



August 6, 2018

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

National Stock Exchange of India Limited
Exchange Plaza, Bandra -Kurla Complex
Bandra (E),
Mumbai 400051

Scrip Code : 500271

Name of Scrip : MFSL

Dear Sir/Madam,

Sub: **Disclosure under Listing Regulations – Press Release being issued by the Company**

Please find enclosed a press release being issued by the Company in respect of highlights of the financial results for quarter ended June 30, 2018.

You are requested to take the aforesaid on record.

Thanking you,

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

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

Sandeep Pathak
Company Secretary & Compliance Officer

Encl: As above.

Max Financial Services reports Q1 Consolidated Revenues¹ of Rs. 3,099 Cr., growing 21%

Max Life Q1 FY2019 Highlights:

- Revenues¹: Rs. 3,085 Cr., grew 20%
- Embedded Value²: Rs. 7,645 Cr., Operating Return on EV: 15%
- Value of New Business³: Rs. 130 Cr.; New Business Margin³: 23.5%

6th Aug 2018, New Delhi

Max Financial Services Limited (MFS) today announced its financial results for the first quarter of financial year 2018-19 (Q1 FY2019). MFS, the holding company of **Max Life Insurance** (Max Life), India's largest non bank-owned life insurer, reported consolidated revenues¹ of Rs. 3,099 Cr., growing 21% over the previous year. The Company also reported Profit before Tax⁴ of Rs. 78 Cr., 10% lower compared to the previous year.

MFS' sole operating subsidiary **Max Life** reported revenues¹ of Rs 3,085 Cr., growing 20% over the corresponding quarter last year. The business also reported its Embedded Value based on market consistent methodology (MCEV) at Rs. 7,645 Cr., with an Operating Return on EV (RoEV) of 15%. The Value of New Business (VNB) (pre-cost overrun) written during the quarter was Rs. 130 Cr. growing 23% over the previous year. The New Business Margin (NBM) stood at 23.5%. The post-cost overrun VNB was Rs. 101 Cr. growing 17% over the previous year. The post-cost overrun NBM stood at 18.1%.

Max Life's Assets under Management, as on 30th June 2018, were Rs. 53,940 Cr., 18% higher compared to the previous year. Max Life currently ranks among the 5 largest fund managers among life insurers in India.

In Q1, Max Life reported Individual Adjusted Sales of Rs 527 Cr., growing 15%, while Total Sales amounted to Rs. 641 Cr., growing 16% over last year. The business also reported a Solvency Surplus of Rs. 1,911 Cr., with a healthy Solvency Ratio of 262%.

Max Life has made significant strides in growing its eCommerce business over a very short span of time. The digital and online sales channel already accounts for approximately 1 in 4 new customers being added to the company's portfolio.

Commenting on the Company's performance, **Mr. Rahul Khosla, President, Max Group and Chairman, Max Life Insurance** said, *"Max Life's robust performance this quarter has already laid strong foundations for growth. We plan to reinvigorate our proprietary channels by significantly adding to our agency force and offices over the next two to three years, and deepening our lead in the digital space where we are already market leaders in term plans and have also started operating in the savings space. We are orienting our digital strategy*

¹ Excludes Max Life Unit Investment Income

² EV pre-shareholder divided

³ Pre-cost overruns

⁴ Adjusted for a one time finance cost of Rs 27 Cr.

towards affluent households in the top 50 cities as Digital customers equal an estimated 2.5 times lifetime value when compared to others. Complementing the growth expected from our strong bancassurance partnerships, and new distribution alliances we are set to deliver a market-leading growth trajectory, coupled with superior financial performance, earnings and returns.”

Mr. Mohit Talwar, Managing Director, Max Financial Services Ltd. said, *“The quality of the business across several parameters remains top quartile. The robust growth in Embedded Value and Value of New Business reflects strong fundamentals in the existing business and a continued focus on profitable new business. Having achieved a 20-20-20 growth in Embedded Value, sales and margins last year itself, we have now set our aspiration to achieve 25-25-25 growth over the next three years. All our channels are delivering profitable growth powered by improved productivity and I am confident we will achieve this milestone very soon.”*

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 revenues of Rs. 19,151 Cr. It has a total customer base of 10 million, nearly 210 offices spread across India and people strength of more than 24,500 as on 31st March 2018. The Group’s investor base includes marquee global financial institutions such as KKR, IFC Washington, Vanguard, Ward Ferry, New York Life, Nomura, Aberdeen, Temasek, 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:

Max Group: www.maxgroup.in
MFS: www.maxfinancialservices.com

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