



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

July 30, 2020

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

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

Scrip Code : 500271

Name of Scrip : MFSL

Dear Sir/Madam,

Sub : **Board meeting for unaudited financial results for the quarter ended June 30, 2020**

Please refer to our letter dated July 21, 2020 on the above subject. In this regard, we would like to inform you that the Board of Directors of the Company at its meeting held today approved the Standalone and Consolidated unaudited financial results of the Company for the quarter ended June 30, 2020 and the Limited Review thereon by the Auditors. The said financial results and the Limited Review Report by the Auditors for the quarter ended June 2020 are attached herewith. Further, we enclose the press release issued by the Company in this regard

The Board meeting commenced at 1330 hrs. and concluded at 1450 hrs.

You are requested to take the aforesaid on record.

Thanking you,

Yours faithfully
For **Max Financial Services Limited**

V. Krishnan
Company Secretary & Compliance Officer

Encl: As above.

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

TO THE BOARD OF DIRECTORS OF MAX FINANCIAL SERVICES LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **Max Financial Services Limited** ("the Company"), for the quarter ended June 30, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



SATPAL SINGH ARORA
Partner
(Membership No. 098564)
UDIN : 20098564AAAABR5183

New Delhi, July 30, 2020

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

Particulars		(Rs. in Crores)			
		3 months ended 30.06.2020	3 months ended 31.03.2020	3 months ended 30.06.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited) (See Note 3)	(Unaudited)	(Audited)
1.	Revenue from operations				
	(a) Interest income	-	-	0.22	0.47
	(b) Dividend income	-	222.65	190.08	463.70
	(c) Rental income	0.11	0.10	-	0.42
	(d) Gain on fair value changes				
	- on derivative financial instruments (See Note 6)	-	-	0.04	1.33
	- on investments in mutual funds	4.07	1.98	1.66	8.89
	(e) Sale of services	5.06	5.07	4.13	20.13
2.	Total revenue from operations	9.24	229.80	196.13	494.94
3.	Other income	0.44	-	0.07	0.08
4.	Total income (2+3)	9.68	229.80	196.20	495.02
5.	Expenses				
	(a) Finance costs	0.05	0.06	0.04	0.20
	(b) Loss on fair value changes on derivative financial instruments (See Note 6)	18.96	7.18	-	-
	(c) Employee benefits expenses	4.29	3.10	7.62	22.86
	(d) Depreciation, amortisation and impairment	0.93	7.56	0.69	9.89
	(e) Legal and professional expenses	5.18	8.77	13.88	44.39
	(f) Other expenses	2.16	12.82	2.41	21.36
6.	Total expenses	31.57	39.49	24.64	98.70
7.	Profit / (loss) before tax (4-6)	(21.89)	190.31	171.56	396.32
8.	Tax expense				
	(a) Current tax (See Note 11)	-	123.78	-	123.78
	(b) Deferred tax	-	-	-	-
9.	Total tax expense	-	123.78	-	123.78
10.	Profit / (loss) after tax (7-9)	(21.89)	66.53	171.56	272.54
11.	Other comprehensive income / (loss):				
	Items that will not be reclassified to profit or loss:				
	- Remeasurement of the defined benefit obligations	(0.30)	0.12	(0.03)	(0.12)
12.	Total other comprehensive income / (loss)	(0.30)	0.12	(0.03)	(0.12)
13.	Total comprehensive income / (loss) (10+12)	(22.19)	66.65	171.53	272.42
14.	Paid-up equity share capital (Face value of Rs. 2)	53.91	53.90	53.88	53.90
15.	Other equity				2,226.42
16.	Earnings per share (EPS) (Rs.) (not annualised for the quarter)				
	(a) Basic EPS	(0.81)	2.47	6.37	10.12
	(b) Diluted EPS	(0.81)	2.47	6.36	10.11
	See accompanying notes to the standalone unaudited financial results				

By Order of the Board


Mohit Talwar
Managing Director
DIN : 02394694

Date : July 30, 2020
Place : Gurugram

Notes to the standalone unaudited financial results:

- 1 These standalone unaudited financial results for the quarter ended June 30, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held today. These results have been reviewed by the statutory auditors of the Company.
- 2 The standalone unaudited financial results of the Company have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- 3 Figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year and published year to date unaudited figures upto the third quarter of the year ended March 31, 2020.
- 4 The Company is a Non-Systemically Important Core Investment Company, and is primarily engaged in growing and nurturing business investment and providing management advisory services to group companies in India. Accordingly, the Company views these activities as one business segment, therefore there are no separate reportable segments as per Indian Accounting Standard-108 (Ind AS-108) on Operating Segment.
- 5 During the quarter ended June 30, 2020, following are the movements in the 'Max Employee Stock Plan -2003':
 - (a) the Company has granted 33,855 stock options with graded vesting periods.
 - (b) the Company has allotted 65,017 equity shares of Rs. 2 each to its director arising from exercise of Employee Stock Option Plan.
- 6 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 results of the Company as per Ind AS 109.

Necessary adjustments are made against the option value in the books of account and balance is restated at the end of each period.

- 7 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 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, subject to receipt of shareholders' approval and other requisite regulatory approvals.

The shareholders' of the Company approved the said preferential issue on May 27, 2020. The Company has thus far received approval from Competition Commission of India and the stock exchanges and is pursuing approvals from other regulatory authorities namely Department of Economic Affairs ('DEA') and Insurance Regulatory and Development Authority of India ('IRDAI'). Pending receipt of approvals from the DEA and IRDAI, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the financial results.

- 8 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 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'), a material subsidiary of the Company, to Axis Bank which will have the effect of Max Life becoming a 70:30 partnership between the Company and Axis Bank after a series of transactions, including certain value creation options and related rights, subject to receipt of shareholders' approval and other requisite regulatory approval. The shareholders' of the Company approved the transaction on June 16, 2020.

Application to Insurance Regulatory and Development Authority of India ('IRDAI') for approval was submitted on May 20, 2020. Based on correspondence received from IRDAI, the Company and Axis Bank have agreed to make some changes to the value creation options and factor in some alternate mechanisms, subject to regulatory approvals and as maybe permitted under applicable law.

Pending receipt of necessary regulatory approvals, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the financial results.

- 9 Depreciation, amortisation and impairment for the quarter and year ended March 31, 2020 includes impairment loss of Rs. 6.72 crores 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.

Max Financial Services Limited

CIN: L24223PB1988PLC008031

Registered Office: Bhai Mohan Singh Nagar, Rail Majra, Tehsil Balachaur, District Nawanshahr, Punjab - 144533

Website: www.maxfinancialservices.com

Notes to the standalone unaudited financial results:

10 Estimation of uncertainties relating to COVID-19 global health pandemic:

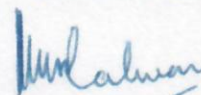
The Company has assessed the impact of COVID-19 on its operations as well as its unaudited financial results, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at June 30, 2020. In assessing the Carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these unaudited financial results, and based on current estimates, expects the net carrying amount of these assets to be recovered. The Company will continue to closely monitor any material changes to the business and financial results due to COVID-19.

11 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 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. The Company had made a provision of Rs. 123.78 crores for the same disclosed as 'current tax' in the quarter and year ended March 31, 2020 and has subsequently paid the cumulative tax amount of Rs. 123.78 crores in May 2020, determined under the provisions of the Scheme, towards full and final settlement of the tax arrears.

12 The figures for the previous periods have been regrouped / reclassified wherever necessary, to make them comparable.

By Order of the Board



Mohit Talwar

Managing Director

DIN : 02394694

Date : July 30, 2020

Place : Gurugram

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

TO THE BOARD OF DIRECTORS OF MAX FINANCIAL SERVICES LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **Max Financial Services Limited** ("the Parent") and its subsidiary company (the Parent and its subsidiary company together referred to as "the Group"), for the quarter ended June 30, 2020 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. The Statement includes the results of the subsidiary company Max Life Insurance Company Limited.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the certificates of the appointed actuary referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Deloitte Haskins & Sells LLP

6. We draw attention to note 10(b) to the Statement, which describes that the auditors of Max Life Insurance Company Limited, subsidiary company, in their auditor's report on the condensed interim financial statements of that company for the quarter ended June 30, 2020, have reported 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 as at and for the quarter ended June 30, 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 conclusion on the Statement is not modified in respect of this matter.

7. In respect of Max Life Insurance Company Limited ("MLIC"), subsidiary company, determination of the following as at/and for the quarter ended June 30, 2020 is the responsibility of the subsidiary company's Appointed Actuary.

- (i) The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at June 30, 2020, has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDAI) and the Institute of Actuaries of India in concurrence with the IRDAI. The charge of "Net Change in Insurance and Investment Contract Liabilities" includes charge for actuarial valuation of liabilities for life policies in force and charge for the policies in respect of which premium has been discontinued but liability exists as at June 30, 2020. These charges have been actuarially determined, based on the liabilities duly certified by the subsidiary's company Appointed Actuary; and
- (ii) Other adjustments for the purpose of preparation of the Statement, as confirmed by the Appointed Actuary of subsidiary company are in accordance with Indian Accounting Standard 104 on Insurance Contracts:
- a. Assessment of contractual liabilities based on classification of contracts into insurance contracts and investment contracts;
 - b. Valuation and Classification of Deferred Acquisition Cost and Deferred Origination Fees on Investment Contracts and Valuation of Embedded Derivatives;
 - c. Grossing up and classification of the Reinsurance Assets; and
 - d. Liability adequacy test as at the reporting dates.

The 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 conclusion on the financial information of the said subsidiary company.

Our conclusion on the Statement is not modified in respect of these matters.

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



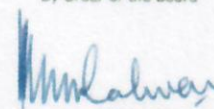

SATPAL SINGH ARORA
Partner
(Membership No. 098564)
UDIN: 20098564AAAABS7078

New Delhi, July 30, 2020

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

		(Rs. in Crores)			
Particulars		3 months ended 30.06.2020 (Unaudited)	3 months ended 31.03.2020 (Unaudited) See note 3	3 months ended 30.06.2019 (Unaudited)	Year ended 31.03.2020 (Audited)
1.	Revenue from operations				
	(a) Interest Income	49.25	44.85	43.19	170.71
	(b) Dividend Income	0.15	0.77	0.36	3.07
	(c) Rental income	0.11	0.10	-	0.42
	(d) Net gain on fair value changes	26.04	-	21.39	21.13
	(e) Policyholders' Income from Life Insurance operations (See Note 1)	5,427.72	4,217.02	3,883.36	18,039.52
	(f) Sale of services	1.34	1.32	0.38	5.13
2.	Total Revenue from operations	5,504.61	4,264.06	3,948.68	18,239.98
3.	Other income	12.71	1.58	0.09	1.78
4.	Total income (2+3)	5,517.32	4,265.64	3,948.77	18,241.76
5.	Expenses				
	(a) Finance costs	0.08	0.07	0.07	0.28
	(b) Net loss on fair value changes	-	24.31	-	-
	(c) Impairment on financial instruments	1.99	58.33	6.88	71.43
	(d) Employee benefits expenses	9.33	0.08	9.82	35.95
	(e) Depreciation, amortisation and impairment (See Note 9)	1.31	7.94	0.69	11.37
	(f) Legal and professional expenses	5.18	8.77	13.88	44.39
	(g) Policyholders' Expenses of Life Insurance operations (See Note 1)	5,342.32	4,017.63	3,847.42	17,596.54
	(h) Other expenses	6.41	17.45	6.65	39.32
6.	Total expenses	5,366.62	4,134.58	3,885.41	17,799.28
7.	Profit before tax (4-6)	150.70	131.06	63.36	442.48
8.	Tax expense				
	Relating to other than revenue account of Life Insurance policyholders				
	Current tax (See Note 11 and 12)	(33.10)	137.28	8.32	182.25
	Deferred tax	2.27	(12.89)	0.80	(12.62)
	Relating to revenue account of Life Insurance policyholders				
	Current tax	-	-	-	-
	Total tax expense	(30.83)	124.39	9.12	169.63
9.	Profit after tax (7-8)	181.53	6.67	54.24	272.85
10.	Other comprehensive income				
	Relating to revenue account of Life Insurance Policyholders				
	(i) Items that will not be reclassified to profit or loss in subsequent periods	(2.84)	(2.55)	(1.33)	(11.34)
	(ii) Items that will be reclassified to profit or loss in subsequent periods	165.28	(1.19)	31.10	1.70
	Less: Transferred to policyholders' fund in the balance sheet	(162.44)	3.74	(29.77)	9.64
	Relating to Others				
	(i) Items that will not be reclassified to profit or loss in subsequent periods	(0.30)	0.12	(0.03)	(0.12)
	Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	(ii) Items that will be reclassified to profit or loss in subsequent periods	10.85	9.70	2.57	15.34
	Income tax relating to items that will be reclassified to profit or loss	(1.58)	(1.41)	(0.37)	(2.23)
11.	Other comprehensive income	8.97	8.41	2.17	12.99
12.	Total comprehensive income (9+11)	190.50	15.08	56.41	285.84
13.	Profit/(loss) attributable to				
	Owners of the company	130.85	(36.09)	33.70	144.99
	Non-controlling interests	50.68	42.76	20.54	127.86
14.	Other comprehensive income attributable to				
	Owners of the company	6.42	6.13	1.55	9.39
	Non-controlling interests	2.55	2.28	0.62	3.60
15.	Total comprehensive income/(loss) attributable to				
	Owners of the company	137.27	(29.96)	35.25	154.38
	Non-controlling interests	53.23	45.04	21.16	131.46
16.	Paid up Equity Share Capital (Face value of Rs. 2 each)	53.91	53.90	53.88	53.90
17.	Other Equity				2,092.62
18.	Earnings per share (EPS) (Rs.) (not annualised for the quarter)				
	(a) Basic EPS	4.85	(1.34)	1.26	5.38
	(b) Diluted EPS	4.85	(1.34)	1.25	5.38
See accompanying notes to the consolidated unaudited financial results					

By Order of the Board



Mohit Taiwar
Managing Director
DIN : 02394694

Date : July 30, 2020
Place : Gurugram

CONSOLIDATED UNAUDITED SEGMENTWISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER ENDED JUNE 30, 2020

(Rs. in Crores)

Particulars	3 months ended 30.06.2020 (Unaudited)	3 months ended 31.03.2020 (Unaudited) See note 3	3 months ended 30.06.2019 (Unaudited)	Year ended 31.03.2020 (Audited)
1 Segment Revenue				
a) Life Insurance	5,499.10	4,260.68	3,946.44	18,225.13
b) Business Investments	9.24	229.80	196.14	494.94
Total	5,508.34	4,490.48	4,142.58	18,720.07
Inter segment elimination (net)	3.73	226.42	193.90	480.09
Revenue from operations (net)	5,504.61	4,264.06	3,948.68	18,239.98
2 Segments Results				
a) Life Insurance	141.38	154.63	81.92	509.57
b) Business Investments	(22.28)	190.40	171.54	396.44
Total	119.10	345.03	253.46	906.01
Inter segment elimination (net)	(18.96)	215.48	190.12	465.03
Sub-total	138.06	129.55	63.34	440.98
Unallocated	12.64	1.51	0.02	1.50
Profit before tax	150.70	131.06	63.36	442.48
Provision for taxation (includes provision for Deferred Tax)	(30.83)	124.39	9.12	169.63
Profit after tax	181.53	6.67	54.24	272.85

Particulars	As at 30.06.2020 (Unaudited)	As at 31.03.2020 (Audited)	As at 30.06.2019 (Unaudited)
3 Segment Assets			
a) Life Insurance	78,212.39	73,694.32	67,806.56
b) Business Investments	2,400.28	2,525.56	2,351.79
Total Segment Assets	80,612.67	76,219.88	70,158.35
Inter-segment elimination (net)	(1,697.76)	(1,693.65)	(1,575.21)
Total Assets	78,914.91	74,526.23	68,583.14
4 Segment Liabilities			
a) Life Insurance	75,545.88	71,221.55	65,281.54
b) Business Investments	141.63	245.24	179.12
Total Segment Liabilities	75,687.51	71,466.79	65,460.66
Inter-segment elimination (net)	200.16	240.59	311.65
Total Liabilities	75,887.67	71,707.38	65,772.31

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.

Notes to the consolidated unaudited financial results

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

Particulars		3 months ended 30.06.2020 (Unaudited)	3 months ended 31.03.2020 (Unaudited) See note 3	3 months ended 30.06.2019 (Unaudited)	(Rs. in Crores) Year ended 31.03.2020 (Audited)
A	Policyholders' Income from life insurance fund				
	Premium Income (Net)	2,668.97	5,804.22	2,586.51	15,926.75
	Interest Income	993.39	977.56	868.31	3,751.01
	Dividend Income	17.31	46.04	40.94	172.34
	Rental Income	7.28	9.11	4.16	26.09
	Net gain / (loss) on fair value changes - Policyholders' Investments	2,395.03	(3,680.70)	307.19	(2,989.00)
	Other income	2.20	19.97	2.94	30.53
	Sub-Total	6,084.18	3,176.20	3,810.05	16,917.72
	Less/ (Add): Restricted life insurance surplus retained in Policyholders' Fund	656.45	(1,040.82)	(73.31)	(1,121.80)
	Total	5,427.72	4,217.02	3,883.36	18,039.52
B	Policyholders' Expense of Life Insurance fund				
	Commission to selling agents	156.05	365.21	158.42	1,024.80
	Employee Benefits and Other Operating Expenses	438.23	664.25	502.85	2,332.52
	Benefits payout (net)	917.32	1,615.00	1,583.82	6,341.04
	Net change in insurance contract liabilities	3,685.28	1,433.03	1,479.63	7,730.80
	Net change in investment contract liabilities	90.69	(137.07)	87.18	(84.59)
	Finance cost	10.79	11.15	9.27	38.48
	Impairment loss (including reversals)	0.58	29.65	1.53	31.11
	Depreciation and amortisation expenses	38.00	38.09	34.77	149.85
	Sub-Total	5,336.94	4,019.31	3,857.48	17,564.01
	Add/ (Less): Restricted life insurance surplus retained in Policyholders' Fund	5.38	(1.68)	(10.06)	32.53
	Total	5,342.32	4,017.63	3,847.42	17,596.54

Notes to the consolidated unaudited financial results

2 These consolidated unaudited financial results for the quarter ended June 30, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held today. These results have been reviewed by the statutory auditors of the Company.

3 The consolidated financial results for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which have been subjected to review by the statutory auditors.

4 The consolidated unaudited financial results comprise the financial results of Max Financial Services Limited ('the Parent' or 'the Company') and its subsidiary (collectively referred as the 'Group'). The consolidated unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The consolidated financial results comprise the financial statements of Max Financial Services Limited and its subsidiary listed below:

Name of Subsidiary	Country of incorporation	Portion of ownership as at June 30, 2020	Portion of ownership as at March 31, 2020	Portion of ownership as at June 30, 2019
Max Life Insurance Company Limited	India	72.52%	72.52%	71.79%

5 The Company had entered into a put option arrangement relating to equity shares of Max Life Insurance Company Limited ('MLIC') executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited. As per the arrangement, the Company has to settle such liability by payment of cash upon exercise of option. As required under Ind AS, put option granted to non-controlling interest is initially recognised in the consolidated financial statements by the Group as a financial liability at the fair value of the amount that may become payable upon exercise of option and is adjusted against the shareholders' equity.

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.

6 During the quarter ended June 30, 2020, following are the movements in the 'Max Employee Stock Plan -2003':

- a) the Company has granted 33,855 stock options with graded vesting periods.
- b) the Company has allotted 65,017 equity shares of Rs. 2 each to its director arising from exercise of Employee Stock Option Plan.

7 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 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, subject to receipt of shareholders' approval and other requisite regulatory approvals.

The shareholders' of the Company approved the said preferential issue on May 27, 2020. The Company has thus far received approval from Competition Commission of India and the stock exchanges and is pursuing approvals from other regulatory authorities namely Department of Economic Affairs ('DEA') and Insurance Regulatory and Development Authority of India ('IRDAI'). Pending receipt of approvals from the DEA and IRDAI, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the financial results.

8 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 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'), a material subsidiary of the Company, to Axis Bank which will have the effect of Max Life becoming a 70:30 partnership between the Company and Axis Bank after a series of transactions, including certain value creation options and related rights, subject to receipt of shareholders' approval and other requisite regulatory approval. The shareholders' of the Company approved the transaction on June 16, 2020.

Application to Insurance Regulatory and Development Authority of India ('IRDAI') for approval was submitted on May 20, 2020. Based on correspondence received from IRDAI, the Company and Axis Bank have agreed to make some changes to the value creation options and factor in some alternate mechanisms, subject to regulatory approvals and as maybe permitted under applicable law.

Pending receipt of necessary regulatory approvals, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the financial results.

9 Depreciation, amortisation and impairment for the quarter and year ended March 31, 2020 includes impairment loss of Rs. 6.72 crores due to decline in value of the property, plant and equipment held by the Company, as determined based on the valuation reports obtained from external certified valuer.

Notes to the consolidated unaudited financial results

10 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 results:

(a) In respect of the Company:

The Company has assessed the impact of COVID-19 on its operations as well as its unaudited financial results, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at June 30, 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 unaudited financial results, and based on current estimates, expects the net carrying amount of these assets to be recovered. The Company will continue to closely monitor any material changes to the business and financial results due to COVID-19.

(b) In respect of the subsidiary Company, Max Life Insurance Company 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 period ended June 30, 2020. To the best of information available, the subsidiary Company has maintained Rs. 10.00 crores (March 31, 2020: Rs. 10.00 crores) 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.

11 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 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.

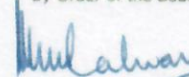
The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Year 1998-99, Assessment Year 1999-2000 and Assessment Year 2006-07. The Company had made a provision of Rs. 123.78 crores for the same disclosed as 'current tax' in the quarter and year ended March 31, 2020 and has subsequently paid the cumulative tax amount of Rs. 123.78 crores in May 2020, determined under the provisions of the Scheme, towards full and final settlement of the tax arrears.

12 The subsidiary Company had claimed the dividend income exemption for the Assessment Years 2015-16, 2016-17 and 2018-19 (Financial year ended March, 31 2015, 2016 and 2018). However, on a conservative basis, the benefit of such exemption claim was not recorded in the books of account. During the current period, the subsidiary Company has received the Income Tax Refund Order amounting to Rs. 82.08 crores (due to difference in tax positions while filing the returns), wherein the dividend exemption claim has been allowed for the above mentioned Assessment Years. The same has been accounted during the period.

Accordingly, provision for current tax of Rs. 20.52 crores and reversal of provision for tax for earlier periods of Rs. 53.62 crores have netted in current tax line item in the Statement.

13 The figures for the previous periods have been regrouped / reclassified wherever necessary, to make them comparable.

By Order of the Board



Mohit Talwar
Managing Director
DIN : 02394694

Date : July 30, 2020
Place : Gurugram

Max Financial Services Reports 235% Growth in Q1 FY21 PAT¹, backed by subsidiary Max Life's Strong Performance

Consolidated Revenues¹ at **Rs. 5,517 Cr.** in Q1 FY21, grew **40%**, Consolidated PAT¹ at **Rs. 182 Cr.**, grew **235%**

Max Life Results Highlights (Q1 FY21):

- Individual APE : **Rs. 660 Cr.**, gained market share by **217 bps** to **11%**
- Value of New Business stood at **Rs. 113 Cr.**, New Business Margin was **17%**
- Assets Under Management: **Rs. 73,239 Cr.**; grew **15%**
- Embedded Value at **Rs. 10,670 Cr.**, Operating RoEV **16%**

30th July 2020, New Delhi

Max Financial Services Ltd. (MFSL) today announced its financial results for the quarter ended June 30th, 2020. In Q1 FY21, MFSL's consolidated Profit after Tax grew 235% to Rs. 182 Cr. backed by strong performance of its life insurance subsidiary Max Life Insurance. Consolidated revenues were at Rs. 5,517 Cr., growing 40% year-on-year.

Max Life reported Shareholders' Profit after Tax of Rs. 171 Cr., growing 151% over the previous year. The growth in profits was aided by higher investment income, lower claims, and tax refunds. Max Life's total revenues² of Rs. 3,616 Cr. grew 2% in Q1 FY21.

Despite an impact on new sales due to Covid-19 towards the end of FY2020, Max Life picked up momentum in Q1 FY21 and gained market share by 217 bps to 11%. Max Life ranked fourth amongst all private life insurers. The individual protection penetration saw a 103% increase in the first quarter, indicating that every second policy sold was a protection policy. In the same period, Individual New Business sum assured grew by 39%.

Max Life's Individual APE was recorded at Rs. 660 Cr. in Q1 FY21 despite headwinds due to Covid-19. This was driven by a growth of 8% in proprietary channels, 5% in agency channels, and 31% in e-commerce. This reflects the industry outperformance in Individual APE. Private players de-grew by 23% whereas Max Life de-grew by only 4%.

Max Life reported a Market-Consistent Embedded Value (MCEV) of Rs. 10,670 Cr., with an Operating Return on Embedded Value (RoEV) of 16%. The Value of New Business (VNB) written during Q1 FY21 was Rs. 113 Cr., while New Business Margin stood at 17%. In this period, Max Life's Assets under Management (AUM) stood at Rs. 73,239 Cr., growing 15% year-on-year.

Max Life was also named 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.

¹ Consolidated numbers have been reported basis IndAS

² Max Life numbers are reported on IGAAP basis and Revenue excludes Unit linked Investment Income

Mr. Mohit Talwar, Vice Chairman, Max Group & Managing Director, Max Financial Services, said, “Max Life has rebounded commendably, outpacing the competition with its growth. This has been possible due to the emphasis on strengthening digital channels, which has allowed Max Life to function remotely almost entirely from sales to customer on-boarding, and after-sales. The company has successfully 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.”

“We are currently in the process of coordinating regulatory approvals for the Max Life-Axis Bank JV that we announced in April 2020. The proposed JV will set Max Life up well for its next stage of growth”, he added.

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 the 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.

Max Financial Services Limited:

Max Financial Services Limited (MFSL) is part of the leading business conglomerate – the Max Group. Focused on Life Insurance, MFSL 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 Rs. 18,242 crore in FY2020. The Company is listed on the NSE and BSE. Besides a 28.3% holding by Anajit 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 as a JV partner for its life insurance business Max Life.

Max Life Insurance Company:

Launched in 2000, Max Life is India’s largest non-bank private life insurer and the fourth largest private life insurance company. In April 2020, Max Life announced a strategic deal with India’s third largest bank – Axis Bank to become a 70:30 JV partner in the life insurance company.

For information please contact:

Nitin Thakur

NTHAKUR@MAXINDIA.COM

+91 9873347428

Vaishali Gauba

VGAUBA@MAXINDIA.COM

+91 9873140991