



February 11, 2019

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 021

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

Scrip Code: 500271

Name of Scrip: MFSL

Dear Sir/Madam,

Sub: Disclosure under Listing Regulations – Press Release on Financial Results

In terms of the SEBI (Listing Obligations and Disclosures requirements) Regulations, 2015, please find enclosed a Press Release being issued by the Company in respect of its Standalone Unaudited Financial Results for the quarter and nine months period December 31, 2018.

You are requested to take note of the above.

Thanking you,

Yours faithfully
For **Max Financial Services Limited**

A handwritten signature in black ink, appearing to read "Sandeep Pathak", is written over the typed name.

Sandeep Pathak
Company Secretary & Compliance Officer

Encl: As above.

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

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Max Financial Services Reports Q3 Consolidated Revenues of Rs. 4,124 Cr., growing 12%

MFS key subsidiary Max Life Insurance Financial Highlights:

- Revenue¹: Rs. 4,113 Cr.; grows 12%
- Embedded Value grows to Rs. 8,254 Cr.; Operating Return on EV: 18.8%
- Highest ever Claims Paid Ratio at 98.26% for 2017-18
- Value of New Business grows to Rs. 466 Cr.; New Business Margin at 22.8%

11th February 2019, New Delhi

Max Financial Services Limited (MFS) today announced its financial results for the third quarter of financial year 2018-19 (Q3 FY2019). MFS, the holding company of **Max Life Insurance** (Max Life), India's largest non bank-owned life insurer, reported consolidated revenues of Rs. 4,124 Cr., growing 12% over the previous year. The Company's consolidated revenue for the first nine months (9M) of FY19 stood at Rs. 11,292 Cr., growing 16%, while the Shareholders' Profit before tax fell marginally by 4% to Rs. 375 Cr. due to planned investments in FY19 towards proprietary channel growth initiatives.

MFS' sole operating subsidiary **Max Life** reported revenues of Rs. 4,113 Cr., growing 12% over the corresponding quarter last year. The business also reported its Embedded Value (EV) based on market consistent methodology (MCEV) at Rs. 8,254 Cr., with an Operating Return on EV (RoEV) of 18.8%. The Value of New Business² (VNB) written during the quarter was Rs. 466 Cr., growing 37% over the previous year while the New Business Margin³ (NBM) stood at 22.8%. The higher VNB was a result of higher sales of protection products as well as higher NBM's in the protection business. In addition, the key health vectors for the business such as conservation ratio, persistency, continued to be top quartile in the industry.

As per the Insurance Regulatory and Development Authority (IRDA) Annual Report for 2018, Max Life has recorded its highest ever Claims Paid Ratio of 98.26%.

Max Life's Assets under Management, as on 31st Dec 2018, were Rs. 58,397 Cr., 16% higher than the previous year. Despite a high base effect in 2018, Max Life in Q3 posted individual adjusted growth of 13%, outpacing the private industry growth of 10%. Proprietary channels continued to outperform bancassurance on growth, basis 9M YTD, with proprietary sales growing by 30% while banca sales also grew at a healthy 17%.

Commenting on MFS' performance, **Mr. Rahul Khosla, President, Max Group** and **Chairman, Max Life Insurance** said, "Our operating subsidiary, Max Life's financial results this quarter show an all-round improvement across metrics. The company delivered robust performance amongst listed players while outpacing industry growth, with its private market share increasing by 65 basis points for 9M YTD. We

¹ Excludes Max Life Unit Investment Income

² Value of New Business at post-overrun costs

³ New Business Margin at structural costs

also set a higher benchmark for ourselves by achieving our highest claims paid ratio ever. While all our distribution channels exhibited a healthy growth, the e-commerce channels outshone with a growth of 76% in sales. Going forward, we plan to continue our focus on proprietary initiatives to deliver on our planned expansion agenda.”

Mr. Mohit Talwar, Managing Director, Max Financial Services Ltd. said, “With Individual Adjusted Sales growing by 21% in the nine months and a robust 35% in January, Max Life continues to flourish and cement its position as one of the country’s leading life insurers. While the New Business (Total FYP) growth of 17% and a VNB growth of 37% continue to reflect our existing strengths, we will pay special attention to new business development and increased profitability. Our aim now remains set on achieving 25%-25%-25% Sales growth, New Business Margin, and Return on Embedded Value, respectively, over the next three years.”

Note to the Editor

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

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

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

About Max Group

The Max Group is a leading Indian multi-business conglomerate with a commanding presence in the Life Insurance, Health & Allied businesses and packaging sectors. In FY2018, the Group recorded consolidated revenue of Rs. 19,151 Cr. It has a total customer base of 11 million, over 300 offices spread across India and people strength of more than 25,000 as on 31st December 2018. The Group’s investor base includes marquee global financial institutions such as KKR, IFC Washington, Vanguard, Ward Ferry, New York Life, Nomura, Aberdeen, First State Investments, First Voyager, Eastspring, Target Asset Management, Baron, Jupiter, Doric capital and Wasatch.

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

About Max Financial Services Limited

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

About Max Life Insurance

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

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For further information, please visit:

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MFS: www.maxfinancialservices.com

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