



November 14, 2018

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

The Secretary
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

Please find enclosed the Press Release being issued by the Company in respect of Financial Results of the Company for Q2 & H1-FY 2019.

You are requested to take the aforesaid on record.

Thanking you,

Yours faithfully
For **Max Financial Services Limited**


Sandeep Pathak
Company Secretary & Compliance Officer

Encl: As Above

Max Financial Services reports Q2 Consolidated Revenues¹ of Rs. 4,075 Cr., growing 18%

Max Life Insurance Financial Highlights:

- Revenues¹ in Q2 FY2019: Rs. 4,067 Cr., grew 19%
- Embedded Value²: Rs. 8,034 Cr.; Operating Return on EV: 18.5%
- Value of New Business³ (H1 FY2019): Rs. 325 Cr., grew 41%
- New Business Margin³: 22.9%

14th November 2018, New Delhi

Max Financial Services Limited (MFS) today announced its financial results for the second quarter of financial year 2018-19 (**Q2 FY2019**). MFS is the holding company of **Max Life Insurance** (Max Life), India's largest non bank-owned life insurer. MFS reported consolidated revenues¹ of Rs. 4,075 Cr., growing 18% over the previous year. The Company also reported Profit after Tax⁴ of Rs. 53 Cr., 22% lower compared to the previous year due to one-off expenses for the attempted acquisition of IDBI Federal Life, higher proportion of protection sales and shift in product mix.

During the quarter, **Max Life** reported Revenues¹ of Rs 4,067 Cr., growing 19% over the corresponding quarter last year. Shareholders' Profit before Tax was for the quarter was Rs. 185 Cr., 42% higher compared to the previous year.

The business also reported a strong Operating Return on Embedded Value (RoEV) of 18.5% with Market-Consistent EV (MCEV) of Rs. 8,034 Cr. The Value of New Business (VNB) (pre-cost overrun) written during the first half of FY2019 (H1 FY2019) was Rs. 325 Cr. growing 41% over the previous year, mainly due to higher sales in protection products. The pre-cost overrun New Business Margin (NBM) stood at 22.9%. The post-cost overrun VNB during H1 was Rs. 290 Cr. growing 42% over the previous year. The post-cost overrun NBM stood at 20.4%.

¹ Excludes Max Life Unit Investment Income

² Market Consistent EV (MCEV) pre-shareholder divided

³ Pre-cost overruns

⁴ Adjusted for minority interest

Max Life's Assets under Management, as on 30th September 2018, were Rs. 56,070 Cr., growing 17% over the previous year. Max Life is one of the 5 largest fund managers among life insurers in India.

H1 FY2019 Performance

During **H1 FY2019**, MFS's Consolidated Revenues were Rs. 7,168 Cr, up 19% over the previous year. The Company also reported Consolidated Net Profit of Rs. 66 Cr. in H1 FY2019.

During this period, Max Life reported Individual Adjusted Premium Equivalent (APE) of Rs 1,405 Cr., growing an impressive 26%. The Gross Written Premium during this period was Rs. 5,619 Cr., growing 17% over last year.

Commenting on Max Life's performance, **Mr. Rahul Khosla, President, Max Group and Chairman, Max Life Insurance** said, *"Max Life's financial performance is at an all-time high. With a growth of 26% in the first half of the year, the business has significantly outpaced the 11% growth by the Indian private life insurance sector. Shareholders' profit has also shown a remarkable growth, owing largely to higher investment income. The business has notched up a larger market share with a growth of 90 bps to 9%, consolidating its position amongst the four largest private life insurers.*

While we have experienced a strong growth across channels, proprietary channels lead the way with a robust 33% growth in H1, significantly exceeding the 21% growth in Banca. The e-commerce channel specifically has grown 158% over last year. We are confident that our continued thrust towards reinvigorating these channels will bear strong long-term growth for the business."

Mr. Mohit Talwar, Managing Director, Max Financial Services Ltd. said, *"The impressive growth in Embedded Value and Value of New Business reflects strong fundamentals in the existing business and a continued focus on profitable new business.*

The health metrics of the business also continue to be solid with a Conservation Ratio of 91%, which puts us at the top in the industry; and Surrenders to GWP Ratio of only 21%, which is the third best in the industry as of date. I strongly believe that the market will take these fundamentals into cognisance very soon, which will be accordingly reflected in the Company's market cap as well."

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

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

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