statements

commission paid, if any, is accounted for in the year in which it becomes recoverable.

2.09 Benefits and Claims

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the period including settlement of claims and policyholder bonuses declared. Death claims and surrenders are recorded on the basis of intimation received. Maturities and annuity payments are recorded when due.

2.10 Reinsurance Claims

Reinsurance claims is accounted for in the same period as the related claim and also in accordance with the treaty or in- principle arrangement with the reinsurer.

2.11 Life Insurance Contract Liability (including investment contract liabilities with DPF)

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 IRDA (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 Group 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 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 a unit reserve. Unit reserve represents the value of units using the net asset value at the valuation date.
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:

1. 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 Group experience.
2. Additional source of liability for policies which may exercise their option of cancelling the policy within the free look period offered

Notes forming part of the Consolidated financial statements

(generally termed as free look cancellation reserves). The reserves are calculated using an assumption of free look cancellation, based on Group experience.

3. Liability against policies for which the insured event has already occurred but the claim has not been reported to the Group (generally termed as Incurred but Not Reported reserves).

2.12 Valuation of Investment Contract Liabilities without DPF:

Unitised investment contract fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund.

2.13 Deferred Acquisition Cost (DAC)/ Deferment Origination Fees (DOF)

Certain incremental acquisition costs that are directly attributable to securing an investment contract without DPF are deferred and recorded in deferred expenses. These deferred costs are amortised over the period in which the service is provided. The DAC has following components:

I. Initial (1st, 2nd and 3rd year) commission is higher than the remaining year's commission for these products. The differences between these commissions are spread over the whole term of the policy and the commission for unexpired term of the policy as on Balance sheet date is considered.

II. First year distribution allowance is spread over the whole term of the policy and the allowance for the unexpired term of the policy as on Balance sheet date is considered.

DAC are derecognised when the related contracts are either settled or disposed off.

Similar to above calculation the Group has also calculated Deferment Origination Fees (DOF) to be taken as liability.

The DOF for the same products has following component:

I. Initial (1st, 2nd and 3rd year) allocation charges are higher than the remaining year's allocation charges for these products. The difference between these charges are spread over the whole term of the policy and the charges for the unexpired term of the policy as on Balance sheet date is considered.

DOF are derecognised when the related contracts are either settled or disposed off.

2.14 Reinsurance Asset

The reinsurance credit taken, i.e. difference between gross reserves and net reserves, while calculating statutory reserves is held as reinsurance asset.

The Group cedes insurance risk in the normal course of business for all of its businesses.

2.15 Liability Adequacy Test (LAT)

For liability reporting as at 31 March 2020 under Ind AS 104, the gross liability would be same as gross liability used for statutory reporting. These liabilities as calculated on Gross Premium Valuation basis where the best estimate assumptions were in-line with the experience as at 31 March 2020. On top of it the liabilities were calculating using Margin for Adverse Deviation (MAD) on best estimate assumptions which are equal to or on higher side than prescribed by the regulations/professional guidance hence there is no need to perform Liability Adequacy Test separately as at 31 March 2020.

The Group applies MAD for the following key assumptions in actuarial valuation of liabilities:

I. Mortality/Morbidity/Longevity
II. Lapse/Surrender/Paid-up/Partial-Withdrawal
III. Interest rate
IV. Expenses

Notes forming part of the Consolidated financial statements

2.16 Income from investments

Interest income on investments is recognized on accrual basis. Amortization of discount/ premium relating to the debt securities and money market securities is recognized over the remaining maturity period on an Effective Interest Rate (EIR) method. Dividend income is recognized on ex-date when right to receive payment is established.

The realised profit/loss on debt/money market securities for amortised security is the difference between the net sale consideration and the amortised cost of securities.

Profit or loss on sale/redemption of securities classified as Fair value through other comprehensive income is recognized on trade date basis and includes effects of accumulated fair value changes, previously recognized and credited to other comprehensive income, for investments sold/redeemed during the period.

Profit or loss on sale/redemption of securities classified as Fair value through profit or loss is recognized on trade date basis and includes effects of accumulated fair value changes for investments sold/redeemed during the period.

2.17 Income earned on loans

Interest income on loans is recognised on an accrual basis are per Effective Interest Rate (EIR). Fees and charges also include policy reinstatement fees and loan processing fees which are recognised on receipt basis.

2.18 Financial Instrument - Investments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

i. **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. Expected Credit losses (ECL) are recognised in the statement of profit or loss when the investments are impaired.

ii. **Debt instruments at fair value through other comprehensive income (FVTOCI)**

Notes forming part of the Consolidated financial statements

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss. Interest earned on FVTOCI debt instrument is reported as interest income using the EIR method.

iii. **Financial instruments at fair value through profit or loss (FVTPL)**

Items at fair value through profit or loss comprise:

a. items held for trading;

b. debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss is initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

De-recognition of Financial Assets

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity / "Non financial liabilities of the life insurance fund" is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial assets.

2.19 Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost except for government security as no credit exposure is considered for such securities.

b. Financial assets that are debt instruments and are measured as at FVTOCI except for government security as no credit exposure is considered for such securities.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Notes forming part of the Consolidated financial statements

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'Impairment on financial instruments' in the Statement of Profit and Loss.

2.20 Financial liabilities

a. **Gross obligation over written put options issued to the non-controlling interests:**

The Parent Company has issued written put option to non-controlling interests in it's subsidiary in accordance with the terms of underlying shareholders agreement. Should the option be exercised, the Parent Company has to settle such liability by payment of cash.

Initial recognition:

The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity.

Subsequent measurement:

In the absence of any mandatorily applicable accounting guidance, the Group has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

b. **Other financial liabilities**

Initial recognition and measurement

The Group's financial liabilities include investment contracts without DPF and trade and other payables. Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL or payables. All financial liabilities are recognised initially at fair value.

Subsequent measurement - Financial liabilities at FVTPL

Financial liabilities at FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Subsequent measurement - Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.21 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.22 **Fair value measurement**

Fair value is the price that would be received to sell

Notes forming part of the Consolidated financial statements

an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets, liabilities and equity items for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.23 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement includes cash in hand, bank balances, deposits with banks, other short-term highly liquid investments with original maturities of upto three months and which are subject to insignificant risk of change in value.

2.24 Cash flow statement

Cash flows are reported using indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss 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 available information.

2.25 Segment information

The Group determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Notes forming part of the Consolidated financial statements

The Group allocates geographical revenue on the basis of location of the customers and non-current assets on the basis of the location of the assets.

2.26 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional 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 exceptional 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 employee share options and bonus shares, if any, as appropriate.

2.27 Leases

Group as a lessee

'The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Group has applied Ind AS 116 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. As a result, the comparative information has not been restated.

The Group's lease asset classes primarily consist of leases for buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

' The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes forming part of the Consolidated financial statements

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs.

2.28 Property, plant and equipment and Intangible assets:

The Group has elected to consider values of Property, plant and equipment and Intangible assets as deemed cost as of the Previous GAAP. Accordingly, the Group has not revalued the Property, plant and equipment and Intangible assets at April 01, 2017 again. The Group consider the fair value as deemed cost at the transition date, viz., April 01, 2017.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets individually costing upto rupees five thousand 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 Group are fully depreciated over twelve months from the month of purchase.

Gains or losses arising from de-recognition of fixed assets and intangibles are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Depreciation on Property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 in respect of the following categories of assets

Assets	Estimated useful life
Furniture and Fixtures	10 years
Laptop and Desktop	3 years
Office Equipment	5 years

Depreciation on Property, plant and equipment, in respect of the following categories of assets,

Notes forming part of the Consolidated financial statements

has been provided on the straight-line method as per the useful life of the assets which has been assessed taking into account the nature of the asset, the estimated usage of the assets the operating conditions of the asset, past history of replacement, etc.:

Assets	Estimated useful life
Vehicles	5 years
Handheld devices	1 year
IT equipment including servers and networks	5 years

Leasehold land is amortised over the renewable period of respective leases subject to a maximum of 10 years.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

Assets	Estimated useful life
Software (excluding Policy Administration System and Satellite systems)	4 years
Policy Administration System and Satellite systems	6 years

Intangible assets are amortised over their estimated useful life on straight line method as follows:

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangibles are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of Assets

The management assesses as at balance sheet date, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost. Such reversal is reflected in the statement of profit and loss.

2.29 Retirement and other employee benefits:

a. Short Term Employee Benefits

All employees' benefits payable within twelve months including salaries & bonuses, short term compensated absences and other benefits like insurance for employees are accounted on undiscounted basis during the accounting period in which the related services are rendered.

b. Post-Employment Benefits

Defined contribution plans

Employee's State Insurance:

The Group makes contribution to Employee's State Insurance, being defined contribution plans, is charged to the Statement of Profit and Loss in the year the contribution is made.

Defined benefit plans

Provident Fund:

The Group contributes to the employee

Notes forming part of the Consolidated financial statements

provident trust "Max Financial Services Limited Employees' Provident Fund Trust" which is managed by the holding company and as per guidance on Ind AS–19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, which is a defined benefit plan. Both the employees and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Contributions and shortfall, if any, is charged to the Statement of Profit and Loss.

Gratuity:

The Group's liability towards Gratuity, Long Term Incentive Plan and Compensated Absences being defined benefit plans, 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 recognized in the other comprehensive income (OCI).

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

c. **Other Long Term Employee Benefits**

Other long term employee benefits includes accumulated long term compensated absences and long term incentive plans. Accumulated long term compensated absences are entitled to be carried forward for future encashment or availment, at the option of the employee subject to Group's policies. Accumulated long term compensated absences are accounted for based on actuarial valuation determined using the projected unit credit method. Long term incentive plans are subject to fulfillment of criteria prescribed by the Group and is accounted for on the basis of independent actuarial valuations at the balance sheet date.

2.30 Share-based payment arrangements

The Parent Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are measured at the fair value of the equity instruments at the grant date. The Scheme provides for grant of options to employees (including directors) to acquire equity shares of the Parent Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Parent Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Parent Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the

Notes forming part of the Consolidated financial statements

goods or the counterparty renders the service.

The Group had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Group is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Parent 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.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.31 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation

b. A present obligation arising from past events, when no reliable estimate is possible

c. A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.32 **Real Estate-Investment Property**

The investment property is measured at historical cost. The Group assess at each balance sheet date whether any impairment of the investment property has occurred. Any impairment loss is recognised in the Statement of Profit and Loss.

Investment property is amortised over their estimated useful life on straight line method as follows:

Assets	Estimated useful life
Buildings	60 years

2.33 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.

Forward Rate Agreements (FRA) is an agreement between two parties to pay or receive the difference (called settlement money) between an agreed fixed rate (FRA rate) and the interest rate prevailing on stipulated future date (the

Notes forming part of the Consolidated financial statements

fixing date) based on a notional amount for an agreed period (the contract period).

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 Profit or loss.

At the inception of the transaction, the Group 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 Group 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 in Other Comprehensive Income and the ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss 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 Statement of Profit and Loss.

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 computed using quoted market yields. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

2.34 **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Direct Taxes

Income Tax expense comprises of current tax and deferred tax charge or credit, as applicable. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a company carrying on life insurance business.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes forming part of the Consolidated financial statements

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value re-measurement of financial assets classified as FVOCI and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Group only off-sets its deferred tax assets against liabilities when there is both a legal enforceable right to offset and it is the Group's intention to settle on a net basis.

Indirect Taxes

The Group claims credit of Service Tax/Goods and Service Tax (GST) on input goods and services, which is set off against tax on output services/goods. As a matter of prudence, unutilized credits towards Goods and Service Tax/Service Tax on input services/goods are carried forward under Advances & Other Assets wherever there is reasonable certainty of utilization.

2.35 Loans

Loans against policies are valued at amortised cost i.e. aggregate of book values (net of repayments) plus capitalized interest, subject to provision for impairment, if any.

2.36 Foreign exchange transactions

At the time of Initial recognition, foreign currency transactions are recorded in Indian Rupees at the rate of exchange prevailing on the date of the transaction. Exchange gain & losses are recognised in the period in which they arise in the Profit & Loss Account.

2.37 Significant Accounting Judgment and Estimates

The preparation of the financial statements is in conformity with the Ind AS that requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances upto and as of the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

In the process of applying the accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. **Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment

Notes forming part of the Consolidated financial statements

of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

b. **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility

c. **Effective Interest Rate (EIR) method**

The Group's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments.

d. **Provisions and other contingent liabilities**

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the outflow of resources embodying economic benefits is not probable and the amount of obligation cannot be measured with sufficient reliability a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

e. **Subsequent measurement of gross obligations over written put options issued to the non-controlling interests**

The Parent Company has issued written put options to the non-controlling interests of it's subsidiary in accordance with the terms of underlying shareholders agreement. In respect of accounting for subsequent measurement of

Notes forming part of the Consolidated financial statements

gross obligation on such written put options issued by the Parent Company, the Group has elected an accounting policy choice to recognize changes on subsequent measurement of the liability in shareholders' equity, in the absence of any mandatorily applicable accounting guidance under Ind AS.

f. **Lease Accounting**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease

Notes forming part of the Consolidated financial statements

3. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Cash on hand	0.65	0.81
Balances with banks		
- Current accounts	35,495.53	35,311.45
- Deposits with original maturity of less than three months	9,250.00	15,261.55
Total	**44,746.18**	**50,573.81**

*Above does not include cash and cash equivalents pertaining to life insurance fund and disclosed in 9A.

4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
In earmarked accounts		
- Unpaid dividend accounts (see note 16)	153.59	256.02
- Balances held as margin money against guarantee*	11.20	11.20
Total	**164.79**	**267.22**

* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date

5. Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade receivables	315.84	550.30
Total	**315.84**	**550.30**

*Above does not include trade receivables pertaining to life insurance fund and disclosed in 9C.

Note: Trade receivables are related to the amounts recoverable from group companies The management believes that no expected credit allowance is required to be recognised on these trade receivables.

6. Loans (carried at amortised cost)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Loans to employees - unsecured, considered good	1.36	7.37
Total	**1.36**	**7.37**

*Above does not include loans pertaining to life insurance fund and disclosed in 9D.

Notes forming part of the Consolidated financial statements

7. Investments

(Rs. in lakhs)

Particulars	As at 31.03.2020				As at 31.03.2019			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Compre-hensive Income	Through profit or loss			Through Other Compre-hensive Income	Through profit or loss	
Debt Securities:								
Government securities	29,674.89	13,383.59	-	43,058.48	29,855.48	14,528.25	-	44,383.73
Debt securities	137,452.95	78,338.62	-	215,791.57	122,116.31	92,121.24	-	214,237.55
Fixed Deposits	-	994.82	-	994.82	-	2,938.30	-	2,938.30
Reverse Repo	-	6,121.42	-	6,121.42	0.05	182.63	-	182.68
Equity instruments	-	-	10,101.97	10,101.97	-	-	13,207.15	13,207.15
Mutual Funds	-	-	68,553.88	68,553.88	-	-	74,862.85	74,862.85
Total	**167,127.84**	**98,838.45**	**78,655.85**	**344,622.14**	**151,971.84**	**109,770.42**	**88,070.00**	**349,812.26**
Less: Allowance for impairment	(7,383.19)	-	-	(7,383.19)	(531.96)	-	-	(531.96)
Total	**159,744.65**	**98,838.45**	**78,655.85**	**337,238.95**	**151,439.88**	**109,770.42**	**88,070.00**	**349,280.30**
Overseas Investments	-	-	-	-	-	-	-	-
Investments in India	167,127.84	98,838.45	78,655.85	344,622.14	151,971.84	109,770.42	88,070.00	349,812.26
Sub total	**167,127.84**	**98,838.45**	**78,655.85**	**344,622.14**	**151,971.84**	**109,770.42**	**88,070.00**	**349,812.26**
Less: Allowance for impairment	(7,383.19)	-	-	(7,383.19)	(531.96)	-	-	(531.96)
Total	**159,744.65**	**98,838.45**	**78,655.85**	**337,238.95**	**151,439.88**	**109,770.42**	**88,070.00**	**349,280.30**

*Above does not include investments pertaining to life insurance fund and disclosed in Note 9E.

8. Other financial assets

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security deposits	47.44	31.47
Interest accrued on deposits	0.76	0.01
Interest receivable from erstwhile directors (see note 35)	-	31.89
Receivable on sale of property, plant and equipment	-	3.25
Income accrued on lease rental	-	0.30
Outstanding trades investment	-	16.70
Derivative margin money investment	1,608.37	-
Other Receivables	20.04	47.43
Total	**1,676.61**	**131.05**

*Above does not include other financial assets pertaining to life insurance fund and disclosed in 9F.

Notes forming part of the Consolidated financial statements

9. Financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Cash and cash equivalents	**Note 9A**	31,955.39	18,290.22
Derivative financial instruments	**Note 9B**	3,317.60	6,021.01
Trade receivables	**Note 9C**	82,010.89	62,886.14
Loans	**Note 9D**	42,644.84	32,650.49
Investments	**Note 9E**	6,519,320.59	5,975,196.11
Other financial assets	**Note 9F**	70,536.35	45,551.14
Total		**6,749,785.66**	**6,140,595.11**

9A. Cash and cash equivalents (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Cash and cash equivalents		
Cash on hand	4,334.10	9,325.63
Balances with banks - Current accounts	2,121.29	8,964.59
Deposits with original maturity of less than three months	25,500.00	-
Total	**31,955.39**	**18,290.22**

9B. Derivative financial instruments - Assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Carried at fair value through profit or loss		
Interest rates swaps (See note 44)	-	6,021.01
Forward rate agreements (See note 44)	3,317.60	-
Total	**3,317.60**	**6,021.01**

9C. Trade Receivables (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good	82,010.89	62,886.14
Total	82,010.89	**62,886.14**

9D. Loans (carried at amortised cost) (policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
	31.03.2020	**31.03.2019**
Loans against policies	42,644.84	32,650.49
Total	**42,644.84**	**32,650.49**

Notes forming part of the Consolidated financial statements

9E: Investments (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020				As at 31.03.2019			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss	
Investments of unit linked insurance contracts - Policyholders'								
Debt Securities:								
Government Securities	-	-	586,330.58	586,330.58	-	-	489,575.45	489,575.45
Debt Securities	-	-	363,511.78	363,511.78	-	-	413,991.55	413,991.55
Fixed Deposits	-	-	-	-	-	-	1,999.61	1,999.61
Reverse Repo	-	-	53,087.70	53,087.70	-	-	9,993.33	9,993.33
Shares:								
Equity Instruments	-	-	769,783.79	769,783.79	-	-	962,495.77	962,495.77
Mutual funds	-	-	108,388.98	108,388.98	-	-	92,546.82	92,546.82
Total (A)	**-**	**-**	**1,881,102.83**	**1,881,102.83**	**-**	**-**	**1,970,602.53**	**1,970,602.53**
Investments of other insurance contracts - Policyholders'								
Debt Securities:								
Government Securities	3,116,016.53	40,837.15	-	3,156,853.68	2,542,431.52	54,429.35	-	2,596,860.87
Debt Securities	927,860.60	103,279.94	-	1,031,140.54	782,798.47	109,151.93	2,636.45	894,586.85
Fixed Deposits	-	2,104.48	-	2,104.48	-	1,915.84	-	1,915.84
Reverse Repo	24,033.62	7,321.00	-	31,354.62	34,798.90	2,315.90	-	37,114.80
Shares:								
Equity Instruments	-	-	332,507.05	332,507.05	-	-	372,737.12	372,737.12
Mutual funds	-	-	61,142.97	61,142.97	-	-	76,559.94	76,559.94
Alternate Investment Fund	-	-	5,086.15	5,086.15	-	-	4,752.31	4,752.31
Additional Tier 1 Bonds	-	-	17,768.39	17,768.39	-	-	16,974.82	16,974.82
Infrastructure Investment Trusts	-	-	3,391.52	3,391.52	-	-	3,109.05	3,109.05
Total (B)	**4,067,910.75**	**153,542.57**	**419,896.08**	**4,641,349.40**	**3,360,028.89**	**167,813.02**	**476,769.69**	**4,004,611.60**
Total (C=A+B)	**4,067,910.75**	**153,542.57**	**2,300,998.91**	**6,522,452.23**	**3,360,028.89**	**167,813.02**	**2,447,372.22**	**5,975,214.13**
Less: Allowance for Impairment loss (D)	(3,131.64)	-	-	(3,131.64)	(18.02)	-	-	(18.02)
Total E = (C) - (D)	**4,064,779.11**	**153,542.57**	**2,300,998.91**	**6,519,320.59**	**3,360,010.87**	**167,813.02**	**2,447,372.22**	**5,975,196.11**
Overseas Investments	-	-	-	-	-	-	-	-
Investments in India	4,067,910.75	153,542.57	2,300,998.91	6,522,452.23	3,360,028.89	167,813.02	2,447,372.22	5,975,214.13
Total (E)	**4,067,910.75**	**153,542.57**	**2,300,998.91**	**6,522,452.23**	**3,360,028.89**	**167,813.02**	**2,447,372.22**	**5,975,214.13**

Notes forming part of the Consolidated financial statements

9F. Other financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Dividend receivables	73.64	64.99
Lease rent receivables	220.05	-
Due from reinsurers	10,823.75	9,538.46
Security deposit	3,584.36	3,177.87
Unit linked margin money deposit	-	1,309.68
Outstanding trades - Investment	295.24	904.02
Derivative margin money investment	681.23	5,057.84
Others	54,627.26	25,263.41
Total (a)	**70,305.53**	**45,316.27**
Due from Insurance agents, Insurance Intermediaries	663.88	543.55
Less: Allowance for impairment	(535.96)	(411.96)
Employee advances	317.43	390.95
Less: Allowance for impairment	(214.53)	(287.67)
Total (b)	**230.82**	**234.87**
Total (a+b)	**70,536.35**	**45,551.14**

10. Current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance tax including tax deducted at source	23,834.98	23,817.91
Less. Provision for income tax	(22,829.43)	(22,829.43)
Total	**1,005.55**	**988.48**

11A Investment Property

(Rs. in lakhs)

	Investment Property	Total
Gross carrying value		
As at 01 April, 2018	-	-
Additions	-	-
As at 31 March, 2019	-	-
Additions	9,139.13	9,139.13
As at 31 March, 2020	**9,139.13**	**9,139.13**
Accumulated Depreciation		
As at 01 April, 2018	-	-
Depreciation expense	-	-
As at 31 March, 2019	-	-
Depreciation expense	147.73	147.73
As at 31 March, 2020	**147.73**	**147.73**
Net block		
As at 31 March, 2019	-	-
As at 31 March, 2020	**8,991.40**	**8,991.40**

*Above does not include Investment property pertaining to life insurance fund and disclosed in Note 14A.

Notes forming part of the Consolidated financial statements

11B Property, plant and equipment

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
a) Buildings	1,836.67	2,552.71
b) Office equipment	49.67	62.31
c) Computers	12.90	16.26
d) Leasehold improvements	14.11	35.02
e) Furniture and fixtures	154.27	189.88
f) Vehicles	146.01	180.29
	2,213.63	**3,036.47**

	Buildings [See note (i) below]	Office equipment	Computers	Leasehold improve-ments	Furniture and fixtures	Vehicles	Total
Gross carrying value							
Balance at 1 April, 2018	**2,640.81**	**94.69**	**17.39**	**-**	**242.70**	**277.91**	**3,273.50**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	4.24	0.02	-	23.66	4.32	32.24
Balance at 31 March, 2019	**2,640.81**	**117.17**	**28.96**	**45.99**	**257.99**	**273.59**	**3,364.51**
Additions	-	3.78	2.12	-	1.21	4.28	11.39
Disposals	-	0.93	3.56	-	-	4.19	8.68
Balance at 31 March, 2020	**2,640.81**	**120.02**	**27.52**	**45.99**	**259.20**	**273.68**	**3,367.22**
Accumulated depreciation							
Balance at 1 April, 2018	**44.05**	**37.30**	**6.38**	**-**	**36.40**	**51.64**	**175.77**
Depreciation expense	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Elimination on disposals of assets	-	2.28	-	-	6.03	2.12	10.43
Balance at 31 March, 2019	**88.10**	**54.86**	**12.70**	**10.97**	**68.11**	**93.30**	**328.04**
Depreciation expense	44.05	16.18	4.29	20.91	36.82	36.08	158.33
Impairment allowance [See note (ii) below]	671.99	-	-	-	-	-	671.99
Elimination on disposals of assets	-	0.69	2.37	-	-	1.71	4.77
Balance at 31 March, 2020	**804.14**	**70.35**	**14.62**	**31.88**	**104.93**	**127.67**	**1,153.59**
Carrying amount							
Balance at 31 March, 2019	**2,552.71**	**62.31**	**16.26**	**35.02**	**189.88**	**180.29**	**3,036.47**
Balance at 31 March, 2020	**1,836.67**	**49.67**	**12.90**	**14.11**	**154.27**	**146.01**	**2,213.63**

*Above does not include property, plant and equipment pertaining to life insurance fund and disclosed in Note 14B.

Notes :

(i) Buildings include property owned by the Company, given to a former employee on an operating lease with a right to purchase for an amount equal to the cost of acquisition of the Company. Considering the current estimated values and the settlement, if any, will be made by way of transfer of asset, the related option value and adjustment is not concluded at the current date.

(ii) During the year ended 31 March 2020, the Company has recognised impairment loss of Rs. 671.99 lakhs due to decline in value of the property held by the Company, as determined based on the valuation reports obtained by the Company from external certified valuer.

Notes forming part of the Consolidated financial statements

12A Other intangible assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
Computer software	-	8.89
	-	**8.89**

Particulars	Computer Software	Total
Gross carrying value		
Balance at 1 April, 2018	**33.88**	**33.88**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**33.88**	**33.88**
Additions	-	-
Disposals	33.88	33.88
Balance at 31 March, 2020	**-**	**-**
Accumulated depreciation		
Balance at 1 April, 2018	**12.44**	**12.44**
Amortisation expense	12.55	**12.55**
Disposals	-	**-**
Balance at 31 March, 2019	**24.99**	**24.99**
Amortisation expense	8.89	**8.89**
Disposals	33.88	**33.88**
Balance at 31 March, 2020	**-**	**-**
Carrying amount		
Balance at 31 March, 2019	**8.89**	**8.89**
Balance at 31 March, 2020	**-**	**-**

*Above does not intangible assets pertaining to life insurance fund and disclosed in Note 14C.

12B Right of use assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
Right of use assets	336.61	-
	336.61	**-**

Particulars	Right of use assets	Total
Gross carrying value		
Balance at 01 April, 2018	**-**	**-**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**-**	**-**
Impact of adoption of Ind AS 116	207.22	207.22
Additions	279.35	279.35

Notes forming part of the Consolidated financial statements

Particulars	Right of use assets	Total
Disposals	-	-
Balance at 31 March, 2020	**486.57**	**486.57**
Accumulated depreciation		
Balance at 01 April, 2018	-	-
Depreciation expense	-	-
Disposals	-	-
Balance at 31 March, 2019	-	-
Depreciation expense	149.96	**149.96**
Disposals	-	-
Balance at 31 March, 2020	**149.96**	**149.96**
Carrying amount		
Balance at 31 March, 2019	-	-
Balance at 31 March, 2020	**336.61**	**336.61**

*Above does not Right of use assets pertaining to life insurance fund and disclosed in Note 14D.

13. Other non-financial assets

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Prepaid expenses	47.67	54.20
Deposits under protest	23.40	23.40
Advances recoverable in cash		
Unsecured, considered good	14.74	25.60
Unsecured, considered Doubtful	303.00	303.00
Less: Impairment loss allowance	(303.00)	(303.00)
	14.74	25.60
Balances with government authorities - input tax credit receivable		
Unsecured, considered good	79.09	60.96
Unsecured, considered doubtful	262.98	202.98
Less: Impairment loss allowance	(262.98)	(202.98)
	79.09	60.96
Advance tax paid and taxes deducted at source (Net of provision for taxation)	2,027.59	1,501.13
Capital Advance	-	6,710.00
Total	**2,192.49**	**8,375.29**

*Above does not include other non financial assets pertaining to life insurance fund and disclosed in 14D.

14. Non-financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Investment property	**Note 14A**	41,954.96	21,302.54
Property, plant and equipment	**Note 14B**	8,924.87	6,531.81
Capital work in progress	**Note 14B**	95.88	547.46
Intangible assets	**Note 14C**	11,747.22	10,127.86
Intangible assets under development	**Note 14C**	1,102.36	2,004.70
Right of use asset	**Note 14D**	28,866.66	-
Other non- financial assets	**Note 14E**	157,741.77	68,759.98
Total		**250,433.72**	**109,274.35**

Notes forming part of the Consolidated financial statements

14A : Investment property (Policyholders - See note 46)

(Rs. in lakhs)

	Investment Property	Total
Gross carrying value		
As at 01 April, 2018	**2,278.79**	**2,278.79**
Additions	19,449.42	19,449.42
Disposals	-	-
As at 31 March, 2019	**21,728.21**	**21,728.21**
Additions	21,247.62	21,247.62
Disposals	-	-
As at 31 March, 2020	**42,975.83**	**42,975.83**
Accumulated Depreciation		
As at 01 April, 2018	**49.84**	**49.84**
Depreciation expense	375.83	375.83
Disposals	-	-
As at 31 March, 2019	**425.67**	**425.67**
Depreciation expense	595.20	595.20
Disposals	-	-
As at 31 March, 2020	**1,020.87**	**1,020.87**
Net block		
As at 31 March, 2019	**21,302.54**	**21,302.54**
As at 31 March, 2020	**41,954.96**	**41,954.96**

14B: Property, plant & equipment (Policyholders)

(Rs. in lakhs)

Particulars	Leasehold Improvements	Computers	Office equipments	Furniture & Fixtures	Vehicles	Capital Work in progress	Total
Gross carrying value							
As at 01 April, 2018	**2,028.33**	**3,014.17**	**1,173.77**	**703.14**	**139.70**	**52.70**	**7,111.81**
Additions	1,324.49	1,579.72	766.08	584.22	26.46	494.76	4,775.73
Disposals	45.03	20.27	12.46	17.43	5.69	-	100.88
As at 31 March, 2019	**3,307.79**	**4,573.62**	**1,927.39**	**1,269.93**	**160.47**	**547.46**	**11,786.66**
Additions	2,255.10	1,501.70	868.17	715.43	40.66	95.88	5,476.94
Disposals	0.18	1.94	3.64	2.82	7.81	547.46	563.85
As at March 31, 2020	**5,562.71**	**6,073.38**	**2,791.92**	**1,982.54**	**193.32**	**95.88**	**16,699.75**
Accumulated Depreciation							
As at 01 April, 2018	**359.50**	**1,209.16**	**324.15**	**182.30**	**61.46**	**-**	**2,136.57**
Depreciation expense	451.92	1,302.44	461.20	307.03	48.23	-	2,570.82
Disposals	-	-	-	-	-	-	-
As at 31 March, 2019	**811.42**	**2,511.60**	**785.35**	**489.33**	**109.69**	**-**	**4,707.39**
Depreciation expense	735.19	1,368.98	516.57	317.92	32.95	-	2,971.61
Disposals	-	-	-	-	-	-	-
As at March 31, 2020	**1,546.61**	**3,880.58**	**1,301.92**	**807.25**	**142.64**		**7,679.00**
Net block							
As at 31 March, 2019	**2,496.37**	**2,062.02**	**1,142.04**	**780.60**	**50.78**	**547.46**	**7,079.27**
As at 31 March, 2020	**4,016.10**	**2,192.80**	**1,490.00**	**1,175.29**	**50.68**	**95.88**	**9,020.75**

Notes forming part of the Consolidated financial statements

14C: Intangible assets (Policyholders)

(Rs. in lakhs)

	Software	Intangible assets under development	Total
Gross carrying value			
As at 01 April, 2018	**12,842.76**	**1,949.15**	**14,791.91**
Additions	5,827.81	55.55	5,883.36
Disposals	94.29	-	94.29
As at 31 March, 2019	**18,576.28**	**2,004.70**	**20,580.98**
Additions	6,969.63	-	6,969.63
Disposals	-	902.34	902.34
As at 31 March, 2020	**25,545.91**	**1,102.36**	**26,648.27**
Accumulated Amortisation			
As at 01 April, 2018	**3,948.85**	**-**	**3,948.85**
Amortisation expense	4,499.57	-	4,499.57
Disposals	-	-	-
As at 31 March, 2019	**8,448.42**	**-**	**8,448.42**
Amortisation expense	5,350.27	-	5,350.27
Disposals	-	-	-
As at 31 March, 2020	**13,798.69**	**-**	**13,798.69**
Net block			
As at 31 March, 2019	**10,127.86**	**2,004.70**	**12,132.56**
As at 31 March, 2020	**11,747.22**	**1,102.36**	**12,849.58**

14D: Right of Use Assets (Policyholders)

(Rs. in lakhs)

	Right of Use Assets	Total
Gross carrying value		
As at 01 April, 2018	-	-
Additions	-	-
Disposals	-	-
As at 31 March, 2019	-	-
Impact of adoption of Ind AS 116	29,110.01	29,110.01
Additions	5,824.50	5,824.50
Disposals	-	-
As at 31 March, 2020	34,934.51	34,934.51
Accumulated Depreciation		
As at 01 April, 2018	-	-
Depreciation expense	-	-
Disposals	-	-
As at 31 March, 2019	-	-
Depreciation expense	6,067.85	6,067.85
Disposals	-	-
As at 31 March, 2020	6,067.85	6,067.85
Net block		
As at 31 March, 2019	-	-
As at 31 March, 2020	**28,866.66**	**28,866.66**

Notes forming part of the Consolidated financial statements

14E: Other non-financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Prepaid expenses	3,163.44	2,814.28
Stamps in hand	155.50	251.46
Deferred Lease expenses	1,070.28	1,084.91
Deferred acquisition cost	86.59	122.51
Service Tax Deposits	445.27	1,024.84
Income Tax Deposits	4,192.58	4,192.58
Reinsurance assets	142,348.45	49,872.39
Receivable from Unit linked Fund	2,793.99	5,627.51
Total (a)	**154,256.10**	**64,990.48**
Advance to vendors		
Unsecured, considered good	3,485.67	3,769.50
Unsecured, considered doubtful	311.50	330.42
Less : Impairment loss allowance	(311.50)	(330.42)
Total (b)	**3,485.67**	**3,769.50**
Total (a) + (b)	**157,741.77**	**68,759.98**

15. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade payables - Other than acceptances		
- Total outstanding dues of Micro Enterprises and Small Enterprises (See note 47)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,277.10	2,752.09
Total	**2,277.10**	**2,752.09**

*Above does not include trade payables pertaining to life insurance fund and disclosed in 17B.

16. Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security deposit received	0.90	3.34
Liability on written put options (see note 56)	34,814.46	48,526.11
Payables on purchase of investments	-	16.82
Unclaimed/unpaid dividends (see note 4)	153.59	256.02
Liability for employee stock appreciation rights	133.49	845.27
Total	**35,102.44**	**49,647.56**

*Above does not include other financial liabilities pertaining to life insurance fund and disclosed in 17C.

Notes forming part of the Consolidated financial statements

17. Financial liabilities of the Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Derivative financial instruments	**Note 17A**	3,802.22	11.06
Trade Payables	**Note 17B**	78,667.17	95,165.33
Lease Liability (See note 40)		31,648.90	-
Other financial liabilities	**Note 17C**	79,638.60	82,575.78
Total		**193,756.89**	**177,752.17**

17A. Derivative financial instruments - Liability (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Carried at fair value through profit or loss		
Interest rates swaps (See note 44)	-	11.06
Forward rate agreements (See note 44)	3,802.22	-
Total	**3,802.22**	**11.06**

17B: Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Total outstanding dues of micro enterprises and small enterprises (See note 47)	-	97.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	78,667.17	95,067.43
Total	**78,667.17**	**95,165.33**

17C: Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security deposit received	886.44	571.82
Derivative margin money	643.93	5,054.02
Payables on purchase of investments	30,728.20	26,013.37
Claims outstanding	15,487.43	12,186.95
Unclaimed amount of policyholders	5,791.53	2,357.23
Payable to policyholders	23,017.67	30,764.88
Other payables	3,083.40	5,627.51
Total	**79,638.60**	**82,575.78**

18. Current tax liabilities (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for income tax (See note 35)	12,378.21	-
Total	**12,378.21**	**-**

Notes forming part of the Consolidated financial statements

19. Provisions

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Provision for compensated absences	70.18	70.26
(ii)	Provision for gratuity (See note 27)	209.99	216.85
(iii)	Other provisions [See note below]	911.18	108.43
	Total	**1,191.35**	**395.54**

Note

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Provision for contingencies (See note below)		
Opening balances	108.43	105.69
Add: Provisions made during the year	802.75	2.74
Closing balance	**911.18**	**108.43**

The Company has created a provision for claims received in current and previous years with respect to interest and penalties under custom duty and related regulations. The Company in the process of obtaining additional information into these matters and the provision will be settled on closure of same.

20. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory remittances (Contributions to PF, GST, Withholding Taxes, etc.)	241.63	623.02
Total	**241.63**	**623.02**

*Above does not include other non financial liabilities pertaining to life insurance fund and disclosed in 21B.

21. Non-financial liabilities of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Contract liabilities for insurance contracts			
Insurance Contract		6,386,933.06	5,691,335.95
Investment Contract		77,557.50	109,211.55
		6,464,490.56	**5,800,547.50**
Ind AS 104 Adjustments (impacting contract liabilities of life insurance)			
Measurement adjustments		(29,749.85)	(20,744.44)
Grossing up reinsurance assets		142,348.45	49,872.39
		112,598.60	**29,127.95**
Fund for future appropriation		309,622.99	224,977.02

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Restricted life insurance surplus retained in Policyholders' Fund			
Measurement difference of Ind AS 104 Adjustments		29,726.28	17,862.44
Fair valuation difference of policyholders' Investments			
Fair value through profit or loss (FVTPL)		(61,582.47)	50,826.52
Fair value through other comprehensive income (FVOCI)		10,203.62	10,030.40
Measurement difference - Other Ind AS Adjustments		(6,202.01)	3,295.12
Realised Hedge Fluctuation Reserves (Policyholders)		6,832.22	-
Provisions	**Note 21A**	6,373.82	5,221.11
Other non-financial liabilities	**Note 21B**	53,452.59	53,594.98
Total		**6,925,516.20**	**6,195,483.04**

21A: Provisions (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits		
Provision for compensated absences	2,730.56	3,198.15
Provision for gratuity (See note 37)	3,643.26	2,022.96
Total	**6,373.82**	**5,221.11**

21B: Other non-financial liabilities (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory Dues Payable	8,237.86	8,012.05
Unallocated premium	17,143.81	14,498.02
Accrued Legal Claims	1,640.63	1,498.20
Proposal/ Policyholder deposits	24,654.04	27,630.63
Unearned Revenue-Premium received in advance	1,023.93	1,389.59
Deferred operating fee	110.06	151.33
Deferred lease liability	637.10	411.45
Other liabilities	5.16	3.71
Total	**53,452.59**	**53,594.98**

Notes forming part of the Consolidated financial statements

22. Equity share capital

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Equity share capital	5,390.19	5,387.72
	5,390.19	**5,387.72**
Authorised share capital:		
350,000,000 (As at 31 March, 2019 300,000,000) equity shares of Rs. 2 each with voting rights	7,000.00	7,000.00
Issued and subscribed capital comprises:		
269,509,487 (As at 31 March, 2019, 269,385,779) equity shares of Rs. 2 each fully paid up with voting rights	5,390.19	5,387.72

Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
Balance as at 1 April, 2018	268,384,027	5,367.68
Add: Issue of shares	1,001,752	20.04
Balance as at 31 March, 2019	**269,385,779**	**5,387.72**
Add: Issue of shares	123,708	2.47
Balance as at 31 March, 2020	**269,509,487**	**5,390.19**

Refer notes (i) to (iv) below

(i) 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.

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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% Holding	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Max Ventures Investment Holdings Private Limited	75,883,275	28.16%	67,518,275	24.97%
- Moneyline Portfolio Investments Limited	18,070,048	6.70%	18,070,048	6.68%
- Reliance Capital Trustee Co Limited	10,613,525	3.94%	15,429,537	5.71%
- Mirae Assets Equity Savings fund	13,982,331	5.19%	4,601,640	1.71%

(iii) Shares reserved for issuance

As at 31.03.2020 - 154,737 (As at 31 March, 2019 : 131,015) 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. (See note 39).

(iv) The Company has issued total 3,006,714 shares (As at 31 March, 2019 : 3,158,522) during the period of

Notes forming part of the Consolidated financial statements

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.

23. Other equity

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Capital redemption reserve	2,587.84	2,587.84
Securities premium	42,483.58	41,870.90
Share options outstanding account	424.05	251.72
General Reserve	15,358.07	15,358.07
Surplus in the statement of profit and loss	146,199.79	139,189.25
FVTOCI Reserve	2,208.47	1,257.94
Total	**209,261.80**	**200,515.72**
Capital redemption reserve		
Opening balance	2,587.84	2,587.84
Add: addition during the year	-	-
Closing Balance	**2,587.84**	**2,587.84**
Securities premium		
Opening balance	41,870.90	37,280.67
Add: premium on issue of shares during the year	612.68	4,590.23
Closing Balance	**42,483.58**	**41,870.90**
Share options outstanding account		
Opening balance	251.72	1,723.28
Add : ESOP compensation expense	442.57	719.98
Less : Transferred to securities premium account on exercise	(270.24)	(2,191.54)
Closing Balance	**424.05**	**251.72**
General Reserve		
Opening balance	15,358.07	15,358.07
Increase/(decrease) during the year	-	-
Closing Balance	**15,358.07**	**15,358.07**
Surplus in the statement of profit and loss		
Opening balance	139,189.25	118,467.87
Add: Profit for the year	14,499.37	26,256.07
Add : Other comprehensive income/ (loss)	(12.45)	(29.67)
Dividend Distribution Tax	(3,925.63)	(8,114.25)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 54)	(5,277.24)	249.44
Gain on stake change in subsidiary without loss of control	1,726.49	2,359.79
Closing Balance	**146,199.79**	**139,189.25**
FVTOCI Reserve		

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Opening balance	1,257.94	1,142.07
Other comprehensive income	950.53	115.87
Closing Balance	**2,208.47**	**1,257.94**
Total	**209,261.80**	**200,515.72**

24 Income taxes

(Rs. in lakhs)

	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A	**Income tax recognised in Statement of Profit and Loss**		
(a)	**Current tax**		
	In respect of current year	5,846.80	6,622.07
	Adjustments recognised in the period for current tax of prior periods [See note 35B (viii)]	12,378.21	-
		18,225.01	6,622.07
(b)	**Deferred tax**		
	In respect of current year	(1,261.89)	(185.30)
		(1,261.89)	(185.30)
	Total tax expense charged in Statement of Profit and Loss	**16,963.12**	**6,436.77**
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit/(Loss) before tax	44,248.55	48,083.98
	Applicable tax rate to the Company	25.17%	34.94%
	Income tax expense calculated	11,136.48	16,802.47
	Effect of income that is exempt from taxation:		
	Dividend Income on Equity Shares u/s 10(34)	(2,360.00)	(2,106.00)
	Pension profits [u/s 10(23AAB)]	(180.00)	(337.00)
	Deduction u/s 80JJAA	(317.00)	-
	Income taxed at different rates	(3,694.57)	(7,922.70)
	Adjustments recognised in the period for current tax of prior periods [See note 35B (viii)]	12,378.21	-
	Total tax expense charged in Statement of Profit and Loss	**16,963.12**	**6,436.77**
B	**Income tax recognised in other comprehensive income**		
(a)	**Deferred tax (See note 24b)**		
	Arising on income and expenses recognised in other comprehensive income		
	Fair value of Financial Instruments measured at FVOCI	(223.79)	(28.33)
	ECL on Investments measured at FVOCI	0.44	(0.25)
		(223.35)	**(28.58)**

Notes forming part of the Consolidated financial statements

C Movement in deferred tax

(i) Movement of deferred tax for the year ended 31 March, 2020

Particulars	Year ended 31.03.2020				
	Opening balance as on 1 April, 2019	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2020
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(125.11)	125.11	-	-	-
Fair value of Financial Instruments measured at FVOCI	(133.86)	-	(223.79)	-	(357.65)
ECL on Investments measured at FVOCI	(0.47)	-	0.44	-	(0.03)
Deferred tax on undistributed earnings	(5,605.98)	-	-	5,605.98	-
	(5,865.42)	**125.11**	**(223.35)**	**5,605.98**	**(357.68)**
Tax effect of items constituting deferred tax assets					
Property, plant and equipment and other intangible assets	-	65.34	-	-	65.34
Carry forward business loss to be adjusted in future years	125.11	(125.11)	-	-	-
Fair value change related to Employee Phantom Stock Plan expenses	3.67	28.78	-	-	32.45
ECL on Investments measured at amortised cost	5.12	924.30	-	-	929.42
Fair value of Financial Instruments measured at FVTPL	80.73	221.96	-	-	302.69
Investment property	-	21.51	-	-	21.51
	214.63	**1,136.78**	**-**	**-**	**1,351.42**
Deferred tax assets/ (liabilities)	**(5,650.79)**	**1,261.89**	**(223.35)**	**5,605.98**	**993.74**

(ii) Movement of deferred tax for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars	Year ended 31.03.2019				
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2019
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(125.11)	-	-	-	(125.11)
Fair value of Financial Instruments measured at FVOCI	(105.53)	-	(28.33)	-	(133.86)
ECL on Investments measured at FVOCI	(0.22)	-	(0.25)	-	(0.47)

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2019				
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2019
Deferred tax on undistributed earnings	(3,352.54)	-	-	(2,253.44)	(5,605.98)
	(3,583.40)	**-**	**(28.58)**	**(2,253.44)**	**(5,865.42)**
<u>Tax effect of items constituting deferred tax assets</u>					
Carry forward business loss to be adjusted in future years	125.11	-	-	-	125.11
Fair value change related to Employee Phantom Stock Plan expenses	43.56	(39.89)	-	-	3.67
ECL on Investments measured at amortised cost	4.80	0.32	-	-	5.12
Fair value of Financial Instruments measured at FVTPL	(144.14)	224.87	-	-	80.73
	29.33	**185.30**	**-**	**-**	**214.63**
Deferred tax assets/ (liabilities)	**(3,554.07)**	**185.30**	**(28.58)**	**(2,253.44)**	**(5,650.79)**

25. Interest income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest income from investments		
On financial assets measured at fair value through OCI	5,477.50	4,675.49
On financial assets measured at Amortised cost	11,593.61	11,561.62
Total	**17,071.11**	**16,237.11**

*Above does not include interest income pertaining to life insurance fund and disclosed in Note 28B.

26. Dividend income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Dividend income on financial assets measured at fair value through profit or loss	306.69	203.79
Total	**306.69**	**203.79**

Notes forming part of the Consolidated financial statements

27. Net gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio	770.98	4,067.18
(ii) On mutual funds	888.92	832.13
(B) Realised gain on debt instruments classified at fair value through OCI	471.39	227.86
(C) Realised gain on debt instruments classified at amortised cost	(18.71)	-
Total Net gain on fair value changes (C)	**2,112.58**	**5,127.17**
Fair Value changes:		
Realised	4,293.79	6,662.81
Unrealised	(2,181.21)	(1,535.64)
Total Net gain on fair value changes (D) to tally with (C)	**2,112.58**	**5,127.17**

*Above does not include Net gain/ (loss) on fair value changes pertaining to life insurance fund and disclosed in Note 28C.

28. Policyholders' Income from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Premium Income (net)		1,592,675.35	1,435,285.69
Interest Income	Note 28A	375,100.84	312,853.69
Dividend Income	Note 28B	17,234.20	15,849.81
Rental Income		2,609.19	1,269.13
Net gain/ (loss) on fair value changes – Policyholders' Investments	Note 28C	(298,900.03)	174,271.27
Other income	Note 28D	3,052.51	2,327.60
Sub-Total		**1,691,772.06**	**1,941,857.19**
Less: Restricted life insurance surplus/ (deficit) retained in Policyholders' Fund		(112,180.40)	13,685.10
Total		**1,803,952.46**	**1,928,172.09**

Note 28A: Premium Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Life Insurance Premium:		
First year premium	407,885.41	386,379.36
Renewal premium	1,055,785.80	935,873.95
Single premium	149,492.22	128,717.46
Gross Premium	**1,613,163.43**	**1,450,970.77**
Less: Reinsurance ceded	20,488.08	15,685.08
Premium Income (net)	**1,592,675.35**	**1,435,285.69**

Notes forming part of the Consolidated financial statements

Note 28B: Interest Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest income:		
On financial assets measured at fair value through OCI	12,965.97	16,439.38
On securities classified at FVTPL	68,649.88	60,416.51
On financial assets measured at Amortised cost	289,864.04	233,422.14
On loans against policies	3,620.95	2,575.66
Total	**375,100.84**	**312,853.69**

Note 28C: Net gain / (loss) on fair value changes (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(A) Net gain / (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio - Investments	(296,547.90)	176,802.95
(ii) Realised gain/(loss) on debt instruments classified at FVTOCI	770.71	(333.76)
(iii) Realised gain/(loss) on debt instruments classified at amortised cost	782.23	(2,199.26)
(B) Net gain / (loss) on derivative instruments at FVTPL	(3,905.07)	1.34
Total Net gain/(loss) on fair value changes	**(298,900.03)**	**174,271.27**
Fair Value changes:		
Realised	142,089.73	130,074.22
Unrealised	(440,989.76)	44,197.05
Total Net gain/(loss) on fair value changes	**(298,900.03)**	**174,271.27**

Note 28D: Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net profit on sale/disposal of property, plant and equipment	25.71	1.96
Policy reinstatement charges	461.97	471.87
Fee Income from Asset Management	429.21	540.65
Contribution from Shareholders' account towards excess Expenses of Management	1,709.69	1,203.47
Others	425.93	109.65
Total	**3,052.51**	**2,327.60**

Notes forming part of the Consolidated financial statements

29. Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest on Security deposits	0.40	1.32
Interest on loan to employees	0.18	0.72
Liabilities / provisions no longer required written back	-	1.26
Interest on income tax refund	-	33.06
Interest recovery from erstwhile directors (See note 35)	-	31.89
Net gain on foreign currency transactions and translation	-	4.30
Rental income	4.68	42.30
Scrap Sale	11.66	24.80
Miscellaneous income	161.46	221.81
Total	**178.38**	**361.46**

*Above does not include other income pertaining to life insurance fund and disclosed in Note 28D.

30. Finance Costs

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Underwriting fee (See note 55)	-	2,724.62
Interest on lease liability (See note 40)	19.57	-
Bank charges	8.69	5.23
Total	**28.26**	**2,729.85**

*Above does not include finance costs pertaining to life insurance fund and disclosed in Note 33F.

31. Employee benefit expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Salaries, wages and bonus (See note below)	2,628.93	7,145.04
Contribution to provident and other funds (See note 37)	86.99	98.50
Expense on employee stock option scheme (See note 39)	856.61	1,173.93
Staff welfare expenses	22.29	19.25
Total	**3,594.82**	**8,436.72**

*Above does not include employee benefit expenses pertaining to life insurance fund and disclosed in Note 33B.

Note: Salaries and wages for the year ended March 31, 2020 and March 31, 2019 includes severance pay aggregating to Rs. 274.92 lakhs and Rs. 2,575.00 lakhs respectively.

Notes forming part of the Consolidated financial statements

32. Depreciation, amortisation and impairment

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Depreciation of investment property (See note 11A)	147.73	-
Depreciation of property, plant and equipment (See note 11B)	158.33	162.70
Amortisation of intangible assets (See note 12A)	8.89	12.55
Depreciation of right-of-use assets (See note 12B)	149.96	-
Impairment of property, plant and equipment (See note 11B)	671.99	-
Total	**1,136.90**	**175.25**

*Above does not include depreciation, amortisation and impairment expense pertaining to life insurance fund.

33. Policyholders' Expense from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Commission to selling agents	**Note 33A**	102,480.14	99,056.09
Employee benefits expenses	**Note 33B**	124,095.92	87,017.90
Operating expenses	**Note 33C**	108,961.91	108,013.59
Benefits payout (net)	**Note 33D**	634,103.66	545,228.34
Net change in insurance contract liabilities	**Note 33E**	773,081.17	996,819.63
Net change in investment contract liabilities		(8,458.94)	30,685.63
Finance cost	**Note 33F**	3,848.45	1,216.50
Impairment loss (including reversals)	**Note 33G**	3,110.85	2.65
Depreciation and amortisation expense		14,984.92	7,446.22
Bad debts written off		162.14	133.77
Allowance for doubtful debts		31.93	41.17
Sub-Total		**1,756,402.15**	**1,875,661.49**
Less: Restricted life insurance surplus/ (deficit) retained in Policyholders' Fund		(3,251.78)	(8,199.16)
Total		**1,759,653.93**	**1,883,860.65**

Note 33A: Commission to selling agents

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Commission on Life Insurance		
First year premium	70,369.47	70,231.47
Renewal premium	27,829.26	25,084.67
Single premium	1,653.87	1,566.59
Rewards	2,627.54	2,173.36
Total	**102,480.14**	**99,056.09**

Note 33B: Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Salary, wages and bonus	115,374.30	82,717.92
Contribution to provident and other funds (See note 37)	4,586.60	2,836.37
Expense on employee stock option scheme (See note 39)	1,961.41	(1,837.86)
Staff welfare expenses	2,173.61	3,301.47
Total	**124,095.92**	**87,017.90**

Notes forming part of the Consolidated financial statements

Note 33C: Other operating expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Travel & conveyance	6,738.29	5,874.98
Training expenses (including Agent advisors)	14,758.42	16,573.68
Rent (See note 40)	1,215.82	7,668.10
Repairs & maintenance	3,929.37	3,513.29
Printing and stationery	1,081.20	877.59
Communication expenses	5,976.48	7,314.65
Legal and professional charges	3,768.17	2,962.32
Medical expenses	3,067.07	2,663.31
Auditor's fees for:		
Audit of the financial statements	90.30	90.30
Taxation matters	4.00	3.30
Other services	45.00	29.10
Reimbursement of expenses	24.95	13.61
Advertisement and publicity	30,441.35	27,036.57
Rates & taxes (excluding taxes on income)	1,006.86	531.27
GST/ Service tax on linked charges	14,944.43	13,320.72
Information technology maintenance expenses	6,324.35	5,427.74
Board Meeting expenses	144.63	130.31
Recruitment (including Agent advisors)	1,034.93	2,386.27
Energy cost	1,963.05	2,987.23
Insurance	1,129.89	351.42
Policy issuance and servicing costs	9,014.83	6,208.20
Net foreign exchange loss	25.69	2.18
Acquisition cost for financial instruments classified/designated at FVTPL	1,896.31	1,578.09
Other miscellaneous expenses	336.52	469.36
Total	**108,961.91**	**108,013.59**

Note 33D: Benefits payout

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Life insurance contracts benefits		
Death	82,971.75	64,543.63
Maturity	119,163.56	122,157.99
Annuities/Pensions	1,116.84	731.86
Other benefits		
Surrenders	319,562.66	255,295.94
Health	1,068.00	475.65
Survival Benefit	13,875.51	10,620.11
Bonus to Policyholders	113,344.49	101,873.21
Other benefits	2,591.53	2,152.67
Interim Bonus paid	165.50	135.93
Total benefits paid	**653,859.84**	**557,986.99**
Less: Reinsurance Recovery	19,756.18	12,758.65
Total	**634,103.66**	**545,228.34**

Notes forming part of the Consolidated financial statements

Note 33E : Net change in insurance contract liabilities

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net change in insurance contract liabilities	686,725.51	957,193.56
Transfer to/from Fund for future appropriations-participating policies	86,355.66	39,626.07
Total	**773,081.17**	**996,819.63**

Note 33F : Finance cost

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Bank charges	1,277.48	1,176.73
Interest on Lease Liability (See note 40)	2,517.86	-
Others	53.11	39.77
Total	**3,848.45**	**1,216.50**

Note 33G : Impairment loss (including reversals) (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Impairment on financial assets	3,110.85	2.65
Total	**3,110.85**	**2.65**

34. Other expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Recruitment and training expenses	0.62	2.01
Rent including lease rentals (See note 40)	230.18	406.68
Insurance	35.16	40.86
Rates and taxes	6.04	27.81
Repairs and maintenance - others	259.69	359.98
Provision for contingencies (See note 19)	802.75	2.74
Power and fuel	9.71	37.01
Printing and stationery	23.38	21.42
Travelling and conveyance	314.39	308.79
Communication	32.02	44.30
Director's sitting fees	61.36	121.99
Commission to directors	100.00	131.42
Business promotion	53.49	39.76
Advertisement and publicity	5.64	10.73
Net loss on sale / disposal of property, plant and equipment	-	17.73
Allowance on doubtful input tax credit receivable	60.00	-
Charity and donation	85.22	75.21
Net loss on foreign currency transactions and translation	7.06	-
Transition costs	-	0.26
Consultancy charges	18.30	10.34
Expenditure on corporate social responsibility (See note 48)	1,337.32	1,264.00
Miscellaneous expenses	489.63	264.04
Total	**3,931.96**	**3,187.08**

*Above does not include other expenses pertaining to life insurance fund as disclosed in Note 33C.

Notes forming part of the Consolidated financial statements

35. Commitments, contingent liabilities and contingent assets

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
A.	**Capital commitments**		
(i)	Estimated amount of contracts remaining to be executed on property, plant and equipments not provided for (net of advances)	2,278.74	1,329.00
(ii)	Commitments made and outstanding for investments and loans	3,788.72	2,763.00
B.	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts (Refer note a)		
(i)	Disputed demands raised by custom authorities	451.71	440.54
(ii)	Disputed demand raised by tax authorities (See note b)*	886.11	7,648.97
(iii)	Notice for non-compliance with corporate governance requirements (See note c)	11.40	11.40
(iv)	Disputed demand raised by income tax authorities (See note d)	-	159.04
(v)	Litigation against the Company relating to Company Law matters (See note e)	-	-
(vi)	Others (See note f)	3,063.81	2,409.31
(vii)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (See note g)	-	-
(viii)	Partly paid-up investment	-	438.26
(ix)	Claims, other than against policies, not acknowledged as debts	1,917.83	1,299.15

C. Contingent assets

Certain insurance claims are in the final stage of recovery for which amounts are not quantifiable and hence not reported.

* Inclusive of Interest and penalty of Rs. 175.25 lakhs and Nil respectively as at March 31, 2020 (Rs. 2,690.00 lakhs and Rs. 2,128.00 lakhs respectively as at March 31, 2019)

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 (As at 31 March, 2019 : Rs. 12.00 lakhs).

   Decrease in contingent liability is due to favourable order from "Customs Excise and Service Tax Appellate Tribunal" (CESTAT) on Service tax matter

Notes forming part of the Consolidated financial statements

c. The Company has received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company has deposited Rs. 11.40 lakhs under protest and has requested NSE and BSE for waivers.

d. 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 Company believes that they have a good case based on existing judicial pronouncements.

e. 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 Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

   The Hon'ble High Court passed the following judgements in the three matters on 5 March 2019:

   1. Non-display of registered office address at its corporate office in a prominent manner: Decided in favour of the Company with no costs.

   2. Providing interest free loans to group companies: A nominal compounding fee of Rs. 0.50 lakhs has been levied on the Company and the matter was disposed off. The Company has paid the compounding fee of Rs. 0.50 lakhs vide demand draft number 033477 dated 7 March 2019.

   3. Non-charging of interest on the excess remuneration received and refunded by former executive directors: The Hon'ble High Court directed the former executive directors to pay simple interest @ 12% per annum for the period such excess remuneration was retained by them. The Company recorded the interest receivable in the financial statements for the year ended 31 March, 2019. The amounts have been recovered subsequent to year end.

f. Represents potential liability in respect of repudiated Policyholders' claims Rs. 3,038.81 lakhs (March 31, 2019 Rs. 2,384.00 lakhs) and bank guarantee placed with bank for UIDAI of Rs. 25.00 lakhs (March 31, 2019 Rs. 25.00 lakhs).

Notes forming part of the Consolidated financial statements

g. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (Also, see note below)

(Rs. in lakhs)

S. No.	Assessment Year	Brief Description
1	AY 1998-1999 and AY 1999-2000	Gains arising from stake sale of shares held by MTVL in Hutchison Max telecom Limited [""HMTL'] during AY 1998-99 (1st stake sale) amounting to Rs. 47,493.09 lakhs, were returned as capital gains and claimed as tax exempt under Section 10(23G) of the Act. The said exemption claim made by MTVL was denied to it by the Assessing Officer, but subsequently allowed in favour of MTVL by the CIT(A), which is currently being contested by the Department before the ITAT, Amritsar. Further, a Writ petition filed by MTVL, is also pending before the Hon'ble Punjab & Haryana High Court on the action of ITAT of recalling its own order passed in relation to appeal filed by MTVL on the issue of the year of taxability of the stake sale being AY 1999-00 and not AY 1998-99. In AY 1999-00, the above-mentioned stake sale transaction was once again brought to tax on a protective basis by the Assessing Officer, as MTVL had claimed that the transaction pertained to AY 1999-00 and not AY 1998-99. The issue was once again held in favour of MTVL by the CIT(A), against which the Department is into appeal before the ITAT, Amritsar, which is pending as on date.
2	AY 2006-2007	In AY 2006-07, the Assessing Officer proceeded to tax the gains arising from sale of balance shares held by MTVL in HMTL (2nd stake sale) amounting to Rs. 41,153.88 lakhs as business income and denying the capital gains exemption u/s 10(23G) in the hands of MTVL, an entity which by that time had merged with the Company and hence, had ceased to exist. The issue of assessment being made in the name of non-existant entity has since been allowed in favour of the Company and is now pending as Department's appeal before the Hon'ble Punjab & Haryana High Court. Subsequently reassessment proceedings were again initiated under Section 147 r.w.s 148 of the Act by the Department and the assessment was framed on the Company, as successor of MTVL, denying the capital gains exemption u/s 10(23G). In further appeal, the CIT(A) decided the issue in favour of the Assessee and currently the matter is pending before the ITAT, Amritsar. Assessee has also filed cross objections on the technical issue of validity of reassessment proceedings initiated under Section 148 of the Act before ITAT, Amritsar.

Note: In March 2020, the Company had filed application(s) with the income tax authorities under the 'The Direct Tax Vivad se Vishwas Act, 2020' ('the Scheme'), enacted vide the Gazette of India on March 17, 2020 regarding settlement of the ongoing tax litigation pertaining to Telecom stake sale made by its erstwhile subsidiary Max Telecom Ventures Limited (since merged with the Company w.e.f December 1, 2005). The said litigation [Details as stated in note (g) above] was being contested both by the Company and the Income Tax Department for multiple years, pending before various Appellate Authorities and previously disclosed as contingent liabilities.

The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Year 1998-99, Assessment Year 1999-2000 and Assessment Year 2006-07 and the Company has paid the cumulative tax amount of Rs. 12,378.21 lakhs in May 2020, determined under the provisions of the Scheme, towards full and final settlement of the tax arrears. The Company has made provision of Rs. 12,378.21 lakhs for the same and is disclosed as 'current tax' in the year ended March 31, 2020.

Notes forming part of the Consolidated financial statements

36. Segment information

36.1 a) Identification of Segments:

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.

b) Operating Segments:

(i) Business Investments – This segment is represented by treasury investments.

(ii) Life Insurance – This segment relates to the life insurance business carried out pan India, by the Company's subsidiary.

c) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

d) Segment assets and segment liabilities represent assets and liabilities in respective segments.

36.2. Information about business segments

(Rs. in lakhs)

Particulars	Business Investments		Life Insurance		Total	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
a. Segment Revenue						
Revenue from external customers	1,490.64	2,058.56	1,822,507.20	1,948,906.66	**1,823,997.84**	**1,950,965.22**
Inter segment revenue	48,002.97	29,604.40	5.77	10.90	**48,008.74**	**29,615.30**
Total Segment Revenue	**49,493.61**	**31,662.96**	**1,822,512.97**	**1,948,917.56**	**1,872,006.58**	**1,980,580.52**
Less: Inter segment elimination (net)	48,002.97	29,604.40	5.77	10.90	**48,008.74**	**29,615.30**
Revenue from operations	**1,490.64**	**2,058.56**	**1,822,507.20**	**1,948,906.66**	**1,823,997.84**	**1,950,965.22**
b. Segments Results before taxes	**39,644.23**	**7,548.28**	**50,957.14**	**60,743.73**	**90,601.37**	**68,292.01**
Less: Inter segment elimination (net)					46,502.94	17,839.63
Sub-total					**44,098.43**	**50,452.38**
Unallocated Expenses (Net of unallocated income)					150.12	(2,368.40)
Profit before tax					**44,248.55**	**48,083.98**
Provision for taxation (includes provision for Deferred Tax)					16,963.12	6,436.77
Profit after tax					**27,285.43**	**41,647.21**
Less: Profit transferred to non-controlling interest					12,786.06	15,391.14
Profit after tax (after adjusting non-controlling interest)					**14,499.37**	**26,256.07**

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
c. Segment Assets		
Business Investments	252,555.81	219,557.79
Life Insurance business	7,369,427.90	6,653,185.20
Total	**7,621,983.71**	**6,872,742.99**
Inter segment elimination (net)	(169,361.74)	(157,128.93)
Total Assets	**7,452,621.97**	**6,715,614.06**
d. Segment Liabilities		
Business Investments	24,523.67	19,556.50
Life Insurance business	7,122,153.90	6,376,258.55
Total	**7,146,677.57**	**6,395,815.05**
Inter segment elimination (net)	24,059.00	36,489.16
Total Liabilities	**7,170,736.57**	**6,432,304.21**

37. Employee benefit plans

(i) Defined contribution plans

The Group makes employees state insurance scheme contributions which is defined contribution plan for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits.

MFSL

The Group recognised Rs. 452.00 lakhs (previous year: Rs. 529.00 lakhs) for employee state insurance scheme contribution in the Statement of Profit and Loss. The contributions payable to the plan by the Group is at the rates specified in rules to the Scheme.

(ii) Defined benefit plans

a. Gratuity:

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.

Defined benefit obligation is accounted for on the basis of independent actuarial valuations carried out as per 'Projected Unit Credit Method' at the balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The gratuity plan typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Notes forming part of the Consolidated financial statements

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Discount rate(s)	6.50%-7.10%	7.20%-7.60%
Expected return on plan assets	7.10%-7.50%	7.50%-7.60%
Salary escalation	7.50%-10.00%	7.50%-10.00%
Retirement age	58-65 years	58-65 years
Mortality tables	IALM (2012 - 14)	IALM (2006 - 08)
Attrition (%) - All ages	5%-25%	5%-25%
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	3,722.33	2,104.63

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Service cost		
- Current service cost	389.54	353.34
Interest cost	257.68	243.20
Expected return on plan assets	(130.00)	(185.25)
Components of defined benefit costs recognised in profit or loss	**517.22**	**411.29**
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amounts included in net interest expense)	199.96	45.33
- Actuarial (gains) / losses arising from changes in demographic assumptions	0.06	-
- Actuarial (gains) / losses arising from changes in financial assumptions	258.78	1.68
- Actuarial (gains) / losses arising from experience adjustments	687.91	514.81
Components of defined benefit costs recognised in other comprehensive income	**1,146.71**	**561.82**
Total	**1,663.93**	**973.11**

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

Notes forming part of the Consolidated financial statements

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of funded defined benefit obligation	(5,273.51)	(4,186.03)
Fair value of plan assets	1,420.26	1,946.22
Net liability arising from defined benefit obligation	**(3,853.25)**	**(2,239.81)**

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Opening defined benefit obligation	4,186.03	3,910.76
Current service cost	389.54	353.34
Interest cost	257.68	243.20
Liability transferred	55.19	-
Remeasurement (gains)/losses:		
- Actuarial gains and losses arising from changes in demographic assumptions	0.06	-
- Actuarial gains and losses arising from changes in financial assumptions	258.78	1.68
- Actuarial gains and losses arising from experience adjustments	687.91	514.81
Benefit paid - Paid by the Enterprise	(105.68)	(202.73)
Benefit paid - Payment made out of the Fund	(456.00)	(635.03)
Closing defined benefit obligation	**5,273.51**	**4,186.03**

(e) Movements in the present value of the plan assets as computed by Actuarial are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Plan assets at beginning of the year	1,946.22	2,441.33
Expected return on plan assets	130.00	185.25
Actual group contributions	-	-
Actuarial gain / (loss) on plan assets	(199.96)	(45.33)
Benefits paid	(456.00)	(635.03)
Plan assets at the end of the year	**1,420.26**	**1,946.22**

(f) Disaggregation of plan assets into classes:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
The plan assets are invested in insurer managed funds	100.00%	100.00%
Asset allocation:		
Government securities	17.76%	21.47%
Corporate Debt	33.77%	29.22%
Equity shares	40.20%	42.97%
Net Current Assets including Money Market Items	1.35%	2.52%
Reverse/ Repo	6.92%	3.82%
Total	**100.00%**	**100.00%**

Notes forming part of the Consolidated financial statements

(g) The following are expected defined benefit payments in future years:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Within the next 12 months (next annual reporting period)	248.18	1,592.29
Between 2 and 5 years	1743.45	3,398.06
Beyond 5 years	4511.99	1,343.52
Total expected payments	**6,503.62**	**6,333.87**

The weighted average duration of the defined benefit plan as at 31 March 2020 is 10.88 years. (31 March 2019: 10.68 years)

(h) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 9,619.29 lakhs (increase by Rs. 10,670.43 lakhs) [as at 31 March, 2019: decrease by Rs. 7,856.29 lakhs (increase by Rs. 8,012.97 lakhs)].

ii) If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 10,641.90 lakhs (decrease by Rs. 9,641.04 lakhs) [as at 31 March, 2019: increase by Rs. 7,985.04 lakhs (decrease by Rs. 7,866.85 lakhs)].

iii) If the expected withdrawal rate increases (decreases) by 100 basis points, the defined benefit obligation would decrease by Rs. 5,030.00 lakhs (increase by Rs. 5,084.00 lakhs) [as at 31 March, 2019: decrease by Rs. 3,953.00 lakhs (increase by Rs. 3,970.0 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(i) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Notes forming part of the Consolidated financial statements

(j) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in lakhs)

Particulars	Gratuity				
	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Present value of DBO	5,273.51	4,186.03	3,910.76	3,546.86	3,281.14
Fair value of plan assets	1,420.26	1,946.22	2,441.33	2,648.37	1,071.68
Funded status [Surplus / (Deficit)]	(3,853.25)	(2,239.81)	(1,469.43)	(898.49)	(2,209.46)
Experience gain / (loss) adjustments on plan liabilities	(946.69)	(516.49)	69.27	111.75	153.89
Experience gain / (loss) adjustments on plan assets	(199.96)	(45.33)	(38.75)	35.42	153.18

b. Provident Fund:

The Group is contributing in a provident fund trust "Max Financial Services Limited Employees Provident Trust Fund" which is a common fund for Max Group companies. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan.

The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by employer. The actuary has accordingly provided a valuation for "Max Financial Services Limited Employees Provident Trust Fund" which is a common fund for the Group.

The details of fund and plan asset position as at March 31, 2020 as per the actuarial valuation of active members are as follows:

	March 31, 2020	March 31, 2019
Plan assets at year end at fair value	35,654.75	29,999.06
Present value of defined benefit obligation at year end	35,350.67	29,369.33
Surplus as per actuarial certificate	304.08	629.73
Shortfall recognised in balance sheet	**-**	**-**

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

	March 31, 2020	March 31, 2019
Discount rate	5.45%	6.76%
Yield on existing funds	8.50%	8.65%
Expected guaranteed interest rate	8.50%	8.65%

Contribution to Defined benefit Plan, recognised as expense for the year is as under:

	March 31, 2020	March 31, 2019
Employer's Contribution towards Provident Fund (PF)	3,966.55	2,465.77
	3,966.55	**2,465.77**

Notes forming part of the Consolidated financial statements

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

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Basic EPS		
Profit attributable to shareholders of the Company (Rs. in lakhs)	14,499.37	26,256.07
Weighted average number of equity shares outstanding during the year (Nos.)	269,431,688	268,605,095
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**5.38**	**9.77**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	142,130	254,562
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,573,818	268,859,656
Diluted Earnings Per Share (Rs.)	**5.38**	**9.77**

39. Employee Stock Option Plan

39.1 Employee Stock Option Plan – 2003 (“the 2003 Plan”):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors on 25 August, 2003 and by the shareholders on 30 September, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees 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 30 September, 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.

The following share based arrangements were in existence during the current and prior years :

Options Series	Number	Grant date	Expiry date	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
Employee Stock Option Plan - 2003	7,307	1-Apr-16	1-Apr-20	2.00	332.46
	57,710	1-Apr-19	1-Apr-20	2.00	420.43
	57,710	1-Apr-19	14-Jan-21	2.00	420.53
	8,003	2-Jul-19	2-Jul-20	404.45	146.53
	8,003	2-Jul-19	30-Jun-21	404.45	175.33
	8,002	2-Jul-19	30-Jun-22	404.45	198.27
	8,002	2-Jul-19	30-Jun-23	404.45	218.10

Notes forming part of the Consolidated financial statements

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	March 31, 2020	March 31, 2019
Risk- free interest rate	6.58% - 7.91%	7.49% - 7.91%
Expected volatility (standard dev - annual)	35.30% -42.82%	36.82% -41.82%
Expected life (years)	3.00-6.00	3.00-8.52
Expected dividend yield	0% - 0.51%	0% - 0.51%

The following table illustrates the number and movements in, share options during the year:

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	131,015	224.82	1,132,767	219.48
Granted during the year	147,430	89.38	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(123,708)	278.87	(1,001,752)	218.78
Outstanding at the end of the year	154,737	85.25	131,015	224.82
Exercisable at the end of the year	-	-	-	-

For the period, the weighted average share price at the exercise date was Rs. 509.29 (previous year: Rs. 425.52)

The weighted average exercise price for stock options outstanding as at March 31, 2020 was Rs. 85.25 per share (March 31, 2019: Rs. 224.82 per share).

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2020 is 2.02 years (31 March, 2019: 0.56 years). The range of exercise prices for options outstanding at the end of the year was Rs. 2.00 to Rs. 404.45 (31 March, 2019: Rs. 2.00 to Rs. 311.34).

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.

39.2 Employees Phantom Stock Plans (PSP Plans - Max Financial Services Limited)

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 Company. 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. 112.22 lakhs (previous year: Rs. 1,052.09 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:

Notes forming part of the Consolidated financial statements

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Option outstanding at the beginning of the year	191,467	5.68	222,478	5.68
Granted during the Year	-	-	173,723	5.38
Exercised during the year	(163,327)	5.17	(204,734)	6.00
Outstanding at the end of the year	28,140	2.00	191,467	5.68
Exercisable at the end of the year	28,140	2.00	135,189	5.83

Options were priced using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	March 31, 2020	March 31, 2019
Risk- free interest rate	5.22%	6.66% - 6.77%
Expected volatility (standard dev - annual)	53.58%	42.79%
Expected life (years)	2.00	2.00 - 3.00
Expected dividend yield	0.00%	0.00%

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2020 is Nil years (31 March, 2019: 1.00 year).

39 Max Life Insurance Company Limited

Employee Phantom Stock Plan (Cash settled):

During the year ended March 31, 2013, the Subsidiary Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. August 1, 2012. During the year ended March 31, 2015, the Subsidiary 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 Subsidiary Company issued Employee Phantom Stock Plan (EPOP) w.e.f. October 30, 2015 and March 1, 2016. Further, during the year ended March 31, 2019, the Subsidiary Company issued Employee Phantom Stock Plan (EPOP) w.e.f. May 24, 2018. Further during the year ended March 31, 2020, the Subsidiary Company issued Employee Phantom Sock Plan (EPOP) w.e.f. May 22,2019. Accordingly Rs. 2,263.23 lakhs [previous year (Rs. 2,436.00 lakhs)] has been accrued as expense/ (reversal) in the statement of profit & loss account as applicable. The details of the scheme are as under:

Type of arrangement	EPOP 2012	EPOP 2014	EPOP 2014	EPOP 2018	EPOP 2019
Date of Grant	1-Aug-12	1-Dec-14	1-Mar-16	24-May-18	22-May-19
No. of options outstanding	765000	-	1,838,000	4,687,000	9,371,000
Exercise Price (Rs.)	29.97	43.3	53.64	96.4	83.9
Graded Vesting Period					
1st Year	10%	-	-	25%	25%
2nd Year	20%	-	20%	25%	25%
3rd Year	30%	50%	30%	25%	25%
4th Year	40%	50%	50%	25%	25%
Mode of Settlement	Cash	Cash	Cash	Cash	Cash

Notes forming part of the Consolidated financial statements

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	March 31, 2020	March 31, 2019
Risk- free interest rate	5.25%-6.34%	6.42%-7.14%
Expected life (years)	2.14-5.0 Years	0.67-5.15 Years
Expected volatility (standard dev - annual)	52.05%-43.32%	42.79%
Expected dividend yield	1.97%	1.61%

The following table illustrates the number and movements in, share options during the year:

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the beginning of the year	12,549,000	63.77	12,301,000	32.09
Granted during the Year	9,981,000	83.90	6,182,000	96.40
Forfeited during the year	(1,567,000)	63.77	(1,603,000)	32.09
Exercised during the year	(4,301,000)	63.77	(4,331,000)	32.09
Outstanding at the end of the year	16,662,000	75.83	12,549,000	63.77
Exercisable at the end of the year	-	-	-	-

The range of exercise prices for options outstanding at the end of the year was Rs. 29.97 to Rs. 96.40 (31 March 2019: Rs. 29.97 to Rs. 96.40)

40. Leases

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 year ended March 31, 2019 have not been retrospectively adjusted.

Consequently, in the current period financials, 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 and earnings per share for the current year.

The Group has entered into short term lease arrangements for certian facilities and office premises. Rent expense of Rs. 302.18 lakhs in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss for these short term lease arrangements.

40.1 Group as a Lessee:

a. Following are the changes in the carrying value of right of use assets for the year ended ended March 31, 2020:

Particulars	Category of ROU assets Building
Balance as on 01 April, 2019 (on adoption of IndAS 116)	29,317.23
Addition	6,103.85
Addition through business combination	-

Notes forming part of the Consolidated financial statements

Depreciation expense	(6,217.81)
Transition Difference	-
Balance as of 31 March, 2020	29,203.27

b. The following is the break-up of current and non-current lease liabilities as of March 31, 2020:

Particulars	**Amount as on March 31, 2020**
Current Liabilities	5,147.01
Non-Current Liabilities	26,774.64
Total	31,921.65

c. The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	**Amount as on March 31, 2020**
Balance as on 01 April, 2019 (on adoption of IndAS 116)	30,755.77
Addition	6,098.69
Finance cost accrued during the period	2,537.43
Payment of Lease liabilities	(7,470.24)
Balance as of 31 March, 2020	**31,921.65**

d. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

Particulars	**Amount as on March 31, 2020**
Less than one year	7,471.19
One to five years	23,936.76
More than five years	9,386.02
Total	**40,793.97**

40.2 Group as a lessor

The Group has entered into an agreement of leasing out the investment property and property, plant and equipment. This is in the nature of operating lease and lease arrangement contains provisions for renewal. The total lease income in respect of such lease recognised in Statement of Profit and Loss for the year ended March 31, 2020 is Rs. 2,541.00 lakhs.

Notes forming part of the Consolidated financial statements

41. Related parties disclosures

List of related parties

Names of related parties with whom transactions have taken place during the year

Entity/person having significant influence/control upon the Company	-	Max Ventures Investment Holdings Private Limited
	-	Mr. Analjit Singh (Chairman)
Key Management Personnel (KMP)	-	Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
	-	Mr. Mohit Talwar (Managing Director)
	-	Mr. Ashwani Windlass (Director) (till January 16, 2020)
	-	Mr. Rajesh Khanna (Director) (till 11 February, 2019)
	-	Mr. Aman Mehta (Director)
	-	Mr. D.K. Mittal (Director)
	-	Ms. Naina lal Kidwai (Director)
	-	Mr. Sahil Vachani (Director) (w.e.f. 25 May, 2018)
	-	Mr. Jai Arya (Director) (w.e.f. 14 November, 2018)
	-	Mr. Charles Richard Vernon Stagg (Director) (w.e.f. 11 February, 2019)
	-	Mr. Sanjay Nayar (Director) (till February 06, 2020)
	-	Ms. Sujatha Ratnam (Chief Financial Officer) (till June 30, 2019)
	-	Mr. Sandeep Pathak (Company Secretary) (till June 30, 2019)
	-	Mr. Jatin Khanna (Chief Financial Officer) (w.e.f. July 01, 2019)
	-	Mr. V Krishnan (Company Secretary) (w.e.f. July 01, 2019)
Enterprises owned or significantly influenced by key management personnel or their relatives	-	Max India Foundation
	-	Max India Limited
	-	Max Ventures & Industries Limited
	-	Max Bupa Health Insurance Company Limited (till December 16, 2019)
	-	Antara Purukul Senior Living Limited
	-	Max Skill First Limited
	-	Antara Senior Living Limited
	-	Max Learning Limited
	-	Max UK Limited
	-	KKR Capital Market India Private Limited
	-	Delhi Guest House Private Limited
	-	New Delhi House Services Limited
	-	Pharmax Corporation Limited
	-	Advaita Allied Health Services Limited
	-	Forum I Aviation Private Limited
	-	SKA Diagnostic Private Limited
	-	Max Healthcare Institute Limited
	-	ALPS Hospital Limited
	-	Wise Zone Builders Private Limited
	-	Max Speciality Films Limited
	-	Max Asset Services Limited
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Note : The related parties have been identified by the management.

41.1 Transactions with related parties during the year:

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	Parties	Total	
		Year ended 31.03.2020	Year ended 31.03.2019
Reimbursement of expenses (Received from)	Max Bupa Health Insurance Company Limited	1.38	22.02
	Max Ventures and Industries Limited	3.46	3.64
	Max India Limited	67.65	1.46
	Max Skill First Limited	1.38	1.46
	Antara Senior Living Limited	1.38	1.46
	Advaita Allied Health Services Limited	1.80	-
	Max Healthcare Institute Limited	1.80	1.46
	Antara Purukul Senior Living Limited	-	4.85
	Max Learning Limited	-	1.25
	ALPS Hospital Limited	-	2.40
Sale of Services	Max India Limited	300.00	809.80
	Max Ventures and Industries Limited	153.00	159.15
	Max Healthcare Institute Limited	60.00	248.60
	Max Bupa Health Insurance Company Limited	-	5.19
	Antara Purukul Senior Living Limited	-	2.09
Reimbursement of expenses (paid to)	Delhi Guest House Pvt Limited	-	24.26
	Max India Limited	9.06	34.04
	Max Ventures and Industries Limited	-	9.41
	Max Asset Services Limited	228.00	-
Training expense	Max Skill First Limited	4,424.00	2,697.00
Repairs and maintenance - others	New Delhi House Services Limited	151.28	189.02
Miscellaneous expenses	New Delhi House Services Limited	26.24	-
	Antara Purukul Senior Living Limited	1.00	1.00
Employer contribution to provident fund	Max Financial Services Limited Employees' Provident Fund Trust	3,966.55	2,465.77
Finance costs	KKR Capital Market India Pvt Limited	-	2,034.00
Insurance Expense	Max Bupa Health Insurance Company Limited	10.31	10.40
Legal and professional expenses	Max India Limited	2,700.00	2,700.00
	Max UK Limited	74.70	51.49
Rental Income	Max Skill First Limited	137.00	-
	Max Ventures and Industries Limited	173.00	-
	Wise Zone Builders Private Limited	590.00	-
	Max Bupa Health Insurance Company Limited	176.00	33.00

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	Parties	Total	
		Year ended 31.03.2020	Year ended 31.03.2019
Premium Income	Max Skill First Limited	9.00	7.00
	Max Ventures and Industries Limited	1.00	1.00
	Max India Foundation	0.30	2.00
	Antara Senior Living Limited	6.00	3.00
	Antara Purukul Senior Living Limited	2.00	1.00
	Max Bupa Health Insurance Company Limited	202.00	125.00
	Max Healthcare Institute Limited	18.00	18.00
	Max Speciality Films Limited	19.00	18.00
Miscellaneous income	Max Skill First Limited	6.00	-
	Max Bupa Health Insurance Company Limited	3.00	3.00
	Max Healthcare Institute Limited	6.00	7.00
	Max Speciality Films Limited	1.00	1.00
Rent including lease rentals	Delhi Guest House Pvt Limited	99.97	189.05
	Pharmax Corporation Limited	3.80	26.96
	Max India Limited	214.82	184.87
	SKA Diagnostic Private Limited	58.33	-
CSR and voluntary donations	Max India Foundation	1,223.00	1,339.00
Travelling and conveyance	Forum I Aviation Private Limited	82.62	-
Payment for purchase of Investment property	Wise Zone Builders Private Limited	21,281.00	-
Security Deposit paid	Delhi Guest House Pvt Limited	-	4.82
Security Deposit received	Max India Limited	0.45	-
	Advaita Allied Health Services Limited	0.45	-
	Max Healthcare Institute Limited	0.45	-
	Max Ventures and Industries Limited	168.00	-

41.2 Transactions with the key management personnel during the year:

(Rs. In lakhs)

Name of key management personnel	Nature of transaction	Year ended 31.03.2020	Year ended 31.03.2019
Mr. Mohit Talwar (Note 1)	Remuneration	1,251.86	974.08
Ms. Sujatha Ratnam (Note 1)	Remuneration (including severance pay)	332.17	204.58
Mr. Sandeep Pathak (Note 1)	Remuneration	19.48	86.26
Mr. Jatin Khanna (Note 1)	Remuneration	86.22	-
Mr. V Krishnan (Note 1)	Remuneration	100.93	-
Mr. Analjit Singh	Director sitting fee	4.00	3.00
Mr. Ashwani Windlass	Director sitting fee	10.00	27.00
Mr. Rajesh Khanna	Director sitting fee	-	22.00
Mr. Aman Mehta	Director sitting fee	10.00	7.00

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Name of key management personnel	Nature of transaction	Year ended 31.03.2020	Year ended 31.03.2019
Mr. D.K. Mittal	Director sitting fee	17.00	28.00
Ms. Naina lal Kidwai	Director sitting fee	5.00	21.00
Mr. Sahil Vachani	Director sitting fee	5.00	3.00
Mr. Jai Arya	Director sitting fee	3.00	2.00
Mr. Charles Richard Vernon Stagg	Director sitting fee	2.00	2.00
Mr. Rajesh Khanna	Commission	-	26.05
Mr. Aman Mehta	Commission	20.00	30.00
Mr. D.K. Mittal	Commission	20.00	30.00
Ms. Naina Lal Kidwai	Commission	20.00	30.00
Mr. Jai Arya	Commission	20.00	11.34
Mr. Charles Richad Vernon Stagg	Commission	20.00	4.03

Note 1 : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

41.3 Balance outstanding as at the year end:

(Rs. In lakhs)

Nature of transaction	Name of related party	As at 31.03.2020	As at 31.03.2019
Trade Receivables	Max Bupa Health Insurance Company Limited	1.63	5.05
	Max Healthcare Institute Limited	149.02	388.01
	Max Ventures and Industries Limited	165.18	157.24
	Max Skill First Limited	594.00	548.00
Other Receivables	Antara Purukul Senior Living Limited	-	3.25
	Pharmax Corporation Limited	19.56	19.16
	Delhi Guest House Private Limited	-	20.96
	Advaita Allied Health Services Limited	0.49	-
	Max Ventures and Industries Limited	168.00	-
	Wise Zone Builders Private Limited	208.00	-
	Max Bupa Health Insurance Company Limited	9.00	-
	Max Healthcare Institute Limited	6.00	-
Security Deposit Receivable	Pharmax Corporation Limited	-	4.50
	Delhi Guest House Private Limited	22.82	22.38
	SKA Diagnostic Private Limited	25.00	-
Capital advance	Wise Zone Builders Private Limited	-	6,710.00
Advance lease rental payments	SKA Diagnostic Private Limited	66.67	-
Trade Payables	New Delhi House Services Limited	30.57	22.36
	Max India Limited	448.15	625.96
	Max UK Limited	74.70	-
	Max Asset Services Limited	3.00	-

Notes forming part of the Consolidated financial statements

42. Financial Instruments

(a) Capital Management

Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Company have met all of these requirements throughout the financial year. In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Company has a Board approved Risk Appetite Statement which defines the minimum level of capital that the Company needs to maintain in over and above the regulatory requirement in order to ensure that the core objective of being able to honor the contractual obligations made to its policyholders is met even in adverse scenario. Further, the Company's Dividend Policy restricts the pay-out of any dividend to the shareholders in case there is an expected breach of the defined risk appetite level due to the dividend distribution.

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Insurance Business is satisfactorily managing affairs for their benefits. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates.

(b) Risk management framework

The Group is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Group's risk management framework is to manage the above risks and aims to :

Notes forming part of the Consolidated financial statements

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

The Group'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 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. The Group has in place a robust and comprehensive internal control mechanism across all the major processes as a part of the internal financial controls (IFC Framework) adequacy of which is tested periodically by the internal audit function and an opinion on its efficacy is provided by the statutory auditors.

Risk management activities are supervised on behalf of the Board by the Risk, Ethics and Asset Liability Management Committee, whose responsibilities includes those in conformity with those prescribed by the IRDAI for insurance businesses. The Group for its life insurance business has Management Risk Committee chaired by the Managing Director & Chief Executive Officer 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 life insurance business.

The Group in respect of its life insurance arm, Max Life Insurance has an independent Risk Management Function in place, headed by a Chief Risk Officer. The function is responsible for the supervision of all risk management activities, including developing the risk appetite, maintaining an aggregated risk view, 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.

The Group 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 Group. The Group has a risk management system It also requires the Group that enables it to identify risks, set tolerance levels, develop and implement strategies, policies, procedures and controls to manage different types of risks within the overall risk appetite., A Risk Appetite Statement is in place which identifies and addresses each material risk to which the Group is exposed and establishes the degree of risk that the Group is willing to accept in pursuit of its strategic objectives, business plans giving consideration to the interests of its stakeholders and the interest of the policyholders. These material risks have been categorised 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

Notes forming part of the Consolidated financial statements

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. A risk dashboard is also in place which rates each material risk on the basis of identified key risk indicators and respective tolerance levels. This is also monitored both at the management level as well as the Board Committee level. The framework and its effectiveness are subject to both internal and external assurance reviews

As an insurer, the Group is in the business of accepting certain kinds of risks. It is Group'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 risk management framework also ensures that the level of risk accepted is within the Group's risk capacity and the level of capital adequacy is in excess of the level prescribed in the regulations. 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.

The entire implementation is monitored both at the management level as well as the Board Committee levels and the overall risk management framework and its effectiveness are subject to both internal and external assurance reviews.

The key risk exposures are summarised below along with a brief approach adopted by the Group to manage those risks.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to financial and capital market risks – the risk that the fair value or future cash flows of an insurance contract or financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.

Market risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Management Committee. Company have investment policy in place which deals with guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments exposes the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

Further, any interest rate movements have an inherent implication on the valuation of liabilities also due to the long term nature of product designs and liability profiles.

The Duration gap between assets and liabilities is actively managed to ensure minimum sensitivity to interest rates.

The Group also uses interest rate swaps to lock-in a fixed rate, which is higher than Group's current

Notes forming part of the Consolidated financial statements

expectation of future interest rates. Use of interest rate swaps protects the guaranteed liability portfolio from falling interest rates by reducing the reinvestment risk on new money.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are linearly related. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

(Rs. in lakhs)

Market indices	Change in Interest rate	As at 31 March, 2020		As at 31 March, 2019	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Interest rate	25 Basis Point down	-	942.00	-	1,836.00
	50 Basis Point down	-	1,885.00	-	3,673.00
	25 Basis Point Up	-	(942.00)	-	(1,836.00)
	50 Basis Point Up	-	(1,885.00)	-	(3,673.00)

Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Group is exposed to equity risk from a number of sources. A portion of our expose to equity market risk arises in connection with benefits guarantee on contracts issued. The cost of providing for these guarantees is uncertain, and will depend upon a number of factors including general capital market conditions, underlying fund performance, policyholder behaviour, and mortality experience, which may result in negative impacts on our net income and capital.

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the statement of profit or loss) and equity (that reflects changes in fair value of financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

(Rs. in lakhs)

Market indices	Change in Variables	Year ended 31.03.2020		Year ended 31.03.2019	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Equity price	10% rise	1,008.00	-	1,319.00	-
	10% fall	(1,008.00)	-	(1,319.00)	-

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. Given the nature and scale of operations, the

Notes forming part of the Consolidated financial statements

Group accepts high level of intrinsic risk in the operating model but has low tolerance for outages, specifically either at point of sale or in the subsequent delivery of policyholder obligations. The Group therefore makes resources available to control operational risks to acceptable levels however, recognizes that it is not possible to eliminate some of the risks inherent in its activities given the economic benefits of eliminating the same are far lower than the costs incurred in the process. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

The Group is exposed to various areas of operational risks, including misselling, technology, business continuance, information security, fraud, business processes, outsourcing, and compliance. These are mitigated by regular review and monitoring of operating, reporting processes and procedures. A range of policies and procedures to manage these risks is in place including Business Continuity Management, Information Security, Outsourcing, Anti-Fraud, Anti-Corruption and Anti-Bribery, and Anti-Money Laundering Policies together with a Business Code of Conduct. The first line of defence, through the departmental self-assessments, identifies all potential areas of inherent as well as residual risks along with the mitigation actions. The progress against these is monitored closely by respective functions, and is followed up by monitoring and reviews by the second and the third lines of defence.

Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001 which is a global benchmark. The Group has a comprehensive Information Security policy designed to comply with ISO 27001, privacy and / or data protection legislations as specified in Indian Information Technology Act 2008 and Notification dated 11th April 2011 on protection of sensitive personal information and it provides direction to Information Security staff, Management and employees regarding their roles and responsibilities towards Information Security.

The subsidiary of the Company, Max Life Insurance also has a Business Continuity Management System which is aligned and certified against ISO 22301 which is also a global benchmark and has a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimising the potential business impact to Max Life. Additionally, it creates a system that fosters continuous improvement of business continuity management.

The Operational Risk Group and the Management Risk Committee monitor the residual risks in these areas and ensure that control actions are triggered at appropriate times to ensure that these risk exposures remain within the Group's risk appetite. Process risks in respect of technical areas like Product Developments, Information Security are monitored through specialised forums like a Product Steering Committee (which governs a defined process and structure for development of products), Information Security & Business Continuity Management Committee (for all Information Security, Cyber Security and continuity related matters).

(ii) Liquidity risk

An asset-liability mismatch occurs when the financial terms of a Group's assets and liabilities do

Notes forming part of the Consolidated financial statements

not correspond. These can lead to non-payment/deferment of claims, expenses, etc. Through effective cash management and capital planning, the Group ensures that, it is properly funded and maintain adequate liquidity to meet obligations. Elaborate mechanism is in place to match duration as well as cash flows through detailed ALM methodology which takes into account re-investment risk as well. Based on the Group's historical cash flows and liquidity management processes, the cash flows from the operating activities will continue to provide sufficient liquidity for us to satisfy debt service obligations and to pay other expenses as they fall due.

Liquidity risk is the possibility that the Group will not be able to fund all cash outflow commitments as they fall due. Group's primary funding obligations arise in connection with the payment of policyholder benefits Sources of available cash flow include general fund premiums and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales).

A governance structure, in form of the ALM Committee, and well defined Asset Liability Management Policy require periodic monitoring of the Asset-Liability position of the Group. The ALM policy defines the constraints on Investment policy arising from the nature of the liabilities that invested assets support. The Investment Policy defines in appropriate detail the specific limits on various forms of investment arising from Regulations, the ALM Policy and MLI's specific investment related risk appetites on various forms of investment. Periodic monitoring of interest rate sensitivity, dollar duration gap, cash flow matching, liquidity ratios, is undertaken at Management as well as Board Level Committees.

The Group remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Group's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group.

Maturity profile of financial liabilities:

(Rs. in lakhs)

Particulars	As at 31 March, 2020		
	Within 12 months	After 12 months	Total
- Trade Payables	76,445.02	4,499.25	80,944.27
- Derivative financial instruments	3,802.22	-	3,802.22
- Lease Liability	5,147.01	26,774.64	31,921.65
- Other Financial Liabilities	100,617.12	14,123.92	114,741.04
Total	**186,011.37**	**45,397.81**	**231,409.18**

(Rs. in lakhs)

Particulars	As at 31 March, 2019		
	Within 12 months	After 12 months	Total
- Trade payables	89,256.33	8,661.09	97,917.42
- Derivative financial instruments	11.06	-	11.06
- Other Financial Liabilities	100,995.77	31,227.57	132,223.34
Total	**190,263.16**	**39,888.66**	**230,151.82**

Notes forming part of the Consolidated financial statements

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. The Company is subject to credit risk in connection with issuers of securities held in our investment portfolio, reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realised or unrealised losses and increase our provisions for asset default, adversely impacting earnings.

Governance structure, in form of the Investment Committee, and well defined investment policies & processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis.

The policyholders' funds are invested in accordance with regulatory norms, Investment policy, fund objective of unit linked funds and risk profile of the respective fund in fixed income segment, majority of the investment is made in the government securities having sovereign rating & debt securities issued by reputed corporate having appropriate rating as per Investment Committee.

Credit risk is significantly mitigated in Controlled Fund (CF) through investments in government securities (at least 50% as per regulations) and is managed by investing in bonds with minimum rating of AA+ in accordance with Investment Policy. Currently, over 90% of the rated debt portfolio (including government securities) of the Controlled Fund is invested in AAA rated bonds. However, the risk of downgrade in rating always remains which exposes Max Life to credit risk to a certain extent.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet and is mitigated by maintaining cash collaterals against the fair values beyond a threshold.

Notes forming part of the Consolidated financial statements

Industry Analysis
As on March 31, 2020

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Total
FVOCI financial assets							
Debt	37,524.28	4,729.72	33,302.91	96,492.62	-	9,569.03	181,618.56
Government Securities	-	54,220.74	-	-	-	-	54,220.74
Others	-	13,442.42	3,099.30	-	-	-	16,541.72
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	5,086.15	-	-	-	5,086.15
Debt Securities	15,170.57	550.98	109,600.35	202,967.07	-	35,222.81	363,511.78
Equity Instruments	520,846.41	-	340,745.08	98,131.45	137,482.96	32,955.30	1,130,161.20
Government Securities	-	586,330.58	-	-	-	-	586,330.58
Infrastructure Investment Trusts	-	-	-	3,391.52	-	-	3,391.52
Mutual funds	-	-	-	-	-	238,085.83	238,085.83
Others	-	53,087.70	-	-	-	-	53,087.70
Financial Assets At Amortised Cost							
Debt	34,335.18	2,644.45	181,119.57	779,679.39	-	57,020.13	1,054,798.72
Government Securities	-	3,145,691.42	-	-	-	-	3,145,691.42
Others	-	24,033.62	-	-	-	-	24,033.62
Total Credit Risk Exposure	**607,876.44**	**3,884,731.63**	**672,953.36**	**1,180,662.05**	**137,482.96**	**372,853.10**	**6,856,559.54**

As on March 31, 2019

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Grand Total
FVOCI Financial Assets							
Debt	27,470.00	4,692.00	42,040.00	116,886.00	-	10,186.00	201,274.00
Government Securities	-	68,958.00	-	-	-	-	68,958.00
Others	-	-	4,854.00	-	-	2,499.00	7,353.00
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	4,752.00	-	-	-	4,752.00
Debt Securities	77,005.00	519.00	118,859.00	205,612.00	-	14,634.00	416,629.00
Equity Instruments	547,517.00	-	486,462.00	119,482.00	194,235.00	17,719.00	1,365,415.00
Government Securities	-	489,575.00	-	-	-	-	489,575.00
Infrastructure Investment Trusts	-	-	-	3,109.00	-	-	3,109.00
Mutual funds	-	-	-	-	-	243,969.70	243,969.70
Preference Shares	-	-	-	-	-	-	-
Others	-	-	2,000.00	-	-	9,993.00	11,993.00
Financial Assets At Amortised Cost							
Debt	11,946.00	2,662.00	205,087.00	654,729.00	-	29,941.00	904,365.00
Government Securities	-	2,572,287.00	-	-	-	-	2,572,287.00
Others	-	-	-	-	-	34,798.00	34,798.00
Total Credit Risk Exposure	**663,938.00**	**3,138,693.00**	**864,054.00**	**1,099,818.00**	**194,235.00**	**363,739.70**	**6,324,477.70**

Notes forming part of the Consolidated financial statements

Credit Exposure by Credit Rating
As on March 31, 2020

(Rs. in lakhs)

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	A or lower than A or Equivalent	SOVER-EIGN	UNR	Total
FVOCI Financial Assets							
Debt	177,294.02	4,324.54	-	-	-	-	181,618.56
Government Securities	-	-	-	-	54,220.74	-	54,220.74
Others	13,442.42	-	-	-	-	3,099.30	16,541.72
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	-	-	-	5,086.15	5,086.15
Debt Securities	269,445.44	38,477.77	1,603.07	53,985.50	-	-	363,511.78
Equity Instruments	-	-	-	-	-	1,130,161.20	1,130,161.20
Government Securities	-	-	-	-	586,330.58	-	586,330.58
Infrastructure Investment Trusts	-	-	-	-	-	3,391.52	3,391.52
Mutual funds	-	-	-	-	-	238,085.83	238,085.83
Others	53,087.70	-	-	-	-	-	53,087.70
Financial Assets At Amortised Cost							
Debt	898,525.42	7,826.18	-	148,447.12	-	-	1,054,798.72
Government Securities	-	-	-	-	3,145,691.42	-	3,145,691.42
Others	24,033.62	-	-	-	-	-	24,033.62
Total Credit Risk Exposure	**1,435,828.62**	**50,628.49**	**1,603.07**	**202,432.62**	**3,786,242.74**	**1,379,824.00**	**6,856,559.54**

As on March 31, 2019

(Rs. in lakhs)

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	SOVEREIGN	UNR	Total
FVOCI Financial Assets						
Debt	190,438.00	9,224.00	1,611.00	-	-	201,273.00
Government Securities	-	-	-	68,958.00	-	68,958.00
Others	2,499.00	-	-	-	4,854.00	7,353.00
Financial Assets At FVTPL						
Alternate Investment Funds	-	-	-	-	4,752.00	4,752.00
Debt Securities	286,112.00	100,677.00	29,839.00	-	-	416,628.00
Equity Instruments	-	-	-	-	1,365,415.00	1,365,415.00
Government Securities	-	-	-	489,575.00	-	489,575.00
Infrastructure Investment Trusts	-	-	-	-	3,109.00	3,109.00
Mutual funds	-	-	-	-	243,971.70	243,971.70
Preference Shares	-	-	-	-	-	-
Others	9,993.00	-	-	-	2,000.00	11,993.00
Amortised Cost Financial Assets						
Debt	736,934.00	166,931.00	500.00	-	-	904,365.00
Government Securities	-	-	-	2,572,287.00	-	2,572,287.00
Others	34,798.00	-	-	-	-	34,798.00
Total Credit Risk Exposure	**1,260,774.00**	**276,832.00**	**31,950.00**	**3,130,820.00**	**1,624,101.70**	**6,324,477.70**

Notes forming part of the Consolidated financial statements

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group actively manages its investments exposures to ensure that there is no significant concentration of credit risk.

Expected credit loss

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are measured at amortised cost and

b) Financial assets (debt) that are measured as at FVTOCI

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

For the purpose of 12-month credit risk, Company has applied probability of default (PD) and loss given default (LGD) based on the credit rating of each securities. These PD and LGD for various ratings have been obtained from CRISIL and RBI respectively.

ECL allowance (or reversal) for the year is recognised as expense / income in the statement of profit or loss.

ECL allowance computed, basis above, during the period under consideration is as follows:

(Rs. In lakhs)

Movement of Allowances	Financial Asset
As at 01 April, 2018	52.00
Provided during the year	504.54
Reversals of provision	-
As at 31 March, 2019	**556.54**
Provided during the year	10,254.02
As at 31 March, 2020	**10,810.56**

(iv) Insurance and Financial Risk of Insurance Business

The principal risk the company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Notes forming part of the Consolidated financial statements

Life insurance contracts and investment contracts with and without discretionary participation feature (DPF)

Ind AS 104 requires products offered by the Insurance Company to classify them in Insurance Contract and Investment Contract. Each contract needs to be classified in insurance contract and investment contract based on the risk they carry.

A contract would be an insurance contract and investment contracts with DPF if the benefit payable on death is higher by:

at least 5% of the fund value at any time during the life on the contract for unit linked products, or

at least 5% of the premium at any time during the life of the contract for other than unit linked products

All other contract are categorised as Investment contracts.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The main risks that the company is exposed to are as follows:

a) Persistency risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

b) Mortality risk – risk of loss arising due to policyholder death experience being different than expected

c) Morbidity risk – risk of loss arising due to policyholder health experience being different than expected

d) Longevity risk – risk of loss arising due to the annuitant living longer than expected

e) Investment return risk – risk of loss arising from actual returns being different than expected

f) Expense risk – risk of loss arising from expense experience being different than expected

g) Product and pricing risk – risk of loss due to incorrect pricing or not adhering to the product regulations or higher payouts due to ambiguity in terms and conditions

h) Reinsurance risk – The Company enters into reinsurance agreements in order to mitigate insurance risk. However, this leads to default risk from the reinsurer at the time of claim payment or also concentration risk if all the risk is insured to one reinsurer.

i) Concentration risk – The Company faces concentration risk by selling business to specific geography or by writing only single line business etc.

j) Liquidity risk – The Company does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive cost.

Control Measures

The actuarial department has set up systems to continuously monitor the company's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposals. Some products offered by the company also have an investment guarantee. The

Notes forming part of the Consolidated financial statements

company has set aside adequate reserves to cover this risk.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with multiple reinsurers. The company has entered into a separate agreement with reinsurers to cover the catastrophic risks under individual and group business.

A further element of managing risk is to limit the exposure to individual segments of the population. In essence, being over-represented in any population segment will increase the variance of the company's experience, and so there are advantages to diversifying across all relevant population segments, at least until data is available to confirm which segments can be expected to have relatively favourable experience. At the present stage in the company's development, the focus is on building new distribution and so geographical diversification is actively taking place.

Insurance Contracts Liabilities
Change in liabilities

(Rs. in lakhs)

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Liability at the beginning of the year	**3,149,001.00**	**1,905,856.00**	**636,480.00**	**5,691,337.00**	**2,569,519.00**	**1,634,709.00**	**503,248.00**	**4,707,476.00**
Add/(Less)								
Premium	641,620.00	424,463.00	159,985.00	1,226,068.00	532,034.00	281,146.00	129,580.00	942,760.00
Unwinding of the discount /Interest credited	170,851.00	86,683.00	42,087.00	299,621.00	175,640.00	173,554.00	29,602.00	378,796.00
Claim Liability released	(276,645.00)	(247,089.00)	(63,597.00)	(587,331.00)	(108,200.00)	(296,835.00)	(47,051.00)	(452,086.00)
New Business	13,962.00	154,917.00	100,587.00	269,466.00	42,059.00	160,995.00	41,219.00	244,273.00
Others	2,121.06	(453,919.00)	(60,430.00)	(512,227.94)	(62,051.00)	(47,713.00)	(20,118.00)	(129,882.00)
Liability at the end of the year	**3,700,910.06**	**1,870,911.00**	**815,112.00**	**6,386,933.06**	**3,149,001.00**	**1,905,856.00**	**636,480.00**	**5,691,337.00**

Investment Contracts Liabilities

(Rs. in lakhs)

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	**16.00**	**109,195.00**	**-**	**109,211.00**	**31.00**	**119,387.00**	**-**	**119,418.00**
Additions								
Premium	-	5,195.00	-	5,195.00	-	6,541.00	-	6,541.00
Interest and Bonus credited to policyholders	1.00	(8,339.00)	-	(8,338.00)	2.00	10,299.00	-	10,301.00
Deductions								
Withdrawals / Claims	11.00	28,112.00	-	28,123.00	17.00	26,555.00	-	26,572.00
Fee Income and Other Expenses	-	387.50	-	387.50	-	477.00	-	477.00
At the end of the year	**6.00**	**77,551.50**	**-**	**77,557.50**	**16.00**	**109,195.00**	**-**	**109,211.00**

Notes forming part of the Consolidated financial statements

Reinsurance Assets	(Rs. in lakhs)		Deferred Acquisition Cost	(Rs. in lakhs)
Particulars	**As at 31 March, 2020**	**As at 31 March, 2019**	**Particulars**	**Amount**
At the beginning of the year	**49,872.39**	**12,479.15**	**As at 01 April, 2018**	**171.06**
			Expenses deferred	-
Add/(Less)			Amortisation	(48.55)
Impact of new business	36,235.88	20,156.44	**As at 31 March, 2019**	**122.51**
Others	56,240.18	17,236.80	Expenses deferred	-
			Amortisation	(35.92)
At the end of the year	**142,348.45**	**49,872.39**	**As at 31 March, 2020**	**86.59**

Key assumptions

The assumptions play vital role in calculating Insurance liabilities for the Company. Material judgement is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, internal data, some judgement and as per guidance notes/actuarial practice standards. However for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MfAD (margin for adverse deviation).The Company keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Assumptions can vary by type of product, duration, gender, distribution channel etc if the experience of any category is significantly different and data is credible for the respective category.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

i) Mortality and morbidity rates

Assumptions are based on historical experience and for new products based on industry / reinsurers data. Assumptions may vary by type of product, distribution channel, gender etc.

An increase in mortality/morbidity rates will usually lead to a larger number/amount of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profits for the shareholders.

ii) Longevity

Assumptions are based on standard industry tables, adjusted when appropriate to reflect the company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for the shareholders.

iii) Investment return and Discount Rate

The rate of return is derived based on the investment portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current

Notes forming part of the Consolidated financial statements

portfolio returns as well as expectations about future economic developments. An increase in investment return would lead to an increase in profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholder.

iv) Expenses and inflation

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

v) Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the company's experience and usually vary by product type, policy duration and distribution channel.

An increase in lapse/surrender rates generally tends to reduce the value of insurance liability and therefore increase profits for shareholders. However, the direction of impact may vary depending upon the policy duration at which the lapse/surrender occurs.

The assumptions (post the margins for adverse deviations) that have the greatest effect on the statement of financial position and statement of profit or loss of the company are listed below:

Assumptions for key categories of business impacting net liabilities	Mortality rates Investment return				Lapse and surrender rates	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Insurance						
Participating Life products - Endowment (closed to new business) - Life Gain Plus	38% to 163% of IALM 12-14	36% to 143% of IALM 06-08	5.45%	5.45%	2% to 19%	2% to 8%
Participating Life products - Whole Life (closed to new business) - Whole Life	38% to 163% of IALM 12-14	36% to 143% of IALM 06-08	5.45%	5.45%	2% to 19%	2% to 8%

Notes forming part of the Consolidated financial statements

Assumptions for key categories of business impacting net liabilities	Mortality rates		Investment return		Lapse and surrender rates	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Participating Life products - Endowment (open to new business) - Monthly Income Advantage Plan	57% to 75% of IALM 12-14	58% to 80% of IALM 06-08	5.45%	5.45%	2% to 11%	3% to 12%
Participating Life products - Endowment (open to new business) - Life Gain Premier	63% to 97% of IALM 12-14	58% to 83% of IALM 06-08	5.45%	5.45%	3% to 15%	3% to 17%
Key Individual Linked product - Fast Track Super	48% to 102% of IALM 12-14	30% to 78% of IALM 06-08	5.70%	5.75%	2% to 11%	4% to 10%
Individual Non-Participating Life products - Savings - Gteed. Monthly Income Plan	66% to 78% of IALM 12-14	48% to 84% of IALM 06-08	5.70%	5.75%	0.4% to 6%	0.4% to 6%
Individual Non-Participating Life products - Savings - Gteed. Income Plan	57% to 90% of IALM 12-14	51% to 81% of IALM 06-08	5.70%	5.55%	1% to 6%	2% to 6%
Individual Non-Participating Life products - Protection - Online Term Plan	30% to 54% of IALM 12-14	29% of IALM 06-08	5.25%	5.25%	2% to 8%	2% to 3%
Group Credit Life - Credit Life Secure	72% to 84% of IALM 12-14	72% to 84% of IALM 06-08	5.70%	5.75%	0.6% to 2%	1% to 3%

* Mortality and lapse/surrender assumptions are provided for the top two distribution channels.

Portfolio assumptions by type of business impacting net liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Insurance						
With DPF	NA	NA	660.00	660.00	5.45% p.a.	6% p.a.
Linked Business	2.50%	2.50%	935.00	908.00	5.45% p.a.	6% p.a.
Others	NA	NA	594.00	594.00	5.45% p.a.	6% p.a.

*Commission scales have been allowed in accordance with the company practice.

Notes forming part of the Consolidated financial statements

Sensitivity to Insurance Risk
Embedded Value (EV) and Value of New Business (VNB) Analysis:
Sensitivity analysis as at 31 March, 2020

Sensitivity	EV		New Business	
	Value (Rs. Cr)	% Change	VNB (Rs. Cr)	% Change
Base Case	**9,977.00**	-	**897.00**	-
Lapses/Surrender - 10% increase	9,854.00	-1%	864.00	-4%
Lapses/Surrender - 10% decrease	10,103.00	1%	930.00	4%
Mortality - 10% increase	9,800.00	-2%	852.00	-5%
Mortality - 10% decrease	10,154.00	2%	942.00	5%
Expenses - 10% increase	9,880.00	-1%	831.00	-7%
Expenses - 10% decrease	10,073.00	1%	963.00	7%
Risk free rates - 100 bps increase	9,728.00	-2%	911.00	2%
Risk free rates - 100 bps reduction	10,154.00	2%	847.00	-6%
Equity values - 10% immediate rise	10,040.00	1%	897.00	Negligible
Equity values - 10% immediate fall	9,914.00	-1%	897.00	Negligible

Sensitivity analysis as at 31 March, 2019

Sensitivity	EV		New Business	
	Value (Rs. Cr)	% Change	VNB (Rs. Cr)	% Change
Base Case	**9,257.00**	-	**856.00**	-
Lapses/Surrender - 10% increase	9,103.00	-2%	821.00	-4%
Lapses/Surrender - 10% decrease	9,420.00	2%	893.00	4%
Mortality - 10% increase	9,126.00	-1%	826.00	-4%
Mortality - 10% decrease	9,390.00	1%	887.00	4%
Expenses - 10% increase	9,177.00	-1%	808.00	-6%
Expenses - 10% decrease	9,338.00	1%	905.00	6%
Risk free rates - 100 bps increase	9,102.00	-2%	914.00	7%
Risk free rates - 100 bps reduction	9,403.00	2%	779.00	-9%
Equity values - 10% immediate rise	9,330.00	1%	856.00	Negligible
Equity values - 10% immediate fall	9,185.00	-1%	856.00	Negligible

Market consistent methodology

The EV and VNB have been determined using a market consistent methodology which differs from the traditional EV approach in respect of the way in which allowance for the risks in the business is made.

For the market consistent methodology, 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) whereas for the traditional EV approach, the allowance for the risk is made through the Risk Discount Rate (RDR)

Notes forming part of the Consolidated financial statements

Components of EV

The EV is calculated to be the sum of:

- Net Asset value (NAV) or Net Worth: It represents the market value of assets attributable to shareholders and is calculated as the adjusted net worth of the company (being the net shareholders' funds as shown in the audited financial statements adjusted to allow for all shareholder assets on a market value basis, net of tax).
- Value of In-force (VIF): This component represents the Present Value of Future expected post-tax Profits (PVFP) attributable to shareholders from the in-force business as at the valuation date, after deducting allowances for TVFOG, CRNHR and FC. Thus, VIF = PVFP – TVFOG – CRNHR – FC

Assumptions used in EV analysis:

A) Economic assumptions-

- The EV is calculated using risk free (government bond) spot rate yield curve taken from FIMMDA1 as at 31 March 2020.
- The spot rates beyond the longest available term of 40 years are assumed to remain at 40 year term spot rate level. The VNB is calculated using the beginning of respective quarter's risk free yield.
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.

B) Demographic assumptions

The lapse and mortality assumptions are approved by a Board committee and are set by product line and distribution channel on best estimate basis, based on the following principles:

- assumptions are based on LAST one Year experience and expectations of future experience given the likely impact of current and proposed management actions on such assumptions.
- Aims to avoid arbitrary changes, discontinuities and volatility where it can be justified.
- Aims to exclude the impacts of non-recurring factors

43. Fair value measurement

A Valuation principles and governance

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Notes forming part of the Consolidated financial statements

B Financial instruments by fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs:

As at 31 March, 2020 **(Rs. In lakhs)**

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Derivative financial instrument				
Forward rate agreements	-	3,317.60	-	3,317.60
FVOCI Assets:				
Government Securities	-	54,220.74	-	54,220.74
Debt Securities	-	181,618.56	-	181,618.56
Other Investments*	-	16,541.72	-	16,541.72
FVTPL Assets:				
Government Securities	-	586,330.58	-	586,330.58
Debt Securities	-	363,511.78	-	363,511.78
Equity Instruments	1,112,392.81	-	-	1,112,392.81
Mutual Funds	238,085.83	-	-	238,085.83
Alternate Investment Fund	-	5,086.15	-	5,086.15
Additional Tier 1 Bonds	-	17,768.39	-	17,768.39
Infrastructure Investment Trusts	3,391.52	-	-	3,391.52
Other Investments*	-	53,087.70	-	53,087.70
	1,353,870.16	**1,281,483.22**	**-**	**2,635,353.38**
Liabilities measured at fair value				
Liability on written put options	-	-	34,814.46	34,814.46
Forward rate agreements	-	3,802.22	-	3,802.22
	-	**3,802.22**	**34,814.46**	**38,616.68**

* other investment includes fixed deposits and reverse repo.

Notes forming part of the Consolidated financial statements

There have been no transfer between Level 1, 2 and 3 during the year.

As at 31 March, 2019 **(Rs. In lakhs)**

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Interest rate swap	-	6,021.01	-	6,021.01
FVOCI Assets:				
Government Securities	-	68,957.60	-	68,957.60
Debt Securities	-	201,273.17	-	201,273.17
Other Investments*	-	7,352.67	-	7,352.67
FVTPL Assets:				
Government Securities	-	489,575.45	-	489,575.45
Debt Securities	-	416,628.00	-	416,628.00
Equity Instruments	1,348,326.04	114.00	-	1,348,440.04
Preference Shares	-	-	-	-
Mutual Funds	243,969.61	-	-	243,969.61
Alternate Investment Fund	-	4,752.31	-	4,752.31
Additional Tier 1 Bonds	-	16,974.82	-	16,974.82
Infrastructure Investment Trusts	3,109.05	-	-	3,109.05
Other Investments*	-	11,992.94	-	11,992.94
	1,595,404.70	**1,223,641.97**	**-**	**2,819,046.67**
Liabilities measured at fair value				
Liability on written put options	-	-	48,526.11	48,526.11
Interest rate swap	-	11.06	-	11.06
	-	**11.06**	**48,526.11**	**48,537.17**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

C Valuation techniques

Asset Classification	Valuation
Equity instruments	Listed equity shares are valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE.
Preference shares	Listed preference shares to be valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE.
Government Securities	The Government Securities and Special Bond / Oil Bond issued by Government of India are valued at prices (Gilt Values) obtained from CRISIL
State Government Bonds	State Government securities are valued at prices (SDL Values) obtained from CRISIL
Reverse Repo	Valued at cost plus interest accrued on reverse repo rate
Discounted Securities (Treasury Bills, Commercial Papers, Certificates of Deposit)	Valued at accreted cost on Straight line till the beginning of the day plus the difference between the redemption value and the cost spread uniformly (straight line method) over the remaining maturity period of the instruments. The income shall be recognised as discount accrued.

Notes forming part of the Consolidated financial statements

Asset Classification	Valuation
Fixed Deposits	Valued at cost plus interest accrued on agreed coupon rate
Infrastructure Investment Trusts	Valued at Market Value or latest NAV published by trust, in case the market value is not available for last 30 days.
Additional Tier-1 bonds	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.
Mutual Fund	Valued at the previous day's Net Asset Value (NAV)
Alternate Investment Funds	Valued at Net Asset Value (NAV) if available or historical Cost less diminution in value of investments.
Debt Securities (Non-Convertible Debentures)	**Maturity >182 days:** Valued on YTM basis by using spread over benchmark rates (matrix released by CRISIL on daily basis) to arrive at the yield for pricing the security. The benchmark spreads are incorporated in the CRISIL Bond Valuer on daily basis and accordingly the instruments are valued on yield to maturity basis depending upon its maturity buckets & corresponding ratings **Maturity <182 days:** Securities purchased with residual maturity of up to 182 days are to be valued at cost plus the difference between the redemption value and cost spread uniformly over the remaining maturity period of the instrument. In case of securities with maturity >182 days at the time of purchase, the last available valuation price should be used. Depending upon the premium or discount at the time of purchase, the price will be subject to amortisation/accretion **Call option:** The securities with call option shall be valued (by CRISIL Bond Valuer) at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument **Put option:** The securities with put option shall be valued (by CRISIL Bond Valuer) at the higher of the value as obtained by valuing the security to final maturity, and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments **Put & call option on the same day:** The securities with both Put and Call option on the same day would be deemed to mature on the Put/ Call day and would be valued accordingly (by CRISIL Bond Valuer)

Notes forming part of the Consolidated financial statements

Asset Classification	Valuation
	Annually compounding coupon: Securities having annual compounding coupons shall be valued on YTM basis by using spread over benchmark rates (matrix released by CRISIL Bond Valuer on daily basis) to arrive at the yield for pricing the security. The gross/dirty price so arrived shall be reduced by the coupon calculated from last interest payment date or allotment date whichever is earlier to arrive at the clean price. Such reduction shall take into account the compounding coupon calculations wherever applicable **Coupon reset Paper:** 6 monthly benchmark coupon reset paper/Floater are to be valued at cost plus the difference between the redemption value and cost spread uniformly over the remaining maturity period of the instrument. Depending upon the premium or discount at the time of purchase, the price will be amortised/accreted. On the date of reset such accretion/ amortisation shall also be reset for pricing **NSE MIBOR Paper:** NSE MIBOR instruments including those with daily put call options shall be valued at cost till the date of maturity

D Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities:

As at 31 March, 2020 **(Rs. In lakhs)**

Particulars	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	76,701.57	76,701.57	-	-	76,701.57
Bank balances other than cash and cash equivalents	164.79	164.79	-	-	164.79
Trade and other receivables	82,326.73	-	82,326.73	-	82,326.73
Loans and Advances					
Loan against policy	42,644.84	-	42,644.84	-	42,644.84
Security Deposit	3,631.80	-	3,631.80	-	3,631.80
Other loans	1.36	-	1.36	-	1.36
Investment Securities					
Measured at amortised cost	4,224,523.76	-	4,546,894.47	-	4,546,894.47
Other assets	68,581.16	-	68,581.16	-	68,581.16
Total Financial Assets	**4,498,576.01**	**76,866.36**	**4,744,080.36**	**-**	**4,820,946.72**
Financial liabilities					
Trade payables	80,944.27	-	80,944.27	-	80,944.27
Lease liability	31,921.65	-	31,921.65	-	31,921.65
Other financial liability	79,926.58	-	79,926.58	-	79,926.58
Total Financial Liabilities	**192,792.50**	**-**	**192,792.50**	**-**	**192,792.50**

Notes forming part of the Consolidated financial statements

As at 31 March, 2019 **(Rs. In lakhs)**

Particulars	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	68,864.03	68,864.03	-	-	68,864.03
Bank balances other than cash and cash equivalents	267.22	267.22	-	-	267.22
Trade and other receivables	63,436.44	-	63,436.44	-	63,436.44
Loans and Advances					
Loan against policy	32,650.49	-	32,650.49	-	32,650.49
Security Deposit	3,209.34	-	3,209.34	-	3,209.34
Other loans	7.37	-	7.37	-	7.37
Investment Securities					
Measured at amortised cost	3,511,450.75	-	3,590,074.00	-	3,590,074.00
Other assets	42,472.85	-	42,472.85	-	42,472.85
Total Financial Assets	**3,722,358.49**	**69,131.25**	**3,731,850.49**	**-**	**3,800,981.74**
Financial liabilities					
Trade payables	97,917.42	-	97,917.42	-	97,917.42
Other financial liability	83,697.23	-	83,697.23	-	83,697.23
Total Financial Liabilities	**181,614.65**	**-**	**181,614.65**	**-**	**181,614.65**

Valuation methodologies of financial instruments not measured at fair value

Short-term financial assets and liabilities:

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents, Security deposit, Policy loans trade payables and other financial liabilities. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Financial asset at amortised cost

The fair values financial of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Notes forming part of the Consolidated financial statements

44. Derivative financial instruments

The Company 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.

The Company has during the year, as part of its Hedging strategy, entered into Interest rate swaps (IRS) and Forward rate agreements (FRA) 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 the Company receives at a pre-determined fixed rate and pays a floating rate to the bank based on the underlying index.

Forward Rate Agreements (FRA) is an agreement between two parties to pay or receive the difference (called settlement money) between an agreed fixed rate (FRA rate) and the interest rate prevailing on stipulated future date (the fixing date) based on a notional amount for an agreed period (the contract period).

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 the Company 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 table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

During the year, the Company has pre-terminated all of the existing Interest Rate Swaps (IRS) trades and has entered into Forward Rate Agreements (FRA) hedges, considering that FRA offers better hedging as compared to IRS. As a result, the cumulative Mark to Market (MTM) gains on IRS transactions reflected as part of Equity has been realised with receipt of actual cash flows from the counterparties.

As per Ind AS 109 “Financial Instruments”, If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Notes forming part of the Consolidated financial statements

Considering the above guidance, the Company has shown the cumulative realised gains on termination of IRS hedges as under Financial liabilities of the life insurance fund of the financial Statements. The amount under this account shall be recycled to Statement of Profit and Loss basis the forecasted transaction impacts the revenue account. Till such time, the amount reflected as part of Realised Hedge Reserves will not be available for payment of dividends to Shareholders.

An amount of Rs 7,750.00 lakhs realised out of premature cancellation of IRS contracts has been shown as Realised Hedge Reserves under Financial liabilities of the life insurance fund. Out of the amount Rs. 918.00 lakhs was credited to the Statement of Profit and Loss during the year ended March 31, 2020. Owing to such conversion of trades from IRS to FRA, there is upliftment in the portfolio yield and resulting in the lower requirement of reserves in the non participating segment.

A) Amount outstanding and Mark to Market values

(Rs. In lakhs)

Particulars		At March 31, 2020		At March 31, 2019	
		FRA derivatives	Interest rate derivatives	FRA derivatives	Interest rate derivatives
Cash Flow Derivatives					
1	Derivatives (Outstanding Notional Amount)	445,437.14	-	-	1,187,173.95
2	Derivatives(Average Notional Amount)	NA	-	-	159,577.67
3	Marked to market positions				
	a) Asset (+)	3,317.60	-	-	6,021.01
	b) Liability (-)	(3,802.22)	-	-	(11.06)
4	Credit exposure				
	Current Credit Exposure	3,317.60	-	-	6,021.01
	Potential Future Credit Exposure	4,609.72	-	-	23,304.85

B) Benchmark wise derivative position

S.No.	Nature of the Derivative Contract	Benchmark	No of Deals	Notional amount of Derivative Contract o/s 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 o/s at the end of the Year
1	Forward Rate Agreements (FRA)	MIBOR/OIS/ INBMK	119	-	445,437.14	-	445,437.14
2	Interest Rate Swaps (IRS)	MIOIS/ MIBOR*	-	1,187,173.95	328,344.00	1,515,517.95	-
3	Interest Rate Futures (IRF)	GOI	-	-	-	-	-

*The Tenure of the swaps when placed are for maximum 10 years
Includes matured notional legs of derivative contract

Notes forming part of the Consolidated financial statements

C) Counterparty Wise derivative position

S. No.	Counterparty	At March 31, 2020			At March 31, 2019		
		Notional of Derivative Contract o/s	Current Credit Exposure	Potential Future Credit Exposure	Notional of Derivative Contract o/s	Current Credit Exposure	Potential Future Credit Exposure
1	JP Morgan Chase	131,758.94	619.61	1,520.65	29,618.55	229.87	682.61
2	Standard Chartered Bank	195,913.61	1,726.66	1,970.24	-	-	-
3	HSBC Bank	21,996.55	625.06	132.98	564,477.34	2,471.65	11,186.94
4	DBS Bank	74,035.57	280.73	653.52	-	-	-
5	Credit Suisse	14,353.98	14.47	227.27	-	-	-
6	CITI Bank	7,378.49	51.05	105.06	579,562.30	3,319.49	11,185.31
7	Axis Bank	-	-	-	13,515.76	-	249.99

D) Derivative designated as hedging instruments

a) The impact of the hedging instruments on the balance sheet is, as follows

As at 31 March, 2020

Derivative financial instruments	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Forward Rate Agreements	445,437.14	(484.62)	Derivative Financial Asset/ Liability	(484.62)
Interest Rate Swap	-	-	-	-

As at 31 March, 2019

Derivative financial instruments	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap	1,187,173.95	6,009.95	Derivative Financial Asset/ Liability	8,623.75

b) The impact of hedged items on the balance sheet is, as follows:

As at 31 March, 2020

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Forward Rate Agreements	5,424.00	4,339.00	-
Interest Rate Swap*	-	6,832.00	-

*Company has pre-terminated all of the existing Interest Rate Swaps (IRS) and realised hedge fluctuation reserve of Rs. 7,750.00 lakhs out of which Rs. 918.00 lakhs recycled to statement of profit and loss during the FY 2019-20.

Notes forming part of the Consolidated financial statements

As at 31 March, 2019

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Interest Rate Swap	8,654.70	6,023.15	-

c) The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

As at 31 March, 2020

Derivative financial instruments	Total hedging gain / (loss) recognised in OCI	Ineffectiveness recognised in profit/ (loss)	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Forward Rate Agreements	4,339.00	(4,823.00)	N/A	-	-	-	N/A
Interest Rate Swap*	(6,023.15)	-	N/A	-	918.00	-	N/A
*Company has pre-terminated all of the existing Interest Rate Swaps (IRS) and realised hedge fluctuation reserve of Rs. 7,750.00 lakhs out of which Rs. 918.00 lakhs recycled to statement of profit and loss during the FY 2019-20.							

As at 31 March, 2019

Derivative financial instruments	Total hedging gain / (loss) recognised in OCI	Ineffectiveness recognised in profit/ (loss)	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Interest Rate Swap	8,653.36	1.34	N/A	-	-	-	N/A

45. Maturity profile

The following table summarises the maturity profile of the assets and liabilities of the company based on remaining contractual obligations, including interest payable and receivable.

The company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

The table below summarises the expected utilisation or settlement of assets and liabilities. Maturity analysis on expected maturity bases:

Notes forming part of the Consolidated financial statements

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and Cash Equivalents	76,701.57	-	76,701.57	68,864.03	-	68,864.03
Bank balances other than cash and cash equivalents	153.59	11.20	164.79	256.02	11.20	267.22
Derivative financial instruments	3,317.60	-	3,317.60	6,021.01	-	6,021.01
Trade Receivables	82,326.73	-	82,326.73	63,436.44	-	63,436.44
Investments						
at amortised Cost	45,483.16	4,179,040.60	4,224,523.76	98,483.45	3,412,967.30	3,511,450.75
at Fair Value through Other Comprehensive Income	104,967.96	147,413.06	252,381.02	23,390.75	254,192.69	277,583.44
at Fair Value through Profit and Loss	480,506.60	1,899,148.16	2,379,654.76	172,755.72	2,362,686.50	2,535,442.22
Other Financial Assets	68,859.92	45,999.24	114,859.16	43,339.68	35,000.37	78,340.05
Total financial assets	**862,317.13**	**6,271,612.26**	**7,133,929.39**	**476,547.10**	**6,064,858.06**	**6,541,405.16**
Non Financial Assets						
Current tax assets (net)	192.59	812.96	1,005.55	382.27	606.21	988.48
Deferred tax assets (net)	-	993.74	993.74	-	-	-
Investment Property	-	50,946.36	50,946.36	-	21,302.54	21,302.54
Property, plant and equipment	-	11,138.50	11,138.50	-	9,568.26	9,568.26
Capital work-in progress	-	95.88	95.88	-	547.46	547.46
Goodwill	-	52,525.44	52,525.44	-	52,525.44	52,525.44
Intangible assets	-	12,849.58	12,849.58	-	12,141.45	12,141.45
Right of use asset	-	29,203.27	29,203.27	-	-	-
Other non-financial assets	141.50	159,792.76	159,934.26	5,436.59	71,698.68	77,135.27
Total non-financial assets	**334.09**	**318,358.49**	**318,692.58**	**5,818.86**	**168,390.04**	**174,208.90**
Total assets	**862,651.22**	**6,589,970.75**	**7,452,621.97**	**482,365.96**	**6,233,248.10**	**6,715,614.06**
Financial Liabilities						
Trade Payables	76,445.02	4,499.25	80,944.27	89,256.33	8,661.09	97,917.42
Derivative financial instruments	3,802.22	-	3,802.22	11.06	-	11.06
Lease Liability	5,147.01	26,774.64	31,921.65	-	-	-
Other Financial Liabilities	100,617.12	14,123.92	114,741.04	100,995.77	31,227.57	132,223.34
Total financial liabilities	**186,011.37**	**45,397.81**	**231,409.18**	**190,263.16**	**39,888.66**	**230,151.82**
Non financial liabilities						
Current tax liabilities (net)	12,378.21	-	12,378.21	-	-	-
Provisions	650.14	6,915.03	7,565.17	615.38	5,001.27	5,616.65
Deferred tax liabilities (net)	-	-	-	-	5,650.79	5,650.79
Contract liabilities of life insurance	94,395.23	6,771,294.56	6,865,689.79	158,921.41	5,977,745.54	6,136,666.95
Other Non-financial Liabitilies	51,300.94	2,393.28	53,694.22	52,155.61	2,062.39	54,218.00

Notes forming part of the Consolidated financial statements

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Total non-financial liabilities	**158,724.52**	**6,780,602.87**	**6,939,327.39**	**211,692.40**	**5,990,459.99**	**6,202,152.39**
Total liabilities	**344,735.89**	**6,826,000.68**	**7,170,736.57**	**401,955.56**	**6,030,348.65**	**6,432,304.21**
Equity						
Equity share capital	-	5,390.19	5,390.19	-	5,387.72	5,387.72
Other equity	-	209,261.80	209,261.80	-	200,515.72	200,515.72
Equity attributable to owners of the Company	**-**	**214,651.99**	**214,651.99**	**-**	**205,903.44**	**205,903.44**
Non Controlling Interest	-	67,233.41	67,233.41	-	77,406.41	77,406.41
Total equity	**-**	**281,885.40**	**281,885.40**	**-**	**283,309.85**	**283,309.85**
Total liabilities and equity	**344,735.89**	**7,107,886.08**	**7,452,621.97**	**401,955.56**	**6,313,658.50**	**6,715,614.06**

46. Investment Property

Information regarding income and expenditure of Investment property

(Rs. In lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Rental income derived from investment properties	2,541.16	1,216.00
Direct operating expenses (including repairs and maintenance) generating rental income	(352.83)	(106.00)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(156.92)	-
Profit arising from investment properties before depreciation and indirect expenses	**2,031.41**	**1,110.00**
Less – Depreciation expense	742.93	376.00
Profit arising from investment properties before indirect expenses	**1,288.48**	**734.00**

As at March 31, 2020 and March 31, 2019, the fair values of the properties are Rs. 54,604.00 lakhs and Rs. 21,950.00 lakhs respectively. Valuation with respect to property bought in earlier year is based on valuations performed by an independent professional valuer. Fair value estimates for Investment property is classified as level 3.

Reconciliation of fair value:

(Rs. In lakhs)

Particulars	Commercial properties
Opening balance as at 01 April, 2018	**2,290.00**
Fair value difference	211.00
Purchases	19,449.00
Closing balance as at 31 March, 2019	**21,950.00**
Fair value difference	2,267.00
Purchases	30,387.00
Closing balance as at 31 March, 2020	**54,604.00**

Notes forming part of the Consolidated financial statements

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) March 31, 2020	Range (weighted average) March 31, 2019
Office property (Bangalore)	Income capitalisation approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 50 - Rs. 55	Rs. 40 - Rs. 45
		Security Deposit (No. of months rental)	6	6
		Interest on deposit	6.50%	7.00%
		Property tax, insurance and others	Rs. 1.22 Mn p.a.	4.00%
		Yield rate	6.75%	6.50%

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) March 31, 2020
Office property (Pune)	Discounted Cash Flow Approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 75 - Rs. 85
		Security Deposit (No. of months rental)	8
		Interest on deposit	6.50%
		Property tax and insurance	Rs. 7.31 Mn p.a. and Rs. 0.74 Mn p.a.
		Yield rate	8.50%

Income Capitalisation Method involves capitalising a normalised single - year net income estimate by an appropriate yield. This approach is best utilised with stable revenue producing assets, whereby there is little volatility in the net income.

The Discounted Cash Flow Methodology is based upon an estimation of future results. The methodology begins with a set of assumptions as to the projected income and expenses of the property. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The company has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

47. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Rs. In lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(i) The principal amount remaining unpaid to any supplier	-	97.90
(ii) Interest due thereon remaining unpaid at the end of the year	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-
	-	-

Notes forming part of the Consolidated financial statements

(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid 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.

48. Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, the Group has provided for & spent Rs. 1,337.32 lakhs (31 March, 2019: Rs. 1,264.00 lakhs) on various CSR initiatives, during the year, which are as given below:

(Rs. In lakhs)

CSR Project/Activity	Sector in which project is covered	Amount Spend	
		Year ended 31.03.2020	Year ended 31.03.2019
Village Adoption	Rural Development	-	316.80
Surgeries & Treatments	Health	-	309.85
NGO work on Healthcare platform	Health	-	348.80
Can support	Health	124.00	-
Immunisation/Health camp/Blood donation camp	Health	-	53.13
Health centre	Health	40.61	36.48
Artificial Limb and polio callipers	Health	-	33.72
Health Awareness	Health	-	46.89
Training in Health Programs	Health	-	-
Disaster Relief	Health	-	11.66
Mobile Health Clinic	Health	-	5.46
Financial Literacy CSR	Education, Environment, Health, etc.	200.32	101.21
Environment / Sanitation	Rural Development	34.69	-
Education - Existing Ngo Relationships	Education	196.10	-
Education - New Ngo Engagement	Education	509.32	-
Value Based Education - See Learning India	Education	65.82	-
Misc Expd (Including Disaster Relief And Unscheduled Events)	Disaster,Education & Health Relief, etc.	111.82	-
Administrative expenses of Max India Foundation	Office expenses	54.64	-
TOTAL		**1,337.32**	**1,264.00**

Notes forming part of the Consolidated financial statements

49. Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statement for the year ended March 31, 2020

(Rs. In lakhs)

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated OCI	Amount	% of Consolidated Total Comprehensive Income	Amount
Parent								
Max Financial Services Limited	80.90%	228,032.12	99.89%	27,254.80	(0.96%)	(12.45)	95.31%	27,242.35
Subsidiary								
Max Life Insurance Company Limited	87.72%	247,277.25	170.54%	46,533.58	100.96%	1,310.66	167.38%	47,844.24
Eliminations/ Consolidation Adjustments	(68.62%)	(193,423.97)	(170.43%)	(46,502.95)	-	-	(162.69%)	(46,502.95)
Total	100.00%	281,885.40	100.00%	27,285.43	100.00%	1,298.21	100.00%	28,583.64

Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statement for the year ended March 31, 2019

(Rs. In lakhs)

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated OCI	Amount	% of Consolidated Total Comprehensive Income	Amount
Parent								
Max Financial Services Limited	70.59%	200,001.29	11.86%	4,938.51	(22.52%)	(29.67)	11.75%	4,908.84
Subsidiary								
Max Life Insurance Company Limited	97.75%	276,926.64	94.03%	39,160.26	87.96%	115.88	94.01%	39,276.14
Eliminations/ Consolidation Adjustments	(68.34%)	(193,618.08)	(5.89%)	(2,451.56)	34.56%	45.54	(5.76%)	(2,406.02)
Total	100.00%	283,309.85	100.00%	41,647.21	100.00%	131.75	100.00%	41,778.96

50. Material partly-owned subsidiary

Financial information of subsidiary that have material non-controlling interests is provided below:

Name of the entity	Principal Place of Business	Proportion of Ownership Interest	
		As at 31.03.2020	As at 31.03.2019
Max Life Insurance Company Limited	India	72.52%	71.79%

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Proportion of interest held by non-controlling interest	27.48%	28.21%
Accumulated balances of material non-controlling interest	67,233.41	77,406.41
Summarised financial information for material non-controlling interest		
Financial Assets	1,952,737.07	1,843,613.00
Non-Financial Assets	72,165.50	34,790.70
Financial Liabilities	54,030.27	50,984.14
Non-Financial Liabilities	1,902,928.66	1,749,298.62

(Rs. In lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Profit/(loss) allocated to material non-controlling interest:		
Revenue from Operations	500,773.09	549,450.14
Profit for the period	12,786.06	15,388.09
Other comprehensive income	360.13	45.54
Total comprehensive income	13,146.19	15,433.63
Cash flow allocated to material non-controlling interest:		
Cash flow from /(used in) operating activities	267,222.62	257,588.26
Cash flow from /(used in) investing activities	(241,781.54)	(247,939.85)
Cash flow from /(used in) financing activities	(23,283.58)	(13,508.04)
Net increase/(decrease) in cash and cash equivalents	**2,157.51**	**(3,859.63)**

51. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

52. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

53. 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 01 July, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

54. During the previous year ended March 31, 2019, the Company had incurred finance cost aggregating to Rs. 2,724.62 lakhs 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.

55. The Company had entered into a 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

Notes forming part of the Consolidated financial statements

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 has partially settled its put option obligation during the year ended March 31, 2020 and March 31, 2019 amounting to Rs. 18,988.89 lakhs and Rs. 16,536.63 lakhs respectively. 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.

56. The Board of Directors of the Company in its meeting held on March 3, 2020, had considered and approved the issuance and allotment of up to 75,458,088 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 394,775,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited ('MLIC')["MSI Swap"], based on the valuation report obtained by the Company in accordance with applicable laws. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in MLIC ("MSI Put/Call Option"). In this regard, the Company has executed definitive agreements with the parties.

The Company had issued Notice dated March 3, 2020 for convening an extra ordinary general meeting (EGM) of the shareholders of the Company on April 2, 2020 to seek approval of shareholders via Special Resolution. The EGM got adjourned to April 16, 2020 in view of the situation arising from COVID-19 pandemic. On account of extension of nationwide lockdown till May 3, 2020, the adjourned EGM of the Company was cancelled due to inability to organise requisite quorum. On April 24, 2020, the Company issued Postal Ballot Notice to the shareholders seeking the approval for MSI Share Swap and MSI Put/Call Option. The results of the Postal Ballot will be announced on May 27, 2020.

The above transaction is subject to receipt of requisite shareholders and regulatory approvals and hence, no adjustments have been made in the financial statements.

The Company has thus far received approval from Competition Commission of India and is pursuing approval of other regulatory authorities namely Department of Economic Affairs and Insurance Regulatory and Development Authority of India.

57. On February 20, 2020, the Company and Axis Bank Limited ("Axis Bank") executed Confidentiality and Exclusivity Agreement to explore a long-term strategic partnership. The Board of Directors of the Company in its meeting held on April 27, 2020 further approved entering into definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life Insurance Company Limited ("Max Life"), subsidiary Company, to Axis Bank which will have the effect of Max Life becoming a 70:30 joint venture between the Company and Axis Bank after series of transactions. On May 13, 2020, the Company issued Postal Ballot Notice seeking the approval for the proposed transaction from shareholders of the Company by way of a Special Resolution.

Further, the Company will work towards delivering the following value creation options to Axis Bank as agreed under the definitive agreements. The Company, along with Max Life and promoters of the Company, will take all steps to merge the Company into Max Life, resulting into a listed insurance company in terms of applicable law ('Merger'). From the Closing Date, Axis Bank will have the right to subscribe to equity shares of the Company in lieu of all or part of the equity shares held by Axis Bank in Max Life ('Swap Transaction') and the Company will undertake all actions to effect the Swap Transaction. Any income tax payable pursuant to the Swap Transaction shall be split equally between the Company and Axis Bank.

Notes forming part of the Consolidated financial statements

If the Merger is not completed within 5 years from the Closing Date, and Axis Bank has exercised its right for the Swap Transaction, but the Company fails to consummate the Swap Transaction, then Axis Bank shall have the right to require the Company to purchase all the shares held by Axis Bank in Max Life at Rs. 294 per share, subject to the terms of the definitive agreements. The put option right shall be subject to receipt of requisite regulatory approvals.

The above transaction is subject to receipt of requisite shareholders approvals, regulatory approvals (including approvals from the Insurance Regulatory and Development Authority of India (IRDAI), Competition Commission of India and the Reserve Bank of India) and hence, no adjustments were made in the financial statements.

58. Estimation of uncertainties relating to COVID-19 global health pandemic:

The Group has considered the impact of COVID-19 on its operations as well as its consolidated financial statements:

In respect of the Company:

The Company has considered the impact of COVID-19 on its operations as well as its financial statements, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2020. In assessing the carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements and based on current estimates, expects the net carrying amount of these assets will be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19, wherever required.

In respect of the subsidiary Company, Max Life Insurance Limited:

The subsidiary Company has assessed the impact of COVID-19 on its operations as well as its financial statements, including valuation of investments, valuation of policy liabilities and solvency, for the year ended March 31, 2020. To the best of information available, the subsidiary Company has provided additional Rs. 1,000.00 lakhs in policyholders reserve on account of COVID related contingencies over and above the policy level liabilities calculated based on prescribed IRDAI Regulations. The subsidiary Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19. The auditors of the subsidiary company have reported this matter in their auditor's report.

59. During the year ended March 31, 2020, the subsidiary Company has reassessed the useful lives of certain business applications. Management believes that the revised useful lives of the assets reflect the period over which these assets are expected to be used based on the technical inputs, environmental scan and capability analysis. As a result, the charge in the Consolidated Statement of Profit and Loss on account of depreciation for the year ended March 31, 2020, has reduced by Rs. 505.00 lakhs (March 31, 2019: Rs. 643.00 lakhs)

60. Change in Business model:

The subsidiary Company has changed the business model in reclassifying the Group credit life (GCL) non-par fund assets from amortised cost (AC) measurement model to fair value through other comprehensive (FVOCI) measurement model. The change in the business model has been made in the quarter ended March 31, 2020, accordingly the reclassification date would be April 01, 2020. The reclassification will be applied prospectively from the reclassification date. The subsidiary Company intends to change its business model for classification and measurement of its GCL fund to manage its ALM and interest rate risk.

Notes forming part of the Consolidated financial statements

Impact of reclassification:

- On reclassification date, all the financial assets of GCL non-par fund at amortised cost of Rs. 96,567.00 lakhs as at April 01, 2020 shall be measured at fair value of Rs. 103,234.00 lakhs;
- Gain of Rs. 6,667.00 lakhs arising on reclassification shall be recognised in Other Comprehensive Income and transfer to Policyholders' Fund as restricted life insurance surplus;
- Recognition of interest revenue does not change and Company will continue to use the same effective interest rate;
- ECL amount recognised till April 01, 2020 will not change however, the loss allowance is derecognised (and will no longer be recognised as an adjustment to gross carrying amount) but the same amount will be recognised as an accumulated impairment amount in Other Comprehensive Income on April 01, 2020.

61. The figures for the previous year have been regrouped / reclassified wherever necessary, to make them comparable.

62. The Consolidated financial statements were approved for issue by the Board of Directors on 26 May, 2020.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : New Delhi

Date : May 26, 2020

MAX FINANCIAL SERVICES LIMITED
Ground Floor, DLF Center, Sansad Marg, Connaught Place, New Delhi - 110001
Telephone: +91 11 4937 6000
www.maxfinancialservices.com

/themaxgroup | /maxgroup | /company/3187772

Concept, Content & Design
WYATTPrism COMMUNICATIONS (info@wyatt.co.in)

32nd
ANNUAL GENERAL MEETING

NOTICE AND PROXY FORM

MAX FINANCIAL SERVICES LIMITED
(CIN: L24223PB1988PLC008031)
Registered Office: Bhai Mohan Singh Nagar, Railmajra,Tehsil Balachaur
District Nawanshahr, Punjab – 144 533
Tel: 01881-462000,462001 Fax: 01881-273607
www.maxfinancialservices.com | E-mail: investorhelpline@maxindia.com

NOTICE

NOTICE is hereby given that 32nd (Thirty-second) Annual General Meeting ("AGM") of Max Financial Services Limited ('the Company') will be held on Wednesday, December 30, 2020 at 1200 hrs (IST) through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM") to transact the following business(es):

Ordinary Businesses:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors) and Auditors thereon.

2. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiary for the year ended March 31, 2020 and the Report of the Auditors thereon.

3. To appoint Mr. Sahil Vachani (DIN: 00761695), who retires by rotation and being eligible offers himself for re-appointment, as a Director.

4. To re-appoint M/s Deloitte Haskins and Sells, LLP as the Statutory Auditors of the Company and in this regard, pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendations of the Audit Committee and the Board of Directors, approval of the members of the Company be and is hereby accorded to re-appoint M/s Deloitte Haskins and Sells, LLP, Chartered Accountants, (Firm Registration No.117366W/W-100018) as Statutory Auditors of the Company to hold office for a further period of five years from the conclusion of upcoming Annual General Meeting (AGM) till the conclusion of the 37th AGM of the Company to be held in the year 2025 at such remuneration plus service tax, out of pocket expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Businesses:

5. To re-appoint Mrs. Naina Lal Kidwai (DIN: 00017806) as an Independent Director for the second and final term of 5 years and in this regard, pass the following resolution **as a Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("listing regulation") and based on the recommendation of the Nomination and Remuneration Committee and Board of Directors on carrying out performance evaluation, Mrs. Naina Lal Kidwai (DIN: 00017806), who was appointed as an Independent Director on the Board of Directors of the Company on January 15, 2016 and whose term of office expires on January 14, 2021 and who meets the criteria of Independence as provided under Section 149(6) of the Act and rules made thereunder read with the listing regulation and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing her candidature for re-appointment as an Independent Director, be and is hereby appointed as an Independent

Director of the Company, for second and final term of 5 (five) consecutive years with effect from January 15, 2021 to January 14, 2026 and that she shall not be liable to retire by rotation."

6. To consider re-appointment of Mr. Mohit Talwar (DIN: 02394694) as the Managing Director of the Company for a further period of one year w.e.f January 15, 2021 and, in this regard, pass the following resolution **as a Special Resolution**:

   RESOLVED THAT in accordance with the provisions of Sections 160, 196, 197, 198, 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination & Remuneration Committee and Board of Directors, the consent of the members of the Company be and is hereby accorded to reappoint Mr. Mohit Talwar, (DIN: 02394694) as the Managing Director of the Company for a further period of one year effective January 15, 2021 to January 14, 2022 and that the remuneration payable to Mr. Mohit Talwar for the said period in the form of Salary including Basic, House Rent Allowance/Company owned or leased Accommodation, perquisites and allowances viz., leave travel allowance, children education allowance, management allowance and medical reimbursements shall not exceed Rs. 6.11 crore per annum for the aforesaid period, with the authority to the Nomination and Remuneration Committee and/or Mr. Analjit Singh, Chairman to determine and regulate the remuneration within the overall limit as mentioned in this resolution."

   RESOLVED FURTHER THAT Mr. Mohit Talwar (DIN: 02394694) is also entitled to Non cash benefits in the form of (i) car and driver related reimbursements upto Rs. 12 lakhs per annum; (ii) Post-retirement benefits in the form of (a) Club Membership, i.e., One Corporate club membership for life (DLF Golf Club or Delhi Golf Club or equivalent club in NCR) and (b) Health Insurance coverage for self and spouse with coverage for life of Rs. 25 lacs as part of the Max Group coverage; and (iii) Retirals like Provident Fund and Gratuity in terms of the employment contract."

   RESOLVED FURTHER THAT Mr. Analjit Singh (DIN: 00029641), Chairman of the Company be and is hereby authorised to determine the break up of remuneration within aforesaid limit and also authorised to take all such steps, including issuance of appointment letter and such other steps, as he may deem expedient in this regard."

7. To ratify/approve and take on record valuation report with regard to preferential issue of Equity Shares of the Company and in this regard, pass the following resolution **as an Ordinary Resolution**:

   "RESOLVED THAT the Valuation Report issued by Ms. Neena Agarwal, a registered valuer having the registration no. No.- BIIRV/05/2019/ 11667 issued by Insolvency and Bankruptcy Board of India ("IBBI") in terms of Regulation 163 (3) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 valuing equity share of Max Life Insurance Company Limited (Max Life) at Rs. 108.47 per equity share, with regard to the preferential issue of equity shares of the Company to Mitsui Sumitomo Insurance Company Limited (MSI) for consideration other than cash, i.e., by way of transfer of 394,775,831 equity shares of Rs. 10/- each of Max Life held by MSI to the Company (i.e. a swap of shares of Max Life with equity shares of the Company), be and is hereby ratified/approved and taken on record."

8. To approve limits for purchase of equity shares of Max Life Insurance Company Limited, from time to time and in this regard, pass the following resolution **as a Special Resolution**:

   "**RESOLVED THAT**, pursuant to the provisions of Section 186 of the Companies Act, 2013, read with The Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time (including any amendment thereto or re-enactment thereof for the time being in force), if any, the consent, authority and approval of the members of the Company be and is hereby accorded to the Board to acquire by way of purchase of securities of Max Life Insurance

Company Limited, from time to time in one or more tranches, from Axis Bank Limited, Axis Capital Limited and Axis Securities Limited and/or their affiliates, for an aggregate amount not exceeding Rs. 20,000 Crores (Rupees Twenty Thousand Crores only)."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, Board of Directors of the Company and/or any person authorized by the Board from time to time be and is hereby empowered and authorised to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to sign and to execute agreements, deeds, applications, documents, and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

9. To regularize the appointment of Mr. Hideaki Nomura (DIN: 05304525) and in this regard, pass the following resolution **as an Ordinary Resolution**:

   "**RESOLVED THAT** Mr. Hideaki Nomura (DIN: 05304525) who was appointed as an Additional Director on the Board of Directors of the Company with effect from December 8, 2020 in terms of Section 161(1) of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. To regularize the appointment of Mr. Mitsuru Yasuda (DIN: 08785791) and in this regard, pass the following resolution **as an Ordinary Resolution**:

    "**RESOLVED THAT** Mr. Mitsuru Yasuda (DIN: 08785791) who was appointed as an Additional Director on the Board of Directors of the Company with effect from December 8, 2020 in terms of Section 161(1) of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board

For **Max Financial Services Limited**

Place: New Delhi
Date : December 8, 2020

V. Krishnan
Company Secretary
Membership No. FCS-6527

NOTES

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") and MCA Circulars, the 32nd AGM of the Company will be held through VC / OAVM. The deemed venue for the 32nd AGM will be the registered office of the Company.

2. The Company has appointed National Securities Depository Ltd ("NSDL"), to provide the VC facility for conducting the AGM and for voting through remote e-voting or through e-voting at the AGM. The procedure for participating in the meeting through VC/ OAVM is explained in these notes.

3. Since this AGM is being held through VC / OAVM, pursuant to MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

4. Pursuant to the provisions of Sections 112 and 113 of the Act, Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

5. In view of the COVID-19 pandemic and resultant difficulties involved in dispatch of physical copies of the Annual Report, the MCA, vide its Circular dated May 5, 2020 read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 has dispensed with the requirement of dispatch of physical copies of the Annual Report. Accordingly, the Notice of the AGM along with the Annual Report for the Financial Year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories.

   Those Members, who have not yet registered their email addresses and consequently, have not received the Notice and the Annual Report, are requested to get their email addresses and mobile numbers registered with Mas Services Limited, by following the guidelines mentioned in these notes.

   Members may note that the Notice and Annual Report for the Financial Year 2019-20 will also be available on the Company's website www.maxfinancialservices.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL https://www.evoting.nsdl.com.

6. The notice of AGM along with Annual Report will be sent to those members / beneficial owners whose name will appear in the register of members/ list of beneficiaries received from the depositories as on Friday, November 27, 2020 (that is the benpos date for sending the annual report

7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. Information regarding particulars of the Directors to be re-appointed requiring disclosure in terms of the Secretarial Standard 2, Listing Regulations **Annexure - A**.

   An Explanatory Statement pursuant to Section 102 of the Companies Act 2013 ('the Act') 2013, read with the relevant Rules made thereunder (the 'Act') and regulation 36 of listing regulation, setting out the material facts and reasons, in respect of item nos. 4 to 10 is annexed hereto and forms part of this Notice.

9. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 24, 2020 to Wednesday, December 30, 2020 (both days inclusive).

Members are requested to send all their correspondence directly to Mas Services Limited, Registrar and Transfer Agent ("RTA") of the Company at T-34, 2nd Floor, Okhla Industrial Area Phase II, New Delhi – 110 020. Tel–011–26387281-83, Fax–011–26387384; E–mail: **info@masserv.com** or **mas_serv@yahoo.com**

10. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("listing regulation") as amended from time to time, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's RTA for assistance in this regard.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participant ("DP") with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent – Mas Services Limited

12. Members are requested to intimate changes/ update, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Mas Services Limited for shares held in physical form, with relevant documents that may be required.

    The Company has designated an exclusive Email Id: . investorhelpline@maxindia.com for redressal for Shareholders'/Investors' complaints/grievance. In case you have any queries, complaints or grievances, then please write to us at the above mentioned e-mail address.

13. All the documents referred in the notice and explanatory statement thereto are open for inspection at Registered Office of the Company during working hours between 9.30 a.m. and 1.00 p.m., except on holidays from the date of circulation of this Notice up to the date of AGM i.e. Wednesday, December 30, 2020

    The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and all the documents referred to in the Notice and explanatory statement, including certificate from the Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014 will be available electronically for inspection by the members during the AGM.

14. Pursuant to Section 72 of the Act, Member(s) of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/ their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's RTA. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

15. Members who have not claimed/ received their dividend paid by the Company in respect of following years, are requested to check with the Company's RTA. Members are requested to note that in terms of Section 124(5) of the Companies Act, 2013 any dividend unpaid / unclaimed for a period of 7 years from the date these first became due for payment, is to be transferred to the Central Government to the credit of the Investor Education & Protection Fund (IEPF). In view of this, members/claimants are requested to claim their dividends from the Company, within the stipulated timeline.

Interim Dividend	Final Dividend
November 8, 2013	September 24, 2013
November 12, 2014	September 30, 2014
November 6, 2015	September 23, 2015
	September 27, 2016

Further, in accordance with the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 (IEPF Rules), 2016, shares on which dividend remains unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not claimed dividend for previous year(s) are requested to claim the same by approaching the Company or the R&T Agents of the Company within the stipulated time period.

Further, the Company declared Interim Dividend for the financial year 2012-13 on November 9, 2012. The unpaid/unclaimed dividend for the aforesaid interim dividend was due for transfer after November 9, 2019 to the IEPF.

The equity shares on which dividend have not been claimed/encashed for a continuous period of last seven years i.e. from F.Y. 2012-13 shall also be mandatorily transferred by the Company to IEPF as per the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

In this regard, the Company had given adequate notice on September 20, 2019 to the members of the Company, advising them to encash the said dividend. Further, the Company had also given an advertisement in Business Standard, all editions and Desh Sewak, Chandigarh edition on September 17, 2019 for the information of the members of the Company.

In this regard, a sum of Rs.92,27,448/- which was lying as unpaid/unclaimed dividend in the Dividend Account No. 000184400004031 of the Company with Yes Bank was remitted to IEPF on January 13, 2020 and 5,82,360 equity shares of Rs. 2/- each were also transferred by the Company in the name of Investor Education and Protection Fund on February 14, 2020 as per Section 124(6) of the Companies Act 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more and the details of the same are also available on the website of the Company at www.maxfinancialservies.com under Investor Relation section.

On transfer of the aforesaid equity shares to IEPF, the members have recourse to IEPF to reclaim the shares by providing documentary evidence to IEPF as provided under the Companies Act, 2013.

Further, Members who have not claimed / encashed their dividends in the last seven consecutive years from 2013 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

The Company has been sending reminders to Members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at www.maxfinancialservices.com. Members who have not encashed Final and Interim Dividend for the Financial Year 2013-14 or any subsequent dividend declared by the Company, are advised to write to the Registrar and Transfer Agent of the Company, i.e., Mas Services Limited, T-34, okhla Industrial Area, Phase – II, New Delhi – 110 020, Tl Nos. 011-41320335/41610099 and e-mail id info@ masserv.com immediately.

The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5available on www.iepf.gov.in

16. 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 were transferred to the Unclaimed Suspense Account. The concerned shareholders can write to the Registrar and Share Transfer Agent for claiming their rights on such shares.

Procedure for the remote e-voting and e-voting during the AGM:

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2015 as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The Board of Directors has appointed Mr. Rupesh Agarwal, Managing Partner (CP No. 5673) and failing him Mr. Shashikant Tiwari (CP No. 13050), Partner of M/s Chandrasekaran Associates, Practicing Company Secretaries having office at 11F, Pocket-IV, Mayur Vihar Phase-I, Delhi – 110091, as Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.

III The facility of e-voting shall also be made available during the AGM and members attending the AGM through VC/OAVM, who have not already cast their vote by remote e-voting may exercise their right to vote during the AGM through NSDL portal which will be available for fifteen minutes post the conclusion of the AGM.

IV Members who have cast their remote e-voting prior to the AGM can also participate in the AGM through VC/OAVM, but shall not be entitled to cast their vote through e-voting again.

The members can opt for only one mode of voting i.e. remote e-voting or e-voting at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and e-voting at AGM will not be considered

In case of joint holders, only such joint holder who is named first in the order of names will be entitled to vote.

V. The voting rights of members shall be in proportion their shares in the paid-up equity share capital of the Company as on the cut-off date, i.e., closure of business hours of Wednesday December 23, 2020.

VI The remote e-voting period commences on Saturday, December 26, 2020 at 09.00 A.M. (IST) and ends on Tuesday December 29, 2020 at 05.00 P.M. (IST). During this period members of the Company, holding shares either in physical from or in dematerialised form, as on the cut-off date i.e closure of business hours of Wednesday, December 23, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again. The person who is not the member or beneficial owner as on cut-off date should treat this Notice for information purpose only.

The procedure to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step-1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step-2: Cast your vote electronically on NSDL e-Voting system.

Detailed procedure is as under:

Step 1: Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a Mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details will be as per details given below :

Manner of holding shares	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******).
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID (For example if your Beneficiary ID is 12************** then your user ID is 12**************)
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***)

5. Your password details are given below:

   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c. How to retrieve your 'initial password'?

      i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in this Notice.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password**?"

      (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) "**Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of Max Financial Services Limited.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

i. Pursuant to Section 113 of Companies Act, 2013, Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, through its registered Email Id to the Scrutinizer at rupesh@cacsindia.comwith a copy marked to evoting@nsdl.co.in.

ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or

"Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Other Instructions

1. The e-voting rights of members shall be in proportion of their shares in the paid up equity share capital of the Company as on the cut – off date, i.e., closure of business hours of Wednesday December 23, 2020. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through electronic voting system.

2. Any persons who acquires shares of the Company and becomes a Member of the Company after mailing of the Notice and holding shares as of the cut-off date i.e. closure of business hours of Wednesday December 23, 2020, shall be entitled to avail remote e-voting facility or e-voting during the AGM. They, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

3. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the Meeting, thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The Chairman or the authorized person shall declare the results.

4. The result declared along with the Scrutinizers, Report shall be immediately placed on the Notice Board of the Company at its Registered Office, corporate office Company's website www.maxfinancialservices.com and on the website of NSDL www.evoting.nsdl.com. The Company shall simultaneously forward the results to National Stock Exchange of India Limited (https://www.nseindia.com) and BSE Limited(https://www.bseindia.com/), where the shares of the Company are listed. . The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.

Instructions for Members for attending the AGM through VC / OAVM:

i. Members will be able to attend the AGM through VC / OAVM provided by NSDL at www.evoting.nsdl.com by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. Members who do not have the User ID and Password for E-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice. Further, Members can also use OTP based login for logging into the e-Voting system of NSDL.

ii. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis. The facility of participation at the 32nd AGM through VC/OAVM will be made available to at least 1,000 Members on first come first served basis. This will not include large shareholders (Members holding 2% or more shares), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 32nd AGM without restriction on account of first come first served basis.

iii. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered Email Id mentioning their name, DP ID and Client ID / Folio No., PAN, Mobile No. to the Registrar and Share Transfer agent of the Company at info@masserv.com and to the Company at investorhelpline@maxindia.com on or before Saturday December 26, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

iv. Members who may require any technical assistance or support before joining or during the AGM, are requested to contact at NSDL toll free number at 1800- 222-990 or write e-mail at evoting@nsdl.co.in or info@masserv.com

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

As required under Section 102 of the Companies Act, 2013 ('the Act') read with the relevant Rules made thereunder (the 'Act') and regulation 36 of listing regulation, the following explanatory statement sets out all material facts relating to the business set at under item nos. 4 to 10.

Item No. 4

Pursuant to Sections 139 & 142 of the Companies Act 2013, M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration Number: 117366W/W-100018), were appointed as the Statutory Auditors of the Company at the 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 Section 139(2) of the Companies Act, 2013 and Rules made thereunder, M/s. Deloitte Haskins and Sells LLP, Chartered Accountants are eligible for re-appointment of for second another term of five years from the conclusion of the ensuing AGM of the Company. Based on the recommendation of the Audit Committee of the board, the Board of Directors recommended the re-appointment of M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration Number: 117366W/W-100018), for a further term of five years from the conclusion of 32nd AGM till the conclusion of 37th AGM to be held in the year 2025 in terms of Section 139 and 142 of the Companies Act, 2013. The Company received a written consent from M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants, as required under Section 139 of the Act and a eligibility certificate to the effect that their appointment, if may, would be in accordance with the limits prescribed under Section 141 of the Act and are not disqualified to be appointed as Statutory Auditors of the Company. The proposed fees payable to the statutory auditors shall be decided by the Board of Directors of the Company on the recommendations of the Audit Committee from time to time.

Item No. 5

Pursuant to the provisions of Sections 149, 150, 152 and Schedule IV of the Companies Act, 2013 read with rules thereunder, Mrs. Naina Lal Kidwai (DIN: 00017806) was appointed by the Shareholders as an Independent Director of the Company for a period of five years with effect from January 15, 2016. The five year tenure of Mrs. Naina Lal Kidwai as Independent Director of the Company shall be expired on January 14, 2021.

In accordance with the Section 149(10) of the Companies Act, 2013 and the Listing Regulations, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of the Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of a special resolution by the members of the Company.

Based on the outcome of Performance Evaluation of the Independent Director, on the recommendation of Nomination and Remuneration Committee, Board of Directors of the Company at their meeting held on May 26, 2020 has recommended the re-appointment of Mrs. Naina Lal Kidwai for the second term and final term of 5 years as provided in the resolution and she shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. The Company has received a declaration from Mrs. Naina Lal Kidwai confirming that she meets the criteria / Conditions of Independence as prescribed under Section 149(6) and 152(5) of the Companies Act, 2013, the rules made thereunder and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, she fulfills the conditions specified in the Act, the rules made thereunder and Listing Regulations and is independent of the management.

Mrs. Naina Lal Kidwai is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given her consent for the re-appoint as Independent Director of the Company.

In the terms of Section 160 of Companies Act, 2013, company has received Notice in writing from the members proposing her candidature for re-appointment as Independent Director in terms of provisions of Companies Act, 2013.

Your directors therefore recommend the re-appointment of Mrs. Naina Lal Kidwai as an Independent Director on the Board of the Company for second and final term of five years, as per resolution set out at Item No. 5 of the accompanying Notice for your approval, to continue to gain from the vast and varied experience and expertise of Mrs. Naina Lal Kidwai.

The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('SS-2'), in respect of the proposed appointment form part of Annexure A.

Save and except Mrs. Naina Lal Kidwai and her relatives, to the extent of their shareholding interest, if any none of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 5.

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 5 of the Notice for the approval of the Members.

Item No. 6

Mr. Mohit Talwar (DIN: 02394694) was appointed as the Managing Director of the Company for a period of five years effective January 15, 2016. His current term as the Managing Director shall expire on January 14, 2021. It was proposed to extend his tenure as the Managing Director of the Company for a further period of one year, to provide continuity to the key initiatives that are currently underway.

Under the provision of Section 196(2) of the Companies Act, 2013, a Whole-Time Director can be appointed for a maximum term of five years at a time.

Mr. Mohit Talwar has been associated with the Company since 2007 and his experience and expertise is an asset to the organization and the reappointment of Mr. Mohit Talwar as Managing Director of the Company is appropriate and in the best interest of the Company. Thus, the Board of Directors on the recommendation of the Nomination & Remuneration Committee has approved the reappointment of Mr. Mohit Talwar as the Managing Director for a further period of one year w.e.f January 14, 2021 at its meeting held on October 30, 2020.

Mr. Mohit Talwar is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent for the re-appointment as Managing Director.

Copy of the draft letter of appointment to be issued to Mr. Mohit Talwar, Managing Director, is open for inspection by any member of the Company at its Registered Office during business hours on every working day. The same may be treated as written memorandum setting out the terms and conditions of his appointment under Section 190 of the Companies Act, 2013 (" the Act").

Save and except Mr. Mohit Talwar and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, n the resolution as set out at Item No. 6

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 6 of the Notice for the approval of the Members.

The Statement containing additional information as required in Schedule V of the Act is furnished herewith:

I. **GENERAL INFORMATION:**

   I. Nature of Industry: The Company is engaged in the activity of holding and nurturing of investments in life insurance business and also providing management consultancy services to group companies.

   II. Date or expected date of commencement of commercial production: Not applicable as the Company is not involved in any manufacturing Activity.

   III. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not applicable

   IV. Financial performance based on given indicators: The performance of the Company during last two years was as under:

Amount in Rs. Crore

Particulars	2019-20	2018-19
Total Revenue	495.02	317.78
Net Profit/(Loss) before tax	396.32	49.39
Net Profit/(Loss) after tax	272.54	49.39

V. Export performance and net foreign exchange collaborations: Nil

VI. Foreign investments or collaborators, if any: Xenok Limited, GS Mace Holdings Limited and International Finance Corporation have made equity investments in the Company in the past.

II. **<u>INFORMATION ABOUT THE APPOINTEE:</u>**

a. Background Details: Mr. Mohit Talwar is a post graduate from St. Stephen's College and completed his management studies in Hospitality from the Oberoi School. He possesses wealth of experience of over 34 years in Corporate Finance and Investment Banking. He spent 24 years in Wholesale Banking in Standard Chartered, ANZ Grindlays and Bank of Nova Scotia. Prior to this, he spent almost 6 years with the Oberoi Group. He is associated with Max Group since 2007.

b. Past Remuneration: Mr. Talwar was paid a remuneration of Rs 12.52 crore in 2019-20

c. Recognition or Awards: None

d. Job Profile and his Suitability:

e. Remuneration Proposed: The proposed remuneration of Mr. Mohit Talwar as Managing Director of the Company is mentioned in the resolution set out at item no. 7

f. Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and person: Mr. Talwar has an experience of over 34 years. His present job responsibilities include managing the whole of the affairs of the Company under the supervision of the Board. Accordingly, keeping in view the present scenario of pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of Mr. Talwar matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

g. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Mr. Mohit Talwar has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than his Remuneration in the capacity of as Managing Director

III. **<u>OTHER INFORMATION:</u>**

a. Reasons of loss or inadequate profits: The Company is having profits, however the managerial remuneration may exceed the limits in case of inadequacy of profits in future.

b. Steps taken or proposed to be taken for improvement: The Company has been taking all measures within its control to maximize overall efficiencies of its operations and minimising various fixed and variable Costs.

c. Expected increase in productivity and profit in measurable terms: It is difficult to forecast the profitability in measurable terms. However, the Company expects that the profitability shall further improve in times to come.

<u>Item No. 7</u>

BSE, at the time of according its in-principle' approval for the issue of 7,54,58,088 equity shares of Rs. 2/- each of the Company to Mitsui Sumitomo Insurance Company Limited ('MSI') on a preferential basis for consideration other than cash, i.e., by way of transfer of 394,775,831 equity shares of Rs. 10/- each of Max Life Insurance Company Limited (Max Life) held by MSI to the Company (i.e. a swap of shares of Max Life with equity shares of the Company), advised the Company to seek the ratification and approval of the Shareholders with respect to an additional valuation report received from Ms. Neena Agarwal, a registered valuer having registration no. No.- BIIRV/05/2019/ 11667 issued by IBBI in terms of Regulation 163 (3) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The management would like to state that the Company proposes to acquire the shares of Max Life from MSI at Rs. 108.02 per equity share which is less than the value determined by the aforesaid valuer.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 7 of the accompanying Notice, except to the extent of their shareholding

The Board of Directors accordingly recommends the Ordinary Resolution set out at Item No. 7 of the Notice for the approval of the Members.

Item No. 8

The members of the Company may note that under Section 186 (3) of the Companies Act, 2013, where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2) of Section 186, no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorised by the members by way of a special resolution.

To achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the funds as may become available to the Company from time to time, to acquire by way of purchase securities of Max Life Insurance Company Limited ("**Max Life**") from time to time in one or more tranches, from Axis Bank Limited, Axis Capital Limited and Axis Securities Limited and/or their affiliates, for an aggregate amount not exceeding Rs. 20,000 Crores (Rupees Twenty Thousand Crores only).

Accordingly, the Board of Directors of the Company proposes to obtain approval of shareholders by way of special resolution as contained in this notice.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 9 & 10

Pursuant to subscription to the Equity Shares of the Company constituting 21.87% of the enhanced equity share capital of the Company Mitsui Sumitomo Insurance Company, Limited had nominated the following, viz., Mr. Hideaki Nomura (DIN: 05304525) and Mr. Mitsuru Yasuda (DIN: 08785791), who were appointed as additional directors of the Company effective December 8, 2020, in terms of Section 161 of the Companies Act, 2013 ('Act') and other applicable provisions of the Act.

Pursuant to the provisions of Section 161 of the Act read with Articles of Association of the Company, the aforesaid directors shall hold office up to the date of next annual general meeting.

In this regard, the Company has received notices under Section 160 of the Act from members proposing the candidature of the aforementioned directors for being appointed as directors of the Company.

The brief resume of the aforesaid directors along with other details required under Listing Regulations read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('SS-2') are enclosed as Annexure-1.

The Board recommends their appointments as per item no. 9 and 10 by way of passing of Ordinary Resolutions, as stated in the said respective items.

Each of the aforementioned directors are concerned or interested in the respective resolutions concerning their appointment. None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolutions.

By Order of the Board

For **Max Financial Services Limited**

Place: New Delhi
Date : December 8, 2020

V. Krishnan
Company Secretary
Membership No. FCS-6527

ANNEXURE -A

The details of Mr.Sahil Vachani , Director seeking re-appointment, pursuant to Regulation 36(3) of the SEBI Listing Regulations, 2015 and Secretarial Standards on General Meeting issued by Institute of Company Secretaries of India are appended below:

Name of the Director	**Mr. Sahil Vachani** (DIN: 00761695)	**Mrs. Naina Lal Kidwai** (DIN : 00017806)	**Mr. Mohit Talwar** (DIN: 02394694)	**Mr. Hideaki Nomura** (DIN: 05304525)	**Mr. Mitsuru Yasuda** (DIN: 08785791)
Date of Birth / Age	**April 30, 1983 / 37 years**	**16th April 1957/ 63 years**	**September 17, 1959/ 61 years**	**April 26, 1963 / 57 years**	**May 30, 1974 / 46 years**
Brief Resume * (including nature of expertise in specific functional areas and qualification)	Mr. Sahil Vachani is CEO & Managing Director, Max Ventures and Industries Limited, which is the holding company for Max Speciality Films, an innovation leader in the Speciality Packaging Films business; Max Estates, the commercial and residential real estate development arm; Max Learning, the education vertical; and Max I an Investment arm, wherein he is responsible for the overall strategic vision and direction of the company. He has diverse experience across various sectors including consumer durables and real estate. He joined the Board of Directors of Max Life Insurance Company Limited, the subsidiary of the Company, as a non-executive director, effective May 18, 2018.	Mrs. Naina Lal Kidwai is a banker and business executive. She was formerly a Group General Manager and the Country Head of HSBC India. She is also a former President of the Federation of Indian Chambers of Commerce and Industry. Mrs. Kidwai holds a bachelor's degree in Economics from Lady Shri Ram College for Women University of Delhi (1977 batch) and an MBA from Harvard Business School in 1982. Mrs. Kidwai was the first Indian woman to graduate from Harvard Business School and also the first woman to guide the functioning of a foreign bank in India.	Please refer brief profile given in the item no. 6 under the explanatory statement.	Mr Hideaki Nomura held the position of a Director of Max Life Insurance Co. Ltd. with effect from June 27, 2012 until December 8, 2020. He is also a General Manager of Asian Life Insurance Business Dept. of Mitsui Sumitomo Insurance Co., Ltd. in Japan. He has 31 years experience in financial industries including insurance, banking and investment banking. In his tenure with Mitsui Sumitomo Insurance., Ltd. ("MSI") for 19 years, he steered and supervised Asian life insurance affiliates' business as a shareholder. He also took a strategic role in helping the Company expand into Asian local insurance businesses by analyzing, structuring and valuating M&A transactions, such as Sinatay Life in China, Sinarmas Life in Indonesia, Hong Leong Assurance in Malaysia, Hong Leong Takaful in Malaysia, Mingtai Insurance in Taiwan, etc.	Mr. Mitsuru Yasuda has been appointed as a Director of Max Life Insurance Co. Ltd. effective from July 24, 2020. He is also an Assistant General Manager of Asian Life Insurance Business Dept. of Mitsui Sumitomo Insurance Co. Ltd. ("MSI"). He has more than 20 years of experience in life insurance business, M&A advisory business and audit business. He holds a Japanese CPA license.

	He holds a Bachelor's degree in Management Sciences from the University of Warwick, U.K. backed up by an Executive Management Program on Disruptive Innovation from the Harvard Business School. He started his career as an investment banker with Citigroup in London, where he worked on Mergers and Acquisitions across the Middle East and Africa region. In 2004, he joined Dixon Technologies, a consumer appliance manufacturing firm as Business Head and setup new verticals across multiple locations and was involved in the launch of new products, setting up of new manufacturing facilities and establishing relationships with leading brands as customers. His next career progression was in 2008 as Co-founder and Managing Director of Dixon Appliances Pvt. Ltd., where he was responsible for the business from inception including designing of products, building the team, setting up the manufacturing facility, operations and building relationships with leading brands in India such as Panasonic, Godrej, LG, among others. The Company emerged as the single-largest third party contract manufacturer of Washing Machines for the Indian market. In July 2015, Mr. Vachani sold his shareholding in the company to pursue new opportunities.			He was also in charge of establishing new businesses, such as Unit-Linked Annuity Joint Venture with Citigroup, defined contribution business and mutual fund business. Prior to joining MSI, He spent 12 years in Nippon Credit Bank (currently Aozora Bank) and its investment banking subsidiary in London, where his roles were bond trading, fixed income market analysis, financial derivatives sales, credit analysis and providing loans to corporations. He holds an MBA from Graduate School of International Corporate Strategy, Hitotsubashi University, Tokyo, completed his exchange program from Anderson Business School at University of California, Los Angeles and has a BA in Economics from Keio University, Tokyo. He is a Chartered Member of the Securities Analysts Association of Japan and a Certified Financial Planner granted by Japan Association for Financial Planners.	He joined MSI in 2015 and took on a supervisory role in Sinarmas MSIG Life, MSI's life insurance subsidiary in Indonesia until he got appointed as a Director of Max Life Insurance Co. Ltd. His responsibility in Sinarmas MSIG Life included sales channel & product portfolio management, budget & profit management, risk management and so forth. Prior to joining MSI, Mr. Yasuda spent 12 years with Deloitte in its M&A service function in both Tokyo and New York. During the tenure, he provided accounting and tax advices as well as valuation supports to his clients including both life and non-life insurance companies. He also spent 4 years with E&Y Tokyo in its audit function before joining Deloitte.
Terms and conditions of appointment	Appointed as a non executive director; liable to retire by rotation. He is eligible for sitting fees for attending the meetings.	As captured in the resolution	As captured in the resolution	Appointed as a non executive director; liable to retire by rotation.	Appointed as a non executive director; liable to retire by rotation.
Directorships in other Listed Companies	Max Ventures and Industries Limited in the capacity as its Managing Director.	Larsen and Toubro Limited Cipla Limited	Max Financial Services Limited Max Ventures and Industries Limited	Nil	Nil

Committee memberships in Companies	Member of (i) Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Investment & Finance Committee of Max Ventures and Industries Limited; (ii) Audit Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of Max Speciality Films Limited; and (iii) Chairman of Stakeholders' Relationship Committee of the Company.	**Cipla Limited** Audit Committee Stakeholders' Relationship Committee Investment & Risk Management Committee **Vadinar Oil Terminal Limited** CSR, Safety & Sustainability Committee Audit Committee Nomination and Remuneration Committee **Nayara Energy Limited** CSR, Safety & Sustainability Committee Nomination and Remuneration Committee Audit Committee Banking & Finance Committee **LafargeHolcim Ltd** Health, Safety and Sustainability Committee **Max Financial Services Limited** Audit Committee Nomination and Remuneration Committee	Max Financial Services Limited Audit Committee, Member Stakeholders Relationship Committee, Member Risk and Compliance Review Committee, Member CSR Committee, Member Max Life Insurance Company Limited Investment Committee, Member Antara Senior Living Limited Member – Nomination and Remuneration Committee Max Ventures and Industries Limited Audit Committee, Member Investment & Finance Committee, member Stakeholders Relationship Committee, chairman Nomination and Remuneration Committee, member Corporate Social Responsibility Committee, Member	Nil	Member of Audit Committee, Risk, Ethics and Asset Liability Management Committee, Investment Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Policyholder Protection Committee and Product and Actuarial Committee of Max Life Insurance Company Limited as on December 8, 2020.

Directorships in other Companies	Max Life Insurance Company Limited Max Speciality Films Limited Max I. Limited Piveta Estates Private Limited Max Ventures Private Limited Siva Enterprises Private Limited Siva Realty Ventures Private Limited SKA Diagnostic Private Limited Hometrail Properties Private Limited Wegmans Business Park Private Limited TVP Investments Private Limited Trophy Estates Private Limited Vitasta Estates Private Limited Max Skill First Limited Vana Ventures Ltd. (Formerly Malsi Holdings Ltd)	Naryara Energy Limited (erstwhile Essar Oil Ltd) Vadinar Oil Terminal Limited (Largely held Subsidiary of Nayara Energy Ltd) Pathbreakers Trading Company Pvt. Ltd PML Mercantile Limited LafargeHolcim Limited (Swiss Listed)	Max Life Insurance Company Limited Antara Senior Living Limited	PT. Asuransi Jiwa Sinarmas MSIG Tbk	Max Life Insurance Company Limited.
Equity Shareholding in the Company (as on date)	Nil	Nil	3,48,248 equity shares of Rs. 2/- each	Nil	Nil
Remuneration last drawn (including sitting fees, if any)	Sitting fee of Rs. 5 Lakh was paid for the year ended March 31, 2020	Rs. 35 Lakhs (Comprising of Commission of Rs. 30 Lakhs and Sitting fees of Rs. 5 Lakhs)	Please refer details given under the explanatory statement to the resolution set out at the item no. 6	Nil	Nil
Remuneration proposed to be paid	Sitting fees of Rs. 1 Lakh per Board and Committee meeting	Company will continue to pay the sitting fees for attending board and committee meetings and commission as may be determined by the Board , from time to time,	Please refer details given in the resolution set out at the item no. 6	Nil	Nil
Number of meetings of the Board attended during the year	5 (five)	3 (Three) meetings for the year ended March 31, 2020	6 (six) meetings for the year ended March 31, 2020	Not applicable as the appointment has taken place on December 8, 2020	Not applicable as the appointment has taken place on December 8, 2020
Related to any other Director / KMP of the Company	Mr. Sahil Vachani is a relative (son-in-law) of Mr. Analjit Singh, Director and Promoter of the Company.	Nil	Nil	Nil	Nil
Date of Appointment on Board	May 25, 2018	January 15, 2016	January 15, 2016	December 8, 2020	December 8, 2020