MAX FINANCIAL SERVICES

FINANCIAL REVIEW

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the twenty ninth Board's Report of Max Financial Services Limited ("MFSL" or "the Company") along with the audited Statement of Accounts for the financial year ended March 31, 2017.

Standalone Results

The highlights of the standalone financial results of your Company along with previous year's figures are as under:

(Rs. Crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Income		
Revenue from Services operations	21.22	16.24
Revenue from Investment Activities	233.70	184.47
Other income	1.36	0.51
Total Revenue (I)	**256.28**	**201.22**
Expenditure		
Employee benefits expenses	37.20	32.66
Depreciation and amortization	1.96	2.22
Other expenses	63.12	51.14
Total Expenses (II)	**102.28**	**86.02**
Profit/(Loss) Before tax (I–II)	**154.00**	**115.20**
Tax Expense	-	-
Profit/(Loss) After Tax	**154.00**	**115.20**

Your Company is primarily engaged in business of making investment in its subsidiary 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 9.5% to Rs 1828 crore as at March 31, 2017 as against Rs.1670 crore as at March 31, 2016.

Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard ("AS") - 21 on Consolidated Financial Statements read with AS - 27 on Financial Reporting of Interests in Joint Ventures/ subsidiaries/ step – down subsidiaries, the audited consolidated financial statements are enclosed as part of this Annual Report.

The subsidiary of your Company, Max Life Insurance Company Limited, delivered its strongest performance of the decade in financial year 2016-17 with total revenue of Rs. 12,936 crore and renewal premium of Rs. 7,114 crore, registering growth of 19% and 13% respectively over previous year, resulting in shareholders' profit of Rs. 768 crore i.e. growth of around 50% over previous year. The Market Consistent Embedded value as on March 31, 2017 was Rs 6,739 crore up 20% from previous year's Rs 5,617 crore and the individual adjusted premium for the year was Rs 2,639 crore, up 25% from Rs 2,103 crore for immediate previous year.

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

(Rs. Crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Income		
Income from Services	10,692.45	9,150.14
Other operating revenue and investment income	4,535.44	2,546.00
Other Income	20.81	15.73
Total Revenue (I)	**15,248.70**	**11,711.87**
Expenses		
Employee benefits expense	918.13	650.34
Change in policy reserves	7,969.51	4,816.93
Claims and other benefits payout	3,776.81	3,146.43
Depreciation and Amortisation	62.53	60.47
Finance Costs	8.93	7.66
Other expenses	1,811.23	2,565.02
Total Expenses (II)	**14,547.14**	**11,246.85**
Profit / (Loss) Before Tax (I-II)	**701.56**	**465.02**
Tax Expense	108.29	71.83
Profit / (Loss) After Tax	**593.27**	**393.19**
Profit attributable to Minority Interest	(197.91)	(140.45)
Profit / (Loss) After tax (after adjusting Minority Interest)	**395.36**	**252.74**

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, 2017 and the date of the Directors' report i.e. August 9, 2017; except the annulment of the proposal of a composite scheme of amalgamation and arrangement amongst the Company, Max Life Insurance Company Limited ("Max Life"), HDFC Standard Life Insurance Company Limited ("HDFC Life") and Max India Limited ("Max India"), and their respective shareholders and creditors ("Scheme").

The Scheme, as approved by the Board of Directors of the

Company in August 2016, inter alia contemplated consolidation of the life insurance business of Max Life into HDFC Life. The parties to the proposed Scheme had applied for various regulatory approvals. However, Insurance Regulatory and Development Authority of India ("IRDAI") expressed reservations on the structure as contemplated under the Scheme. The proposed Scheme and the applications filed in this regard with the Stock exchanges were subsequently withdrawn on July 31, 2017.

Subsidiaries, Associates & Joint Venture companies

As on March 31, 2017, your Company had only 1 (one) subsidiary i.e. Max Life Insurance Company Limited ("MLIC"). There were no other associate or joint venture companies. The basic details of subsidiary form part of Form MGT–9 attached as **Annexure-1**.

During the year under review, your Company acquired 3,83,00,000 equity shares of Rs. 10/- each in MLIC (being 2% of its equity capital) viz. 1,91,50,000 equity shares in June, 2016 and another 1,91,50,000 equity shares in November, 2016. Accordingly, the equity stake of the Company in MLIC was 70.01% as at March 31, 2017.

A report on the performance and financial position of MLIC, included in the consolidated financial statements, presented in Form AOC–1 is attached as **Annexure-2** to this Report as per Rule 8(1) of the Companies (Accounts) Rules, 2014.

Further, a detailed update on the business achievements of MLIC, 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 our website 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 2016-17.

Transfer to Reserves

The Company has not transferred any amount to reserves during the year under review.

Share Capital

The Authorized share capital of the Company as on March 31, 2017 was Rs. 60,00,00,000/- (Rupees Sixty Crores only) comprising of 30,00,00,000 equity shares of Rs. 2/- each.

During the year under review, 2,86,050 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, 2017 was Rs. 53,45,40,098/- (Rupees Fifty three crores forty five lacs forty thousand and ninety eight only) comprising of 26,72,70,049 equity shares of Rs. 2/- each.

Further, after end of the financial year on March 31, 2017 till the date of this report i.e. August 9, 2017, your Company had allotted 41,210 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, 2017 and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are enclosed as **Annexure-3** to this Report.

Further during the year under review, the Nomination and Remuneration Committee of Directors of the Company granted 143,052 phantom stock units to Mr. Rahul Khosla – Executive President of the Company, which vest over a period of 4 years and shall be settled in cash.

Directors

As on date of this report, the Board of Directors of your Company comprised of 7 (seven) members with 1 (one) Executive Director and 6 (six) Non-Executive Directors of which 4 (four) are independent. Mrs. Naina Lal Kidwai, Chairman of the Company is a Non Executive Independent Director.

Mr. Sanjeev Kishen Mehra resigned from the Board of the Company effective May 19, 2017. Simultaneously, the position held by Ms. Lavanya Ashok as an Alternate Director to Mr. Sanjeev Kishen Mehra on the Board of the Company stood vacated with effect from that date.

Your Directors place their deep appreciation for the valuable contributions made by Mr. Sanjeev Kishen Mehra and Ms. Lavanya Ashok during their association with the Company.

In terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Ashwani Windlass and Mr. Sanjay Omprakash Nayar are liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashwani Windlass and Mr. Sanjay Omprakash Nayar being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. Brief profiles of these directors are annexed to the Notice convening the Annual General Meeting.

The Board met six times during the financial year 2016-17:

S.No.	Date of the Meeting	Board Strength	No. of Directors Present
1	May 30, 2016	8	6
2	June 17, 2016	8	4
3	August 8, 2016	8	7
4	November 4, 2016	8	7
5	February 10, 2017	8	7
6	March 27, 2017	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, Mr. Rajesh Khanna, Mr. Aman Mehta and Mr. Dinesh Kumar Mittal.

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 2016-17, viz. on May 30, 2016, August 8, 2016, November 4, 2016 and February 10, 2017. The Committee as on March 31, 2017 comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mr. Rajesh Khanna and Mr. Mohit Talwar. Further, Mrs. Naina Lal Kidwai has been inducted as a member of the Committee with effect from May 30, 2017. All the recommendations by the Audit Committee were accepted by the Board.

2. Nomination and Remuneration Committee:

   The Nomination and Remuneration Committee met three times during the financial year 2016-17, viz. on August 8, 2016, November 4, 2016 and March 27, 2017. The Committee as on March 31, 2017 comprised of Mr. Rajesh Khanna (Chairman), Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai.

3. Investment & Finance Committee:

   The Committee met four times during the financial year 2016-17, viz. on May 30, 2016, August 8, 2016, November 4, 2016 and February 10, 2017. The Committee as on March 31, 2017 comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, Mr. Rajesh Khanna, Mr. Sanjeev Kishen Mehra and Mr. Mohit Talwar. Mr. Sanjeev Mehra ceased to be a member of the Committee effective May 19, 2017 consequent to his resignation from the Board.

4. Corporate Social Responsibility Committee:

   The Committee met once during the financial year 2016-17, viz. on February 10, 2017. The Committee as on March 31, 2017 comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

5. Stakeholders' Relationship Committee:

   The Committee met five times during the financial year 2016-17, viz. on May 30, 2016, August 8, 2016, September 22, 2016, November 4, 2016 and February 10, 2017. The Committee as on March 31, 2017 comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

6. Risk & Compliance Review Committee:

   The Committee met once during the financial year 2016-17, viz. on February 10, 2017. The Committee as on March 31, 2017 comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

7. Independent Directors:

   The Board of Directors included 4 Independent Directors as on March 31, 2017 viz. Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai and Mr. Rajesh Khanna. The Independent Directors had a separate meeting on August 8, 2016 during the financial year 2016-17.

   Later, the Independent Directors also had another separate meeting on August 9, 2017. 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 Act 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, 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, Mrs. Sujatha Ratnam - Chief Financial Officer and Mr. Sandeep Pathak - Company Secretary are the Key Managerial Personnel (KMP) of the Company, pursuant to the provisions of the Companies Act, 2013.

Mr. Sandeep Pathak was appointed as the Company Secretary with effect from July 5, 2016.

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 as **Annexure-4a** and **Annexure-4b**.

As on March 31, 2017, there were 13 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 including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided and the same is available on the website of the Company at www.maxfinancialservices.com.

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. 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 crore or more in any financial year are required to spend 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 Insurance Company Limited ("Max Life") from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2016–17, 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, it is not mandatorily required for the Company to spend on Corporate Social Responsibility for the financial year 2016-17. However, the Company has voluntarily given donations to various charitable institutions.

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 as **Annexure -5**.

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.The comprehensive policy ensures gender equality and the right to work with dignity. An Internal Complaints Committee has been constituted as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) 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 Notes 12 and 13 to the standalone financial statements of the Company for the FY 2016-17.

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 and 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 form part of the Corporate Governance Report.

Public Deposits

During the year under review, the Company has not accepted or renewed any deposits from the public.

Statutory Auditors and Auditors' Report_

Pursuant to Sections 139 & 142 of the Act, M/s Deloitte Haskins and Sells, LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company at Annual General Meeting held on September 23, 2015 for a period of five years, subject to ratification of their appointment in every Annual General Meeting held during their tenure.

M/s Deloitte Haskins and Sells, LLP, Statutory Auditors, have provided a certificate that their appointment, if ratified, will be in conformity with the provisions of Section 141 of Companies Act, 2013. The Board recommends the ratification of the appointment of M/s Deloitte Haskins and Sells, LLP, Chartered Accountants as the Statutory Auditors of the Company for financial year 2017-18.

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 2016-17 as annexed elsewhere 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 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2016-17 is annexed to this report as **Annexure-6**.

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

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 appointed as Internal Auditors for conducting the Internal Audit of key functions and assessment of Internal Financial Controls etc. They were also engaged for conducting Cyber Security Audit for the Company.

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.

On the recommendation of the Committee, 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.

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 www.maxfinancialservices.com.

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.

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 one transaction with Max Life Insurance Company Limited for allowing usage of trademarks without any consideration and an approval was obtained from shareholders for the Company 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 7**.

The details of all the Related Party Transactions form part of Note no. 31 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 www.maxfinancialservices.com.

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. 615.29 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, 2017 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.

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 3 reminders to concerned shareholders, and subsequently such shares (*2203 folios comprising 475310 equity shares*) have been 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).

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
(Formerly Max India Limited)

New Delhi
August 9, 2017

Naina Lal Kidwai
Chairman
DIN: 00017806

Annexure 1 to the Directors' Report

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017
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 (Formerly Max India Limited)
Category Sub-category	Public Company Company Limited by Shares
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 Accounting Standard 17 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 constitute approx 8.3% and 91.7% of total turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

As on March 31, 2017, 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 Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533	U74899PB2000PLC045626	Subsidiary	70.01%	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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	420,833	0	420,833	0.16	420,833	0	420,833	0.16	0.00
b) Central Govt	0	0	0	0.000	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.000	0	0	0	0.00	0.00
d) Bodies Corp.	80,881,905	0	80,881,905	30.29	80,881,905	0	80,881,905	30.26	(0.03)
e) Banks / FI	0	0	0	0.000	0	0	0	0.00	0.00
f) Any other	0	0	0	0.000	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	**81,302,738**	**0**	**81,302,738**	**30.45**	**81,302,738**	**0**	**81,302,738**	**30.42**	**(0.03)**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	38,829,150	5,565	38,834,715	14.54	54,979,410	5,565	54,984,975	20.57	6.03
b) Banks / FI	19,137	14,450	33,587	0.01	448,528	14,450	462,978	0.17	0.16
c) Central Govt	0	0	0	0.000	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0.000	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0.000	0	0	0	0	0.00
f) Insurance Companies	0	45,750	45,750	0.02	0	45,750	45,750	0.02	0.00
g) FIIs	89,356,885	55	89,356,940	33.47	13,953,722	55	13,953,777	5.22	(28.25)
h) Foreign Portfolio Investors	0	0	0	0	56,683,352	0	56,683,352	21.21	21.21
h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0	0.00
i) Others (specify) FDI	32,340,749	0	32,340,749	12.12	25,528,470	0	25,528,470	9.55	(2.57)
Sub-total (B)(1):-	**160,545,921**	**65,820**	**160,611,741**	**60.16**	**151593,482**	**65,820**	**151,659,302**	**56.74**	**(3.42)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3,953,892	68,905	4,022,797	1.51	6,579,789	67,480	6,647,269	2.49	0.98
ii) Overseas	0	0	0	0.000	0	0	0	0	0.00
b) Individuals	0	0	0	0.000	0	0	0	0	0.00
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	13,746,305	2,189,105	15,935,410	5.97	21,412,263	2,016,980	234,29,243	8.77	2.80
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2,231,992	0	2,231,992	0.84	2,085,626	0	2,085,626	0.78	(0.06)
c) Others (specify)									
Non Resident Indians	2,186,443	64,995	2,251,438	0.84	1,269,024	33,670	1,302,694	0.49	(0.35)
Overseas Corporate Bodies	0	0	0	0.000	518	0	518	0	0.00
Foreign Nationals	0	0	0	0.000	0	0	0	0	0.00
Clearing Members	267,576	0	267,576	0.10	585,079	0	585,079	0.22	0.12
Trusts	3,351	0	3,351	0.00	5,292	0	5,292	0.00	0.00
Foreign Bodies - D R		0	0	0.000	0	0	0	0	0.00
Directors	308,456	48,500	356,956	0.13	252,288	0	252,288	0.09	(0.04)
Sub-total (B)(2):-	**22,698,015**	**2,371,505**	**25,069,520**	**9.39**	**32,189,879**	**2,118,130**	**34,308,009**	**12.84**	**3.45**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**183,243,936**	**2,437,325**	**185,681,261**	**69.55**	**183,783,361**	**2,183,950**	**185,967,311**	**69.58**	**0.03**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	**264,546,674**	**2,437,325**	**266,983,999**	**100.00**	**265,086,099**	**2,183,950**	**267,270,049**	**100.00**	**0.00**

B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2016]			Shareholding at the end of the year [As on 31-March-2017]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mr. Analjit Singh	10,000	0.00	0.00	10,000	0.00	0.00	0.00
2	Mrs. Neelu Analjit Singh	100,000	0.04	0.00	100,000	0.04	0.00	0.00
3	Ms. Piya Singh	110,333	0.04	0.00	110,333	0.04	0.00	0.00
4	Mr. Veer Singh	100,500	0.04	0.00	100,500	0.04	0.00	0.00
5	Ms. Tara Singh Vachani	100,000	0.04	0.00	100,000	0.04	0.00	0.00
6	@Medicare Investment Ltd.	11,598,007	4.34	61.52	0	0.00	0.00	-4.34
7	@Cheminvest Ltd.	9,971,065	3.73	0.00	0	0.00	0.00	-3.73
8	Liquid Investment & Trading Co. P. Ltd	23,818,876	8.92	79.17	23,818,876	8.91	65.34	-0.01
9	@Maxopp Investments Ltd.	1,000	0.00	0.00	0	0.00	0.00	0.00
10	Mohair Investment & Trading Co. (P) Ltd.	*8,086,560	3.03	0.00	8,086,560	3.02	0.00	-0.01
11	Boom Investments Pvt. Ltd.	5,604,010	2.10	57.10	5,604,010	2.10	52.76	0.00
12	@P V T Investment Ltd.	58,536	0.02	0.00	0	0.00	0.00	-0.02
13	@Maxpak Investment Ltd.	558,200	0.21	0.00	0	0.00	0.00	-0.21
14	@Pen Investments Ltd.	1,881,110	0.70	0.00	0	0.00	0.00	-0.70
15	@Pivet Finances Ltd.	17,58,374	0.66	0.00	0	0.00	0.00	-0.66
16	#Max Ventures Investment Holdings P Ltd	17,546,167	6.58	70.68	43,372,459	16.23	55.88	9.65

@ Merged with Max Ventures Investment Holdings Private Limited arising from Composite Scheme of Capital Reduction and Amalgamation w.e.f. September 30, 2016

Increase in share holding arising from Composite Scheme of Capital Reduction and Amalgamation w.e.f. September 30, 2016

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

S. No.	Particulars	Shareholding at the beginning of the year [As on 31-March-2016]		Cumulative Shareholding during the year [As on 31-March-2017]	
		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	10,000	0.00	10,000	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	100500	0.04	100500	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100500	0.04

S. No.	Particulars	Shareholding at the beginning of the year [As on 31-March-2016]		Cumulative Shareholding during the year [As on 31-March-2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	**Ms. Tara 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
6.	**Medicare Investments Limited**				
	At the beginning of the year	11598007	4.34	11598007	4.34
	Increase / Decrease in Shareholding during the year @	(11598007)	4.34	0.00	0.00
	At the end of the year			0	0.00
7.	**Cheminvest Limited**				
	At the beginning of the year	9971065	3.73	9971065	3.73
	Increase / Decrease in Shareholding during the year @	(9971065)	3.73	0	0
	At the end of the year			0	0.00
8.	**Liquid Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	23818876	8.92	23818876	8.92
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			23818876	8.91
9.	**Maxopp Investments Limited**				
	At the beginning of the year	1000	0.00	1000	0.00
	Increase / Decrease in Shareholding during the year @	(1000)	0.00	0.00	0.00
	At the end of the year			0	0.00
10.	**Mohair Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	8086560	3.03	8086560	3.03
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			8086560	3.02
11.	**Boom Investments Pvt. Ltd.**				
	At the beginning of the year	5604010	2.10	5604010	2.10
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			5604010	2.10
12.	**P V T Investment Limited**				
	At the beginning of the year	58,536	0.02	58,536	0.02
	Increase / Decrease in Shareholding during the year @	(58,536)	0.02	0.00	0.00
	At the end of the year			0	0.00
13.	**Maxpak Investment Limited**				
	At the beginning of the year	558200	0.21	558200	0.21
	Increase / Decrease in Shareholding during the year @	(558200)	0.21	0.00	0.00
	At the end of the year			0	0.00
14.	**Pen Investments Limited**				
	At the beginning of the year	1881110	0.70	1881110	0.70
	Increase / Decrease in Shareholding during the year @	(1881110)	0.70	0.00	0.00
	At the end of the year			0	0.00
15.	**Pivet Finances Limited**				
	At the beginning of the year	1758374	0.66	1758374	0.66
	Increase / Decrease in Shareholding during the year @	(1758374)	0.66	0.00	0.00
	At the end of the year			0	0.00
16.	**Max Ventures Investment Holdings P. Ltd.**				
	At the beginning of the year	17546167	6.58	17546167	6.58
	Increase / Decrease in Shareholding during the year *30.09.2016 (Acquisition of equity shares arising from Composite Scheme of Capital Reduction and Amalgamation)*	25826292	9.67	43372459	16.24
	At the end of the year			43372459	16.23

@ Merged with Max Ventures Investment Holdings Private Limited arising from Composite Scheme of Capital Reduction and Amalgamation w.e.f. September 30, 2016

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

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2016]		Cumulative Shareholding during the Year [As on 31-March-2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Moneyline Portfolio Investments Limited**				
	At the beginning of the year	26570048	9.95	26570048	9.95
	Increase / Decrease in Shareholding during the year	-	-	-	
	At the end of the year			26570048	9.94
2.	**Xenok Limited**				
	At the beginning of the year	24079700	9.02	24079700	9.02
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			24079700	9.01
3.	**Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund**				
	At the beginning of the year	3628979	1.36	3628979	1.36
	Increase / Decrease in Shareholding during the year				
	20.05.2016	(45000)	0.02	3583979	1.34
	10.06.2016	(170800)	0.06	3413179	1.28
	17.06.2016	(29200)	0.01	3383979	1.27
	24.06.2016	1699999	0.63	5083978	1.90
	30.06.2016	750001	0.28	5833979	2.18
	22.07.2016	167000	0.06	6000979	2.24
	21.10.2016	(59498)	0.02	5941481	2.22
	04.11.2016	13000	0.00	5954481	2.22
	11.11.2016	(133000)	0.05	5821481	2.17
	17.02.2017	(31250)	0.01	5790231	2.16
	31.03.2017	(566500)	0.21	5223731	1.95
	At the end of the year			5223731	1.95
4.	**Motilal Oswal Most Focused Multicap 35 Fund**				
	At the beginning of the year	3106280	1.16	3106280	1.16
	Increase / Decrease in Shareholding during the year				
	29.04.2016	25498	0.01	3131778	1.17
	17.06.2016	(314313)	0.12	2817465	1.05
	24.06.2016	192308	0.08	3009773	1.13
	30.06.2016	85787	0.03	3095560	1.16
	15.07.2016	(220900)	0.08	2874660	1.08
	22.07.2016	(109042)	0.04	2765618	1.04
	29.07.2016	54063	0.02	2819681	1.06
	05.08.2016	139576	0.05	2959257	1.11
	12.08.2016	53769	0.02	3013026	1.13
	19.08.2016	57603	0.02	3070629	1.15
	09.09.2016	82938	0.03	3153567	1.18
	16.09.2016	(18324)	0.00	3135243	1.18
	20.09.2016	83300	0.03	3218543	1.21
	30.09.2016	250000	0.09	3468543	1.30
	07.10.2016	82328	0.03	3550871	1.33
	21.10.2016	100000	0.03	3650871	1.36
	18.11.2016	229000	0.09	3879871	1.45
	25.11.2016	39544	0.01	3919415	1.46
	09.12.2016	214920	0.08	4134335	1.54
	16.12.2016	338415	0.13	4472750	1.67
	06.01.2017	(91929)	0.03	4380821	1.64
	13.01.2017	(50000)	0.02	4330821	1.62
	03.02.2017	(33664)	0.01	4297157	1.61
	17.02.2017	83000	0.03	4380157	1.64
	24.02.2017	292093	0.11	4672250	1.75
	03.03.2017	40217	0.01	4712467	1.76
	10.03.2017	138973	0.05	4851440	1.81
	24.03.2017	87967	0.03	4939407	1.85
	At the end of the year			4939407	1.85

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2016]		Cumulative Shareholding during the Year [As on 31-March-2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	**ICICI Prudential Value Discovery Fund**				
	At the beginning of the year	4517866	1.69	4517866	1.69
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			4517866	1.69
6.	**Kotak Select Focus Fund**				
	At the beginning of the year	2260000	0.85	2260000	0.85
	Increase / Decrease in Shareholding during the year				
	06.05.2016	100000	0.03	2360000	0.88
	13.05.2016	65000	0.02	2425000	0.90
	20.05.2016	25000	0.01	2450000	0.91
	03.06.2016	136876	0.06	2586876	0.97
	10.06.2016	13124	0.00	2600000	0.97
	24.06.2016	50000	0.02	2650000	0.99
	08.07.2016	10000	0.00	2660000	0.99
	05.08.2016	40000	0.01	2700000	1.00
	19.08.2016	60215	0.02	2760215	1.03
	26.08.2016	39785	0.01	2800000	1.04
	07.10.2016	7647	0.00	2807647	1.04
	21.10.2016	42353	0.02	2850000	1.06
	02.12.2016	9367	0.00	2859367	1.06
	09.12.2016	18	0.00	2859385	1.06
	30.12.2016	153416	0.07	3012801	1.13
	13.01.2017	3354	0.00	3016155	1.13
	20.01.2017	11799	0.00	3027924	1.13
	10.03.2017	90000	0.03	3117954	1.16
	At the end of the year			3117954	1.16
7.	**Government Pension Fund Global**				
	At the beginning of the year	3322952	1.24	3322952	1.24
	Increase / Decrease in Shareholding during the year				
	24.06.2016	(134719)	0.05	3188233	1.19
	02.09.2016	30231	0.01	3218464	1.20
	16.09.2016	(30231)	0.01	3188233	1.19
	09.12.2016	(132100)	0.05	3056133	1.14
	16.12.2016	(269062)	0.10	2787071	1.04
	23.12.2016	(94000)	0.35	2693071	1.01
	At the end of the year			2693071	1.01
8.	**HDFC Trustee Company Limited – A/C HDFC MID – Cap Opportunities Fund**				
	At the beginning of the year	2400000	0.90	2400000	0.90
	Increase / Decrease in Shareholding during the year	-	-	-	
	At the end of the year			2400000	0.90
9.	**SBI Magnum Balanced Fund**				
	At the beginning of the year	2300000	0.86	2300000	0.86
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			2300000	0.86
10.	**GS Mace Holdings Limited**				
	At the beginning of the year	17196381	6.44	17196381	6.44
	Increase / Decrease in Shareholding during the year 24.02.2017	(15000000)	5.62	2196381	0.82
	At the end of the year			2196381	0.82

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

S.No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 31-March-2016]		Cumulative Shareholding during the year [As on 31-March-2017]	
		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	1,40,106	0.05	1,40,106	0.05
	Increase / Decrease in Shareholding during the year				
	*20.04.2016	23,900	0.01	1,64,006	0.06
	*06.09.2016	11,432	0.00	1,75,438	0.06
	**29.03.2017	(1,40,000)	0.05	35,438	0.01
	At the end of the year			35,438	0.01
2	**Mr. Ashwani Windlass, NED**				
	At the beginning of the year	162,850	0.06	162,850	0.06
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			162,850	0.06
3	**Mr. Rajesh Khanna, ID**				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			25,000	0.01
4	**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
5	**Mrs. Sujatha Ratnam, CFO**				
	At the beginning of the year	35,000	0.01	35,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			35,000	0.01

* Allotment of equity shares under ESOP

** Sale of shares in open market

V. INDEBTEDNESS: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager: Details covered in Corporate Governance Report

B. Remuneration to other directors: Only sitting fees paid, details covered in Corporate Governance Report

C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD : Details covered in Annexure to the Directors' Report

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES: N.A.

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)

(Amt in Rs Lacs)

Sl. No.	Name of Subsidiary Company	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	% of Share holding
1	Max Life Insurance Co. Ltd	31-Mar-17	INR	191,881.29	58,671.68	4,644,336.71	4,393,783.74	4,436,950.86	1,521,925.85	76,821.71	10,829.00	65,992.71	-	70.01%

Part "B" - Associate Companies and Joint-Ventures

Not Applicable, as there are no Associates / Joint Ventures

Details of Max Employees Stock Plan – 2003, pursuant to SEBI Regulations and Companies Act, 2013 for the year ended 31st March 2017

A. Relevant disclosures in terms of the 'Guidance note 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.28.1 of Standalone Financial Statements for the year ended 31st March, 2017*

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.5.71*

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	In August 2016, NRC approved acceleration of vesting of options, upon approval of proposed Composite Scheme of Amalgamation and Arrangement. However, the variations were not effected as the said Scheme was subsequently withdrawn in July, 2017.

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. : *Profits would have been lower by Rs. 278.05 lacs and Basic EPS Rs. 0.10 per share & Diluted EPS Rs. 0.10 per share, if the Company would have recognized the compensation cost based on fair value.*

iv. Option movement during the year:

Number of options outstanding at the beginning of the period	25,03,560
Number of options granted during the year	29,235
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	2,91,700
Number of options exercised during the year	2,86,050
Number of shares arising as a result of exercise of options	2,86,050
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 5,72,100
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	22,46,745

v. 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 FY16-17 was Rs. 2. Further, the weighted average fair value of the outstanding options as on 31st March 2017 was Rs. 531.30. For details, please refer to Note no.28.1 of Standalone Financial Statements*

vi. Employee wise details of options granted to -

a) Senior Managerial Personnel	Name	Mr. Mohit Talwar
	Designation	Managing Director
	Number of options granted during the year	29,235
	Exercise Price	Rs.2
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	Mr. Mohit Talwar is the only person who received grant of options during the year under review.	
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.	No employee of the Company was granted options during the year exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	

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

weighted-average values of share price (at time of grant)	Rs. 322.00 – 349.40
exercise price	Rs. 2
expected volatility	36.82
expected option life (in years)	3 to 6
expected dividends	Nil
risk-free interest rate	7.49% - 7.91%
any other inputs to the model	Nil
the method used and the assumptions made to incorporate the effects of expected early exercise	Not Applicable
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	The calculation of expected volatility is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price.
whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	No other feature has been considered for fair valuation of options except as mentioned above.

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, 2017

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 FY16 (INR Cr.)	Remuneration for FY17 (INR Cr.)	% Increase in Remuneration in FY17 vs. FY16
1	Mr. Mohit Talwar[1]	Managing Director	8.71	6.76	NA
2	Ms. Sujatha Ratnam	Chief Financial Officer	1.61	1.76	9.3%
3	Mr. Sandeep Pathak[2]	Company Secretary	NIL	0.47	NA

[1] *Mr. Mohit Talwar's remuneration includes perquisite value of Rs.1.43 crores being the ESOPs exercised during the year under review against the ESOPs granted since May 2012 with graded vesting schedule (Corresponding value in FY16 was Rs.1.91 crores).*

[2] *Mr. Sandeep Pathak was appointed as the Company Secretary for the Company with effect from July 5, 2016.*

B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs. 35,67,162/- in FY17 as against Rs. 28,00,387/- in FY16. The increase in MRE in FY17 as compared to FY16 is around 27%.

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2017) to the MRE for FY17 is around 19:1.

As the Non-executive Directors of the Company have been receiving remuneration only in the form of Sitting Fees for attending the meetings of Board of directors or committees thereof, their remuneration details have not been considered while disclosing particulars under A and B above.

C. The number of permanent employees on the rolls of the Company as on March 31, 2017 was 13, i.e. same as on March 31, 2016.

D. The average increase in remuneration (excluding WTD) in FY17 over FY16 was around 15.5%. This was based on the industry benchmarks and approval of the Nomination and Remuneration Committee.

E. The remuneration for WTD and KMP, as approved by the Nomination and Remuneration Committee, was lower than the previous year as the previous year remuneration of WTD comprised special one-time bonus to recognize and acknowledge his seminal contribution towards shareholders' value creation and conclusion of critical projects which added significant value for the Company and its subsidiary(ies). Also, the ESOP exercise benefit value was higher in previous year as compared with the year under review. Further, the increase in fixed remuneration for WTD and KMP was 2.2% over previous year.

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 FY17, 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.

Annexure 4(B) to 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, 2017

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	Khosla, Rahul	58	Executive President	General Management	325,621,009	BA (Hons), CA	18.08.2011	33	Visa	Group Head of Products
2	Pai, Ramachandra Vishnu	50	Manager - Administration	Administration	1,798,722	B.Com	18.09.1995	29	Johnson & Johnson	Warehousing Supervisor
3	Pandey, Archana	57	Senior Director - Corporate Affairs	Corporate Affairs	26,926,263	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt.	08.06.2012	34	Abbott Healthcare Pvt Ltd.	Head - Government Affairs
4	Ramsundar, K K	59	Admn. Assistant Office of Founder & Chairman Emeritus	Administration	4,597,503	B.Com (P), PGDBA, PGDMM	21.06.1981	41	Ranbaxy Labs Limited	Steno Typist
5	Ratnam, Sujatha	53	Chief Financial Officer	Corporate Treasury	17,646,665	B. Com (Hons), ACA	12.07.2004	28	Jubilant Orgnosys Ltd.	General Manager - Finance
6	Rao, Anuradha	58	Executive Assistant Office of Founder & Chairman Emeritus	Executive Assistant	5,325,894	BA (Hons)	03.06.1987	38	Northern Engineering Industries (India) Limited	Assistant cum Secretary
7	Talwar, Mohit	57	Managing Director	General Management	67,623,128	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	38	Standard Chartered Bank	Director & Head Wholesale Bank, East India
8	Thakur, Ananth Singh	43	Deputy General Manager - External Affairs	External Affairs	2,199,031	MBA	06.06.2011	22	Aviva Life Insurance	State Head (BSA)
9	Trehan, Vandana	42	Executive Assistant to Executive President	Executive Assistant	2,536,820	PGDBM	16.08.2011	17	TSYS International	Executive Assistant
B.	Employed for part of the year									
10	Pathak, Sandeep	37	Company Secretary	Company Secretary	4,699,031	B.Com (Hons), FCS, FCMA, ACA, LL.B.	05.07.2016	17	Sembcorp Green Infra Limited	General Manager - Company Secretary

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. Rahul Khosla holds 235718 equity shares of the Company constituting 0.088% of equity share capital in the Company and Mr. Mohit Talwar holds 66648 equity shares constituting 0.025% of the equity share capital of the Company as of the date of this report.

5 None of the above employees hold 2% or more equity shares of the Company, by himself / herself or alongwith his / her spouse and dependent children .

On behalf of the Board of Directors

New Delhi
August 9, 2017

NAINA LAL KIDWAI
Chairman
DIN: 00017806

Business Responsibility Report

Section A	General information about the Company	
1	Corporate Identification Number	L24223PB1988PLC008031
2	Name of the Company	Max Financial Services Limited (formerly Max India Limited)
3	Registered address	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr Punjab 144533
4	Website	www.maxfinancialservices.com
5	Email address	investorhelpline@maxindia.com
6	Financial year reported	1 April 2016 – 31 March 2017
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. 53.45 crore
2	Total turnover	Rs. 254.91 crore (revenue from operations)
3	Total profit after tax	Rs. 154.00 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%]	No NA
Section D	**BR information**	
1a	Details of Director(s) responsible for BR	DIN: 02394694 Mr. Mohit Talwar Managing Director
1b	Details of the BR head	Name: Mrs. Sujatha Ratnam Designation: CFO Telephone number: (011) 42598000 Email ID: sratnam@maxindia.com
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report
Section E	**Principle-wise performance**	
1	Principle-wise performance	Included in this 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 for 2016-17. Max Financial Services Limited (MFSL) presents its first BRR in line with the requirements of SEBI. This BRR provides information on key initiatives undertaken by the Company and / or its subsidiary.

MFSL is the holding company of Max Life Insurance Company Limited (an unlisted material subsidiary), which continued to work with Max India Foundation to implement its CSR programme which has a focus on 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 is shared across the Group – Sevabhav (spirit of service), Excellence and Credibility.

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.

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. All Board level meetings have been paperless for more than 4 years, with Directors and other participants accessing relevant material electronically.

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

As of 31st March 2017, MFSL had a total of 13 employees, which included 5 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. Employees are also given opportunities to move across other Group companies to get wider exposure.

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 2016-17 and none are pending as of 31 March 2017.

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

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 did not receive any complaint relating to violation of human rights in 2016-17.

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 direct business operations and small number of employees, the Company does not have any significant direct environmental impacts.

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

For detailed information on steps taken towards inclusive growth and equitable development, 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, does not have any direct customers or consumers under the scope of this BRR.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

To,
The Members,
Max Financial Services Limited
(Formerly Known as Max India 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, 2017 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, 2017 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 55A;

(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, 2009;

   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; and Not Applicable

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. 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) SEBI (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. mentioned above.

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 in advance(and at a shorter notice for which necessary approvals obtained), 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 following major events have happened which are deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The Company has acquired 38,300,000 Equity Shares of Rs 10/- each in Max Life Insurance Company Limited.

2. The Board of Directors of the Company has approved a composite scheme of amalgamation and arrangement on August 8, 2016 which inter alia contemplated (a) merger of Max Life Insurance Company Limited with the Company; (b) demerger of the life insurance undertaking of MFSL and merger of the said undertaking with HDFC Standard Life Insurance Company Limited; and (c) merger of MFSL (holding the non-life insurance business) with Max India Limited.

   However, the proposed Scheme and the applications filed in this regard with the Stock exchanges were subsequently withdrawn on July 31, 2017.

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Date: 09.08.2017 — Membership No.:16302
Place: Delhi — Certificate of Practice No.:5673

Note: 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.

Annexure-A to the Secretarial Audit Report

To,
The Members,
Max Financial Services Limited
(Formerly Known as Max India 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
Partner
Membership No.:16302
Certificate of Practice No.: 5673

Date: 09.08.2017
Place: Delhi

Annexure – 7 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 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:

Place : New Delhi
Date : August 9, 2017

Mrs. Naina Lal Kidwai
Chairman
DIN: 00017806

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Max Financial Services Limited (Formerly known as MAX INDIA LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Max Financial Services Limited (Formerly known as MAX INDIA LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable 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, and the Cash Flow Statement 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 Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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 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 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 34 of the 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 35 of the standalone financial statements.

   iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - Refer Note 17.C of the standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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. 98564)

Place: New Delhi
Date: May 30, 2017

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 (Formerly known as MAX INDIA LIMITED)** ("the Company") as of 31 March, 2017 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 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 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 31 March, 2017, 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".

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: May 30, 2017

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

(b) The fixed assets 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 fixed assets at reasonable intervals. According to the information and explanations given to us, 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 registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of the building is held in the erstwhile name of the Company (i.e 'MAX INDIA LIMITED') as at the balance sheet date. We are informed that the Company is in the process of getting the name changed to Max Financial Services Limited.

The Company does not have any immovable properties of freehold or leasehold land.

(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) According to the information and explanations given to us, the Company has not accepted any deposit from public.

(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, in respect of statutory dues:

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax and Customs Duty which have not been deposited as on 31 March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. in Lacs)	Amount unpaid (Rs. in Lacs)
Customs Act, 1962	Custom Duty Demand on non-fulfillment of export obligation	Directorate General of Foreign Trade	FY 1994-95	418.26	418.26
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
Income Tax Act, 1961	Income tax demand in respect of Penalty under 271 (c)	Commissioner of Income Tax (Appeals), New Delhi	AY 1992-93 AY 1993-94	33.42	33.42
Income Tax Act, 1961	Income Tax Demand in disallowance made on various matters	High Court, Punjab	AY 2003-04	159.04	159.04

We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company and that 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 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 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 financial statements etc. 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 persons connected with him 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. 58564)

Place: New Delhi
Date: May 30, 2017

BALANCE SHEET
AS AT MARCH 31, 2017

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
A. Equity and liabilities			
1. **Shareholders' funds**			
(a) Share capital	3	5,345.40	5,339.68
(b) Reserves and surplus	4	177,483.55	161,652.55
		182,828.95	**166,992.23**
2. **Non-current liabilities**			
(a) Trade payables	5	212.18	-
(b) Deferred tax liabilities (net)	6	-	-
(c) Long-term provisions	7	116.15	265.07
		328.33	**265.07**
3. **Current liabilities**			
(a) Trade payables	8		
i. total outstanding dues to micro enterprises and small enterprises		-	-
ii. total outstanding dues to creditors other than micro enterprises and small enterprises		1,336.25	887.77
(b) Other current liabilities	9	945.96	899.39
(c) Short-term provisions	10	250.38	4,883.41
		2,532.59	**6,670.57**
Total		**185,689.87**	**173,927.87**
B. Assets			
1. **Non-current assets**			
(a) Fixed assets			
(i) Tangible assets	11	619.63	826.55
(ii) Intangible assets	11	33.88	46.76
		653.51	**873.31**
(b) Non-current investments	12	179,343.99	143,480.74
(c) Long term loans and advances	13	756.45	874.17
(d) Other non-current assets	14	9.38	8.79
		180,763.33	**145,237.01**
2. **Current assets**			
(a) Current investments	15	2,840.00	26,997.65
(b) Trade receivables	16	769.06	923.10
(c) Cash and cash equivalents	17	978.44	299.52
(d) Short term loans and advances	18	339.04	470.59
		4,926.54	**28,690.86**
Total		**185,689.87**	**173,927.87**
See accompanying notes forming part of the financial statements	1 to 43		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Satpal Singh Arora
Partner

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in Lacs)

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
1.	**Income**			
	(a) Revenue from operations (net)	19	25,491.43	20,071.13
	(b) Other income	20	136.30	50.93
2.	**Total revenue**		**25,627.73**	**20,122.06**
3.	**Expenses**			
	(a) Employee benefits expense	21	3,720.07	3,265.53
	(b) Depreciation and amortisation expense	22	195.73	222.37
	(c) Legal and professional expenses		4,114.75	2,670.65
	(d) Loss on sale of non current investments		-	605.40
	(e) Other expenses	23	2,197.43	1,837.60
4.	**Total expenses**		**10,227.98**	**8,601.55**
5.	**Profit before tax (2 - 4)**		15,399.75	11,520.51
6.	**Tax expense**			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
			-	**-**
	Profit after tax		**15,399.75**	**11,520.51**
	Earnings per equity share	27		
	Basic (Rs.)		**5.76**	**4.32**
	Diluted (Rs.)		**5.71**	**4.27**
	See accompanying notes forming part of the financial statements	1 to 43		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Satpal Singh Arora
Partner

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in Lacs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities			
Net profit before tax		15,399.75	11,520.51
Adjustments for:			
Depreciation and amortisation expense		195.73	222.37
Interest income		(96.55)	(24.57)
Dividend income on long term investments		(22,064.81)	(16,717.61)
Net Loss / (profit) on sale/disposal of fixed assets		0.55	(2.62)
Profit on sale of current investments in:			
Mutual funds		(1,288.31)	(1,709.67)
Equity instruments		(2.78)	-
Loss on sale of non current investments		-	605.40
Fixed assets written off		97.09	-
Liabilities/provisions no longer required written back		(0.68)	(1.81)
Provision for doubtful service tax credit receivable		443.61	-
Expense on employee stock option scheme		812.58	565.30
Unrealised foreign exchange (gain) / loss		(1.51)	-
Operating profit/(loss) before working capital changes		**(6,505.33)**	**(5,542.70)**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade Receivables		154.04	
Short-term loans and advances		(312.06)	(750.17)
Long-term loans and advances		(5.94)	(3.55)
Other current assets		-	252.12
		(163.96)	**(501.60)**
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		282.43	147.74
Other current liabilities		46.57	344.27
Short-term provisions		172.68	(73.06)
Long-term provisions		(148.92)	140.66
		352.76	**559.61**
Net Cash used in operations		(6,316.53)	(5,484.69)
Net income tax (paid)/ refunds		123.66	(262.47)
Net cash used in operating activities	**(A)**	**(6,192.87)**	**(5,747.16)**
Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances		(128.02)	(15.94)
Proceeds from sale of fixed assets		97.70	0.25
Purchase of non-current investments		(35,906.50)	-
Proceeds from sale of non-current investments		-	7,666.06
Proceeds from sale of long term investment		3.43	-
Purchase of current investments in mutual funds		(69,763.28)	(86,747.00)
Proceeds from sale/maturity of current investments		95,208.59	75,660.26
Bank balances not considered as Cash and cash equivalents (net)		(17.94)	(31.52)

(Rs. in Lacs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend received		22,064.81	16,717.61
Interest received		95.96	23.97
Net cash flow from investing activities	**(B)**	**11,654.75**	**13,273.69**
Cash flow from financing activities			
Proceeds from ESOPs exercised		5.72	9.62
Dividend paid		(4,806.62)	(7,475.26)
Net cash flow (used in) financing activities	**(C)**	**(4,800.90)**	**(7,465.64)**
Net Increase/(decrease) in cash and cash equivalents	**(A + B + C)**	660.98	60.89
Cash and cash equivalents at the beginning of the year		67.53	1,160.88
Less: Transferred pursuant to demerger		-	(1,154.24)
Cash and cash equivalents at the end of the year		**728.51**	**67.53**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Components of cash and cash equivalent (Refer note 17)		
Cash on hand	0.38	1.14
Cheques/drafts on hand	-	1.06
Balances with banks		
in current account	728.13	65.33
Total cash and cash equivalents	**728.51**	**67.53**

See accompanying notes forming part of the financial statements 1 to 43

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Satpal Singh Arora
Partner

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Max Financial Services Limited [formerly known as MAX INDIA LIMITED] ("the Company") is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in making business investment in its subsidiary and providing management advisory services to the group companies.

The name of the Company has been changed from MAX INDIA LIMITED to Max Financial Services Limited with effect from February 1, 2016.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Board of Directors of the Company at its meeting held on January 27, 2015 had approved a Composite scheme of Arrangement ('Scheme') to vertically split the Company through a demerger, into three separate listed companies. The existing company, Max India Limited, has been renamed as 'Max Financial Services Limited' and focuses on the group's life insurance business. The second vertical, has been renamed as 'Max India Limited ('MIL')(formerly known as 'Taurus Ventures Limited') which manages investments in the high growth potential Health and Allied businesses, primarily comprising of Max Healthcare Institue Ltd, Max Bupa Health Insurance Co. Limited, Antara Senior Living Limited. The third vertical houses the investment activity in the group's manufacturing businesses, Max Speciality Films Limited, and has been renamed Max Ventures and Industries Limited ('MVIL')(formerly known as Capricorn Ventures Limited'). All the assets and liabilities pertaining to each of the demerged undertakings (i.e MIL and MVIL) has been transferred with effect from April 1, 2015 (Appointed date). The Scheme became effective from January 15, 2016 i.e. the date of filing of the certified copy of the Order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla. The Company has accounted for the demerger as per the High Court Order.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), 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 the indirect method, whereby profit / (loss) before extraordinary items and tax 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 the available information.

2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of leasehold improvements which is amortised over the initial duration of the lease.

Intangible assets are amortised over their estimated useful life of 3 years on straight line method. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.6 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. The following specific recognition criteria must also be met before revenue is recognised:

Income from services

Revenue from shared services contracts are recognised over the period of the contract as and when services are rendered.

Interest income

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.

2.7 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation, amortisation and impairment loss, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use. Exchange difference arising on restatement/settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining life of fixed assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Capital work-in-progress:

The assets which are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.10 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

2.11 Employee benefits

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

a) Post employment benefit plan

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to such benefits.

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

c) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.12 Employee share based payments

"The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

The Company has consituted a Phantom Stock Option Plan 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, Max India Limited and Max Ventures India 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.

2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

2.14 Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary 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 extraordinary 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 share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

2.17 Impairement of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Service tax input credit

Service tax input 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.

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.

3. Share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	(Rs. in Lacs)	Number of shares	(Rs. in Lacs)
(a) Authorised				
Equity share capital				
Equity shares of Rs. 2 (previous year Rs. 2) each with voting rights	**300,000,000**	**6,000.00**	**300,000,000**	**6,000.00**
(b) Issued, subscribed and fully paid-up				
Equity share capital				
Equity shares of Rs. 2 (previous year Rs. 2) each with voting rights	**267,270,049**	**5,345.40**	**266,983,999**	**5,339.68**

Refer note (i) to (v) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
Equity Shares with voting rights				
At the beginning of the year	266,983,999	5,339.68	266,502,773	5,330.06
Issued during the year related to employees stock option sheme	286,050	5.72	481,226	9.62
Outstanding at the end of the year	**267,270,049**	**5,345.40**	266,983,999	**5,339.68**

(ii) 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.

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares	% held	Number of shares	% held
Equity shares of Rs. 2 each fully paid				
(with voting rights)				
- Xenok Limited	24,079,700	9.01%	24,079,700	9.02%
- GS Mace Holdings Limited	-	-	17,196,381	6.44%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.91%	23,818,876	8.92%
- Moneyline Portfolio Investments Limited	26,570,048	9.94%	26,570,048	9.95%
- Max Ventures Investment Holdings Private Limited	43,372,459	16.23%	17,546,167	6.57%

(iv) Shares reserved for issuance

As at March 31, 2017 22,46,745 (previous year: 25,03,560) shares of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (Refer note 28.1)

(v) Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has issued total 2,700,939 shares (previous year: 2,419,889 shares) 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 employees services.

4. Reserves and surplus

(Rs. in Lacs)

	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	**Capital reserve**		
	Opening balance	-	50.00
	Less : Transfer of reserves on account of demerger (Refer note 36)	-	50.00
	Closing balance	-	-
(b)	**Securities premium account**		
	Opening balance	31,709.03	211,362.64
	Add : Premium on shares issued during the year	555.98	925.72
	Less : Transfer of reserves on account of demerger (Refer note 36)		180,579.33
	Closing balance	**32,265.01**	**31,709.03**
(c)	**Employee stock option outstanding**		
	Opening balance	927.43	1,509.83
	Add : Compensation expensed during the year	812.58	871.42
	Less : Transferred to securities premium account on excercise	555.98	925.72
	Less : Transfer of reserves on account of demerger (Refer note 36)	-	217.54
	Less : Stock options forfeited during the year		310.56
	Closing balance	**803.61**	**927.43**
(d)	**General reserve**		
	Opening balance	16,418.22	16,418.22
	Add: Transferred from surplus in Statement of Profit and Loss	-	-
	Closing balance	**16,418.22**	**16,418.22**
(e)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	112,597.87	110,693.30
	Profit for the year	15,399.75	11,520.51
	Less : Appropriations		
	Interim dividend distributed to equity shareholders Rs. Nil (previous year Rs. 1.80) per share *	-	4,805.53
	Dividend proposed to be distributed to equity shareholders Rs. Nil (previous year Rs. 1.80) per share *	-	4,805.71
	Final dividend of earlier year	0.91	4.70
	Total appropriations	**0.91**	**9,615.94**
	Closing balance	**127,996.71**	**112,597.87**
	Total reserves and surplus	**177,483.55**	**161,652.55**

* During the previous year ended, the corporate dividend tax paid by the Max Life Insurance Company Limited (subsidiary company) on dividend paid to the Company was in excess of company's obligation of corporate dividend tax on dividend paid/declared by the Company. Accordingly, the Company has taken credit of corporate dividend tax as per section 115O of the Income Tax Act, 1961 and no provision of corporate dividend tax has been recognised in the financial statements.

5. Long term trade payables

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables	212.18	-
	212.18	**-**

6. Deferred tax liabilities (net)

The Company has carried out its tax computation in accordance with the mandatory standard on accounting, Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. The major components of deferred tax assets / liabilities as recognised in the financial statements are as follows:

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax liabilities (DTL)		
Tax impact on difference between carrying amount of fixed assets in the financial statements and the income tax return	(108.87)	(49.85)
Total (A)	(108.87)	(49.85)
Deferred tax assets (DTA)		
Carry forward business loss to be adjusted in future years	108.87	49.85
Total (B)	108.87	49.85
Total	-	-

7. Long term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
(i) Provision for compensated absences	30.76	80.30
(ii) Provision for gratuity (Refer note 26)	85.39	184.77
	116.15	**265.07**

8. Trade payables

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,336.25	887.77
	1,336.25	**887.77**

9. Other current liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Unclaimed / unpaid dividends	249.93	231.99
(b) Other payables		
(i) Security deposit received	7.94	8.53
(ii) Statutory remittances (Contributions to PF, Service Tax, Withholding Taxes etc.)	585.14	558.66
(iii) Other payables	102.95	100.21
	945.96	**899.39**

10. Short term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits:		
(i) Provision for compensated absences	69.44	26.71
(ii) Provision for gratuity (Refer to note 26)	180.94	50.99
(b) Provision - others:		
(i) Proposed final dividend	-	4,805.71
	250.38	**4,883.41**

11. Fixed Assets

(Rs. in Lacs)

	Particulars	Gross block					Accumulated depreciation and amortisation					Net block
		As at April 1, 2016	Additions	Transfer of assets on account of demerger (Refer note 36)	Deletions/ adjustments	As at March 31, 2017	As at April 1, 2016	Depreciation and amortisation expense for the year	Transfer of assets on account of demerger (Refer note 36)	Deletions/ adjustments	As at March 31, 2017	As at March 31, 2017
A	**TANGIBLE ASSETS - OWNED**											
(a)	Building	50.83	-	-	-	50.83	20.96	0.80	-	-	21.76	29.07
		50.83	-	-	-	*50.83*	*20.16*	*0.80*	-	-	*20.96*	*29.87*
(b)	Furniture and fixtures	383.82	0.32	-	-	384.14	105.02	36.42	-	-	141.44	242.70
		437.34	-	*53.52*	-	*383.82*	*108.99*	*36.66*	*40.63*	-	*105.02*	*278.80*
(c)	Vehicles	493.41	22.71	-	6.14	509.98	197.47	58.99	-	5.00	251.46	258.52
		773.94	*6.67*	*267.17*	*20.03*	*493.41*	*268.70*	*79.45*	*133.52*	*17.16*	*197.47*	*295.94*
(d)	Office equipment	377.42	2.50	-	-	379.92	266.49	36.65	-	-	303.14	76.78
		457.27	*8.37*	*88.22*	-	*377.42*	*279.39*	*36.82*	*49.72*	-	*266.49*	*110.93*
(e)	Leasehold improvements	540.97	-	-	147.63	393.34	443.89	-	-	50.55	393.34	-
		971.78	-	*430.81*	-	*540.97*	*813.47*	*6.77*	*376.35*	-	*443.89*	*97.08*
(f)	Computers	47.62	5.40	-	0.40	52.62	33.69	6.74	-	0.37	40.06	12.56
		150.18	*8.32*	*110.88*	-	*47.62*	*98.48*	*5.69*	*70.48*	-	*33.69*	*13.93*
	Total (A)	**1,894.07**	**30.93**	**-**	**154.17**	**1,770.83**	**1,067.52**	**139.60**	**-**	**55.92**	**1,151.20**	**619.63**
	Previous year (C)	*2,841.34*	*23.36*	*950.60*	*20.03*	*1,894.07*	*1,589.19*	*166.19*	*670.70*	*17.16*	*1,067.52*	*826.55*
B	**INTANGIBLE ASSETS**											
	Computer software	83.30	-	-	-	83.30	36.54	12.88	-	-	49.42	33.88
		83.30	-	-	-	*83.30*	*23.61*	*12.93*	-	-	*36.54*	*46.76*
	Total (B)	**83.30**	**-**	**-**	**-**	**83.30**	**36.54**	**12.88**	**-**	**-**	**49.42**	**33.88**
	Previous year (D)	*83.30*	-	-	-	*83.30*	*23.61*	*12.93*	-	-	*36.54*	*46.76*
	Total (A+B)	**1,977.37**	**30.93**	**-**	**154.17**	**1,854.13**	**1,104.06**	**152.48**	**-**	**55.92**	**1,200.62**	**653.51**
	Previous year (C+D)	*2,924.64*	*23.36*	*950.60*	*20.03*	*1,977.37*	*1,612.80*	*179.12*	*670.70*	*17.16*	*1,104.06*	*873.31*

Note: Amounts in italics represent previous year's figures.

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12. Non - current investments

(Rs. in Lacs)

Particulars	As at March 31, 2017		As at March 31, 2016	
	(Nos.)	(Rs. in Lacs)	(Nos.)	(Rs. in Lacs)
A. **Investments (valued at cost unless stated otherwise)**				
Trade investment in equity instruments - unquoted				
Investment in fully paid up equity shares of Rs. 10 each in subsidiary company - Max Life Insurance Company Limited	1,343,360,379	176,732.25	1,305,060,379	140,825.75
Total - Trade investment		**176,732.25**		**140,825.75**
B. **Other investments**				
Investment property				
Cost of building given on operating lease		2,731.66		2,731.66
Less: Accumulated depreciation (Refer note below)		119.92		76.67
Total - Other investments		**2,611.74**		**2,654.99**
Total		**179,343.99**		**143,480.74**
Aggregate amount of unquoted investments		176,732.25		140,825.75

Note: Depreciation for the year aggregates to Rs. 43.25 lacs (previous year: Rs. 43.25 lacs).

13. Long term loans and advances

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Security deposits		
- Unsecured, considered good	100.15	113.29
(b) Loans and advances to employees		
- Unsecured, considered good	82.93	95.74
(c) Prepaid expenses		
- Unsecured, considered good	28.43	8.54
(d) Deposit against cases with (Refer note 24) - Unsecured, considered good		
- Service tax authorities	12.00	12.00
(e) Advances recoverable in cash or kind		
- Considered doubtful	303.00	303.00
	303.00	303.00
Less : Provision for doubtful advances	(303.00)	(303.00)
	-	-
(f) Advance income tax - Unsecured, considered good (net of provisions Rs. 22,827.38 lacs (Previous year: Rs. 22,849.50 lacs)	520.94	644.60
Total	**756.45**	**874.17**

14. Other non-current assets

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Accruals		
- Interest accrued on deposits	1.80	1.21
(b) Others		
- Balances held as margin money against guarantee *	7.58	7.58
Total	**9.38**	**8.79**

* Includes deposits with remaining maturity of more than 12 months from the balance sheet date

15. Current Investments

(Rs. in Lacs)

Particulars	As at March 31, 2017 (Nos.)	As at March 31, 2017 (Rs. in Lacs)	As at March 31, 2016 (Nos.)	As at March 31, 2016 (Rs. in Lacs)
Current investments (At lower of cost and fair value, unless otherwise stated):				
A. Investment in equity instruments (quoted)				
Equity shares of Rs. 2 each fully paid up in ICICI Bank Limited	-	-	1,250	0.65
Total (A)		**-**		**0.65**
B. Investment in mutual funds (unquoted)				
(a) DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	265,084.74	560.00	-	-
(b) DSP BlackRock Liquidity Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	1,548.45	36.00	-	-
(c) Invesco India Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	25,383.40	568.00	-	-
(d) JM High Liquidity Fund - Direct Plan Growth- Face value Rs. 10 per unit	1,276,613.47	568.00	-	-
(e) L&T Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	25,481.92	568.00	-	-
(f) UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	29,616.49	540.00	1,590,732.38	26,997.00
Total (B)		**2,840.00**		**26,997.00**
Total		**2,840.00**		**26,997.65**
Aggregate amount of quoted investments		-		0.65
Aggregate amount of unquoted investments		2,840.00		26,997.00

16. Trade receivables (unsecured)

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	320.69	-
(b) **Other trade receivables**		
- Unsecured considered good	448.37	923.10
	769.06	**923.10**

17. Cash and cash equivalents

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Cash and cash equivalents (As per AS 3 cash flow statement)		
(a) Cash on hand	0.38	1.14
(b) Cheques on hand	-	1.06
(c) Balances with banks - In current accounts	728.13	65.33
Total - Cash and cash equivalents (As per AS 3 cash flow statement) (A)	**728.51**	**67.53**
B. Other bank balances		
In earmarked accounts - Unpaid dividend accounts	249.93	231.99
Total - Other bank balances (B)	**249.93**	**231.99**
Total - Cash and cash equivalents (A+B)	**978.44**	**299.52**

C. Details of transaction in Specified bank notes (SBNs) and other denomination notes during the period 8 November, 2016 to 30 December, 2016

(Rupees)

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on November 8, 2016	50,000	35,930	85,930
Add : Permitted Receipts	-	180,283	180,283
Less : Permitted Payments	-	190,951	190,951
Less : Amount deposited in Banks	50,000	-	50,000
Closing Cash in hand as on December 30, 2016	**-**	**25,262**	**25,262**

*For the purposes of this note, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016.

18. Short term loans and advances

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Loans and advances to related parties (Refer note 31)		
- Unsecured, considered good	5.65	17.63
(b) Loans and advances to employees		
- Unsecured, considered good	12.80	12.76
(c) Prepaid expenses		
- Unsecured, considered good	37.76	126.42
(d) Advances recoverable in cash or kind		
- Unsecured, considered good	22.63	27.27
(e) Balances with statutory/government authorities (unsecured)		
- Considered good	260.20	286.51
- Considered doubtful	443.61	-
	703.81	286.51
- Provision for doubtful balances	(443.61)	-
	260.20	286.51
Total	**339.04**	**470.59**

19. Revenue from operations (net)

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Sale of services		
- Income from shared services	2,121.65	1,623.78
(b) Other operating revenues (Refer note below)	23,369.78	18,447.35
Revenue from operations	25,491.43	20,071.13
Note:		
Other operating revenues comprises:		
(a) Dividend income on long term investments*	22,064.81	16,717.61
(b) Interest income on		
- Fixed deposits	13.88	20.07
(c) Profit on sale of current investment in:		
(i) mutual funds	1,288.31	1,709.67
(ii) equity instruments	2.78	-
Total - Other operating revenues	**23,369.78**	**18,447.35**

* The Company has recognised dividend income of Rs. 22,064.81 Lacs (Previous year: Rs. 16,717.61 Lacs) of its share of interim dividend declared during the year and final dividend in the previous year by Max Life Insurance Company Limited.

20. Other Income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income		
(i) income tax refund	78.72	-
(ii) loan to employees	3.95	4.50
(b) Other non operating income		
(i) Liabilities / provisions no longer required written back	0.68	1.81
(ii) Net profit on sale / disposal of fixed assets	-	2.62
(iii) Net gain on foreign currency transactions and translation	10.45	-
(iv) Rental income	42.00	42.00
(v) Miscellaneous income	0.50	-
Total	**136.30**	**50.93**

21. Employee benefits expense

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries and wages	2,730.19	2,495.12
(b) Contribution to provident and other funds (Refer to note 26)	117.17	137.95
(c) Expense on employee stock option scheme (Refer note 28)	812.58	565.30
(d) Staff welfare expenses	60.13	67.16
Total	**3,720.07**	**3,265.53**

22. Depreciation and amortisation expense

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Depreciation of tangible assets (Refer note 11)	139.60	166.19
(b) Amortization of intangible assets (Refer note 11)	12.88	12.93
(c) Depreciation of investment property (refer note 12)	43.25	43.25
Total	**195.73**	**222.37**

23. Other expenses

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Recruitment and training expenses	10.51	39.37
(b) Rent including lease rentals (Refer note 29)	313.35	293.73
(c) Insurance	26.68	29.09
(d) Rates and taxes	3.14	3.63
(e) Repairs and maintenance - others	298.72	298.33
(f) Power & Fuel	48.31	47.39
(g) Printing and stationery	32.53	43.51
(h) Travelling and conveyance	469.28	424.93
(i) Communication	63.85	91.76
(j) Director's sitting fees	83.42	137.29
(k) Business promotion	53.42	172.43
(l) Advertisement and publicity	99.59	207.35
(m) Net loss on sale/disposal of fixed assets	0.55	-
(n) Provision for doubtful service tax credit receivable	443.61	-
(o) Fixed assets written off	97.09	-
(p) Charity and donation	106.00	1.82
(q) Net loss on foreign currency transactions and translations	-	0.13
(r) Miscellaneous expenses	47.38	46.84
Total	**2,197.43**	**1,837.60**

24. Commitments and contingent liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Commitments		
(i) Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	-	-
(ii) The Company has entered into a tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company will buy back the stake held by Axis Bank Limited in Max Life Insurance Company Limited. (Refer note 37)		
B. Contingent liabilities		
Claims against the Company not acknowledged as debts (Refer note a)		
(i) Disputed demands raised by custom authorities	418.26	407.12
(ii) Disputed demand raised by service tax authorities (Refer note b)	352.58	213.00
(iii) Disputed demand raised by income tax authorities (Refer note d)	159.04	159.04
(iv) Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note d)	33.42	33.42
(v) Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (Refer note e)		
(vi) Litigation against the Company relating to Company Law matters (Refer note c)		

Note :

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 will likely to be upheld in appellate process. The Company has not made any provisions for the demand since 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. The advance paid against the same is Rs. 12.00 Lacs (Previous year: Rs. 12.00 Lacs).

c. 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 High Court stayed the proceedings and listed the case for arguments.

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. Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005)

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains of Rs. 47,493.09 Lacs realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 Lacs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs which included the demand of Rs. 24,368.00 Lacs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL, which is pending as of date.	High Court
4	2006-07	The capital gains of Rs. 41,153.88 Lacs realized from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled.	High Court
		The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	

S. No.	Assessment Year	Brief Description	Pending Before
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

25. Expenditure in Foreign Currency (on accrual basis)

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Legal and professional	550.12	557.89
Travelling	65.17	75.66
Total	**615.29**	**633.55**

26. Retirement benefit plans

(i) Defined contribution plans

The Company makes provident fund contribution to a defined contribution retirement benefit plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund trust set up by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

As of 31 March, 2017, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 37,607.05 lacs (previous year: Rs. 33,513.81 lacs) and Rs. 37,042.76 lacs (previous year: Rs. 33,280.53 lacs) respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65% (previous year: 8.75%). The actuarial assumptions include discount rate of 6.67% (previous year: 8.75%) and an average expected future period of 27.11 years (previous year: 26.80 years).

The Company has recognised Rs. 84.05 lacs (previous year: Rs. 73.73 lacs) for provident fund contribution in the Statement of Profit and Loss. The contribution payable to the plan by the Company is at the rates specified in rules to the scheme.

(ii) Defined benefit plans

The Company makes annual contribution to the Employees Gratuity Fund maintained with 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 following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company financial statements as at March 31, 2017:

(Rs. in Lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Components of employer expense		
Current service cost	35.32	33.86
Interest cost	18.70	16.59
Expected return on plan assets	(2.24)	(3.60)
Actuarial losses/(gains)	(8.77)	17.37
Adjustment in fair value plan asset	(9.89)	-
Total expense recognised in the Statement of Profit and Loss	**33.12**	**64.22**
Actual contribution and benefit payments for year		
Actual benefit payments	2.56	27.25
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(295.34)	(252.68)
Fair value of plan assets	29.01	16.92
Net asset / (liability) recognised in the Balance Sheet	**(266.33)**	**(235.76)**
Net liability has been classified under:		
Long-term provisions	85.39	184.77
Short-term provisions	180.94	50.99
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	252.68	430.63
Transfer of liability on account of demerger	-	(217.99)
Current service cost	35.32	33.86
Interest cost	18.70	16.59
Actuarial loss/(gains)	(8.80)	16.83
Benefits paid	(2.56)	(27.25)
Present value of DBO at the end of the year	**295.34**	**252.68**
Change in fair value of assets during the year		
Plan assets at beginning of the year	16.92	41.10
Adjustment in fair value of plan assets	9.89	-
Expected return on plan assets	2.24	3.60
Actuarial gain / (loss)	(0.04)	(0.54)
Benefits paid	-	(27.24)
Plan assets at the end of the year	**29.01**	**16.92**
Actual return on plan assets	2.20	**3.06**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	6.50%	7.40%
Expected return on plan assets	8.25%	8.35%
Salary escalation	10.00%	10.00%
Retirement age	58 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%) - All ages	5% p.a.	5% p.a.
Estimate of amount of contribution in the immediate next year Rs. In lacs	60.16	50.99

Notes:

a. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

b. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c. The planned assets of the Company are managed by the Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information on categories of plan assets is not available with the Company.

d. Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in Lacs)

Particulars	Gratuity				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of DBO	295.34	252.68	430.63	828.63	830.86
Fair value of plan assets	29.01	16.92	41.10	360.97	340.23
Funded status [Surplus / (Deficit)]	(266.33)	(235.76)	(389.53)	(467.66)	(490.63)
Experience gain / (loss) adjustments on plan liabilities	8.80	(14.69)	(74.40)	16.03	(71.23)
Experience gain / (loss) adjustments on plan assets	(0.04)	(0.54)	(1.76)	(1.70)	(1.56)

27. Calculation of Earnings per share (EPS) - Basic and Diluted

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic EPS		
Profit attributable to shareholders (Rs. in lacs)	15,399.75	11,520.51
Weighted average number of equity shares outstanding during the year (Nos.)	267,137,946	266,800,977
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**5.76**	**4.32**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	2,378,848	2,769,196
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,516,794	269,570,173
Diluted Earnings Per Share (Rs.)	**5.71**	**4.27**

28. Employee Stock Option Plan

28.1. Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in 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.

Particulars	March 31, 2017		March 31, 2016	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	2,503,560	279.61	3,039,166	230.69
Granted during the year	29,235	2.00	99,620	2.00
Forfeited during the year	-	2.00	(154,000)	2.00
Exercised during the year	(286,050)	2.00	(481,226)	2.00
Outstanding at the end of the year	2,246,745	311.34	2,503,560	279.61
Exercisable at the end of the year	-	-	5,000	2.00

For the period, the weighted average share price at the exercise date was Rs. 531.30 (previous year: Rs. 540.68)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 1.63 years (March 31, 2016: 1.69 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 394.00 (March 31, 2016: 2.00 to 394.00).

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Particulars	March 31, 2017	March 31, 2016
Date of option granted	1-Apr-16	18-Aug-15
Stock Price Now (in Rupees)	344.05	564.15
Exercise Price (X) (in Rupees)	2.00	2.00
Expected Volatility (Standard Dev - Annual)	36.82%	38.49%
Life of the options granted (Vesting and exercise period) in years	3.00-6.00	3.00-7.00
Expected Dividend	0.51%	0%
Average Risk- Free Interest Rate	7.49%-7.91%	7.98%-8.13%
Weighted average fair value of options granted	332.46 - 337.24	562.58 - 563.02

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.

28.2 Employees Phantom Stock Plan (PSP Plan)

The Company had instituted the PSP Plan, which was approved by the Board of Directors in January 15, 2016. The PSP Plan provides for issue of units to eligible employees of the Company. The PSP Plan is administered by the Nomination and Remuneration Committee approved by the Board of Directors. Under the Plan, eligible employee receives cash equivalent to fair market value of units upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from 1 to 5 years.

Accordingly Rs. 380.42 Lacs (previous year: Rs. Nil) has been accrued as expense in the Statement of Profit and Loss account as applicable. The details of the units granted during the year are as under:

Particulars	March 31, 2017		March 31, 2016	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	-	-	-	-
Granted during the Year	143,052	634.00	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	143,052	634.00	-	-
Exercisable at the end of the year	-	-	-	-

For the period, the weighted average share price at the exercise date was Rs. Nil (previous year: Rs. Nil)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 1.59 years (March 31, 2016: Nil).

Stock compensation expense under the fair value method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Particulars	March 31, 2017	March 31, 2016
Date of option granted	8-Aug-16	-
Stock price now (in rupees)	551.60	-
Exercise price (X) (in rupees)	6.00	-
Expected volatility (standard dev - annual)	49.00%	-
Life of the options granted (vesting and exercise period) in years	3.00-5.65	-
Expected dividend	0.32%	-
Average risk- free interest rate	7.05%-7.32%	-
Weighted average fair value of options granted	537.84 - 541.52	-

The Company measures the cost of ESOP and PSP using intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and EPS as reported would have changed to amount indicated below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Profit as reported (Rs. in Lacs)	15,399.75	11,520.51
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	812.58	565.30
Less: Employee stock compensation under fair value method (Rs. in Lacs)	(1,090.63)	(1,569.12)
Performa profit (Rs. in Lacs)	15,121.70	10,516.69
Earnings Per Share (Rupees)		
Basic		
- As reported	5.76	4.32
- Performa	5.66	3.94
Diluted		
- As reported	5.71	4.27
- Performa	5.61	3.90

29. Leases

The Company has entered into operating lease arrangements for certian facilities and office premises. Rent expense of Rs. 313.35 lacs (previous year Rs. 293.73 lacs) in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss.

30. Segment Reporting

Being a holding company, the Company is having business investments and is primarily engaged in growing and nurturing the business investments and providing management advisory services to group companies. Accordingly, the Company views these activities as one business segment, therefore there are no separate reportable segments as per Accounting Standard 17 prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

31. Related parties disclosures as per Accounting Standard - 18

Names of related parties where control exists irrespective of whether transactions have occurred or not

Subsidiary company	-	Max Life Insurance Company Limited
Names of other related parties with whom transactions have taken place during the year		
Key Management Personnel (KMP)	1	Mr. Mohit Talwar (Managing Director)
	2	Mr. Rahul Khosla (upto previous year)
Enterprises owned or significantly influenced by key management personnel or their relatives	1	Max India Foundation
	2	Max India Limited (upto previous year)
	3	Max Bupa Health Insurance Company Limited (upto previous year)
	4	Antara Purukul Senior Living Limited (upto previous year)
	5	Max Speciality Films Limited (upto previous year)
	6	Max Ventures and Industries Limited (upto previous year)
	7	Pharmax Corporation Limited (upto previous year)
	8	Max UK Limited (upto previous year)
	9	Max Healthcare Institute Limited (upto previous year)
	10	New Delhi House Services Limited (upto previous year)
	11	Delhi Guest Houses Private Limited (upto previous year)
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

31.1 Transactions with related parties during the year:

(Rs. in Lacs)

Particulars	Subsidiary	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
Reimbursement of expenses (Received from)					
Max Life Insurance Company Limited	19.88	-	-	-	**19.88**
	(26.87)	-	-	-	**(26.87)**
Max Healthcare Institute Limited	-	-	-	-	**-**
	-	-	(26.71)	-	**(26.71)**
Max Bupa Health Insurance Company Limited	-	-	-	-	**-**
	-	-	(23.45)	-	**(23.45)**
Antara Purukul Senior Living Limited	-	-	-	-	**-**
	-	-	(7.53)	-	**(7.53)**
Max Speciality Films Limited	-	-	-	-	**-**
	-	-	(5.97)	-	**(5.97)**
Rahul Khosla	-	-	-	-	**-**
	-	(33.25)	-	-	**(33.25)**
Max Ventures and Industries Limited	-	-	-	-	**-**
	-	-	(3.50)	-	**(3.50)**
Income from shared services					
Max India Limited	-	-	-	-	**-**
	-	-	(741.38)	-	**(741.38)**
Max Life Insurance Company Limited	892.90	-	-	-	**892.90**
	(484.00)	-	-	-	**(484.00)**
Max Healthcare Institute Limited	-	-	-	-	**-**
	-	-	(223.00)	-	**(223.00)**
Max Ventures and Industries Limited	-	-	-	-	**-**
	-	-	(90.00)	-	**(90.00)**
Reimbursement of expenses (Paid to)	-	-	-	-	
Max India Limited	-	-	-	-	**-**
	-	-	(1,606.63)	-	**(1,606.63)**
Max Life Insurance Company Limited	0.54	-	-	-	**0.54**
	(4.59)	-	-	-	**(4.59)**
New Delhi House Services Limited	-	-	-	-	**-**
	-	-	(8.45)	-	**(8.45)**
Delhi Guest Houses Private Limited	-	-	-	-	**-**
	-	-	(40.34)	-	**(40.34)**
Services received					
Insurance related	-	-	-	-	
Max Life Insurance Company Limited	8.30	-	-	-	**8.30**
	(14.84)	-	-	-	**(14.84)**
Rent paid					
Pharmax Corporation Limited	-	-	-	-	**-**
	-	-	(41.58)	-	**(41.58)**
Delhi Guest Houses Private Limited	-	-	-	-	**-**
	-	-	(247.25)	-	**(247.25)**
Repair and maintenance					
New Delhi Houses Services Limited	-	-	-	-	**-**
	-	-	(121.98)	-	**(121.98)**

Particulars	Subsidiary	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
Managerial remuneration					
Rahul Khosla	-	-	-	-	**-**
	-	(2,214.29)	-	-	**(2,214.29)**
Mohit Talwar	-	676.23	-	-	**676.23**
	-	(871.39)	-	-	**(871.39)**
Donation paid					
Max India Foundation	-	-	55.00	-	**55.00**
	-	-	-	-	**-**
Company's contribution to Provident Fund Trust	-	-	-	84.05	**84.05**
	-	-	-	(71.04)	**(71.04)**
Security deposit given					
Delhi Guest Houses Private Limited	-	-	-	-	**-**
	-	-	(12.00)	-	**(12.00)**
Dividend income					
Max Life Insurance Company Limited	22,064.81	-	-	-	**22,064.81**
	(16,717.61)	-	-	-	**(16,717.61)**
Investments made					
Max Life Insurance Company Limited	35,906.50	-	-	-	**35,906.50**
	-	-	-	-	**-**
Investments sold					
Max Life Insurance Company Limited	-	-	-	-	**-**
	(8,261.46)	-	-	-	**(8,261.46)**

31.2 Balance outstanding as at the year end:

Particulars	Subsidiary	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
Loans and Advances Given					
Max Life Insurance Company Limited	5.65	-	-	-	**5.65**
	(17.63)	-	-	-	**(17.63)**
Pharmax Corporation Limited	-	-	-	-	**-**
	-	-	(36.24)	-	**(36.24)**
Delhi Guest House Private Limited	-	-	-	-	**-**
	-	-	(66.00)	-	**(66.00)**
Trade receivables					
Max Life Insurance Company Limited	235.73	-	-	-	**235.73**
	(572.66)	-	-	-	**(572.66)**
Max Healthcare Institute Limited	-	-	-	-	-
	-	-	(239.22)	-	**(239.22)**
Max Bupa Health Insurance Company Limited	-	-	-	-	**-**
	-	-	(6.23)	-	**(6.23)**
Antara Purukul Senior Living Limited	-	-	-	-	**-**
	-	-	(3.76)	-	(3.76)

Particulars	Subsidiary	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
Max Speciality Films Limited	-	-	-	-	**-**
	-	-	(3.17)	-	**(3.17)**
Max Venture and Industries Limited	-	-	-	-	**-**
	-	-	(98.06)	-	**(98.06)**
Amount Payable					
Max India Limited	-	-	-	-	**-**
	-	-	(195.95)	-	**(195.95)**
Investment in equity share capital					
Max Life Insurance Company Limited	176,732.25	-	-	-	**176,732.25**
	(140,825.75)	-	-	-	**(140,825.75)**

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

32. Disclosure of section 186 (4) of the Companies Act 2013

Particulars of Investments made:

(Rs. in Lacs)

Name of the Investee	As at March 31, 2016	Investment made during the year	Investment redeemed / extinguished	As at March 31, 2017	Purpose
Investment in Equity Shares of					
Max Life Insurance Company Limited	140,825.75	35,906.50	-	176,732.25	Strategic investment
	(149,087.21)	(-)	(8,261.46)	(140,825.75)	
	140,825.75	**35,906.50**	**-**	**176,732.25**	
	(149,087.21)	(-)	(8,261.46)	(140,825.75)	

33. The Board of Directors of the Company approved a composite scheme of amalgamation and arrangement on August 8, 2016 ("Proposed Scheme"), which inter-alia contemplates (a) merger of the Company's subsidiary, viz. Max Life Insurance Company Limited ("Max Life") with the Company (with a share exchange ratio of one share of the Company for approximately five shares held in Max Life for shareholders other than the Company); (b) demerger of the life insurance undertaking of the Company and merger of the said undertaking with HDFC Standard Life Insurance Company Limited ("HDFC Life") (share exchange ratio of approximately seven shares of HDFC Life for every three shares held in the Company); and (c) merger of the Company (holding the non-life insurance business) with Max India Limited (with a share exchange ratio of one share of Max India Limited for 500 shares held in the Company).

The parties to the Proposed Scheme have applied for various regulatory approvals as required for the Proposed Scheme.

On November 11, 2016, Insurance Regulatory and Development Authority of India ("IRDAI") issued a letter raising concerns over the Proposed Scheme in its current form. Max Life has made representation to the IRDAI in this regard and awaits a response from IRDAI.

34. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

35. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

36. The Board of Directors of Max Financial Services Limited ('the Company'/erstwhile 'Max India Limited') in their meeting held on January 27, 2015 had approved the Corporate Restructuring plan to vertically split the Company through a Composite scheme of arrangement ('Scheme'), into three separate listed companies.

The Hon'ble High Court of Punjab and Haryana vide its order dated December 14, 2015, had sanctioned the Scheme under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 between Max Financial Services Limited ('MFSL') ('the Company'/ erstwhile Max India Limited), Max India Limited ('MAX' - erstwhile Taurus Ventures Limited) and Max Ventures and

Industries Limited ('MVIL' - erstwhile Capricorn Ventures Limited) and their respective shareholders and creditors for transfer of all the assets and liabilities pertaining to each of the demerged undertakings (i.e MAX and MVIL) with effect from April 1, 2015 (Appointed date). The Scheme is effective from January 15, 2016 i.e. the date of filing of the certified copy of the order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla.

Upon the scheme becoming effective, the authorised share capital of the Company was authomatically reduced to Rs. 60,00,00,000 (Rupees sixty Crores), as on the Effective Date, without any further act or deed. The entire authorised share capital of the Company had been classified as equity share capital.

In terms of the Scheme, MAX and MVIL are required to issue and allot shares to each member of the Company, whose name is recorded in the register of members and records of the Company, as on the Record Date i.e. January 28, 2016 in the following ratio:

- One equity share of Rs. 2 each in MAX for every one equity share of Rs. 2 each held by equity shareholders in the Company;
- One equity share of Rs. 10 each in MVIL for every five equity shares of Rs. 2 each held by equity shareholders in the Company.

The value of net assets transferred effective from April 1, 2015 had been adjusted in Reserves and surplus of the Company. The details of net assets transferred and adjustment to Reserve and Surplus is as under:

(Rs. in Lacs)

Particulars	MAX	MVIL	TOTAL
Assets transferred			
Non-current assets			
Fixed assets	225.45	54.45	279.90
Business investments	111,356.92	16,704.95	128,061.87
Loans and advances	7,404.51	48.01	7,452.52
Current assets			
Current investments	37,795.17	-	37,795.17
Cash and bank balance	5,154.04	1,000.20	6,154.24
Loans and advances	241.48	599.98	841.46
Other current assets	1,227.73	0.00	1,227.73
Sub-total (A)	**163,405.30**	**18,407.59**	**181,812.89**
Liabilities assumed			
Non-current liabilities			
Long-term provisions	157.43	0.66	158.09
Current liabilities			
Trade payables	372.64	8.19	380.83
Other current liabilites	202.99	4.12	207.11
Short-term provisions	217.12	2.87	219.99
Sub-total (B)	**950.18**	**15.84**	**966.02**
Net assets transferred (A-B)	**162,455.12**	**18,391.75**	**180,846.87**
Utilisation of reserve as per the demerger scheme			
Capital reserve			50.00
ESOP reserve			217.54
Security premium			180,579.33

Post receipt of approval from the Foreign Investment Promotion Board (FIPB), vide its letter dated February 19, 2016, MVIL had issued and allotted the shares to the Company's shareholders as on the record date i.e. January 28, 2016. MVIL had issued and allotted 5,33,96,800 equity shares of Rs. 10 each on March 7, 2016 and the existing equity capital of MVIL of Rs. 5 lacs which was fully held by the Company, had been cancelled pursuant to the provisions of the Scheme.

During the previous year, MAX had received the approval from the Foreign Investment Promotion Board (FIPB), vide its letter dated May 06, 2016 to issue and allot shares to the Company's shareholders as on the record date i.e. January 28, 2016. MAX had issued and allotted 26,69,83,999 equity shares of Rs. 2 each on May 14, 2016 and the existing equity capital of MAX of Rs. 5 lacs which was fully held by the Company, had been cancelled pursuant to the provisions of the Scheme.

Further, with respect to employee's stock options granted by the Company to its employees (irrespective of whether they continue to be employees of the Company or become employees of MAX/MVIL) each option holder has been allotted stock option by MAX/MVIL under the new ESOP scheme for every stock option held in the Company. Accordingly, ESOP outstanding as on the Effective Date (i.e January 15, 2016) in the Company was allocated between the Company, MAX and MVIL.

37. The Board of Directors of the Company in its meeting held on October 23, 2015 had approved the proposal to transfer certain equity shares of Max Life Insurance Company Limited ('MLIC') held by the Company to Axis Bank Limited ('Axis') (along with Mitsui Sumitomo Insurance Company Limited ('MSI')), subject to approval from Insurance Regulatory and Development Authority of India ('IRDAI'). On February 29, 2016 (pursuant to receipt of approval from IRDAI), the Company and Mitsui Sumitomo Insurance Company Limited (MSI) had transferred 76,560,635 equity shares (3.99% of equity stake in MLIC) and 19,188,127 equity shares (1% of equity stake in MLIC) respectively of MLIC to Axis Bank at face value of Rs. 10 per equity share. Consequent to this transaction, the equity stake of the Company in MLIC had reduced to 68.01%. Further, the Company along with MSI had entered into an Option agreement with Axis on October 23, 2015, whereby the Company and MSI have agreed to offer a 'put option' to Axis and Axis had agreed to grant 'call option' to repurchase / sell the aforesaid equity shares in the ratio as mutually agreed upon between MSI and the Company in 5 equal tranches at a price linked to fair market value.

During the year, the Company acquired 19,150,000 equity shares of Max Life Insurance Company Limited ('MLIC') at a consideration of Rs. 14,650 lacs from Infrastructure Development Finance Company Limited ('IDFC') and 19,150,000 equity shares of MLIC at a consideration of Rs. 21,256 lacs from Axis Bank Limited, thereby increasing its stake in MLIC from 68.01% to 70.01%.

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. In terms of Companies (Indian Accounting Standards) Rules 2015, as amended, the Non Banking Finance Companies (NBFCs), including Core Investment Companies (CIC), having a net worth of Rs 500 crores or more are required to prepare Ind-AS based financial statements for accounting periods beginning on or after April 1, 2018 with comparatives for the periods ending March 31, 2018 or thereafter. Hence, the current financials have been drawn in accordance with Indian GAAP as Ind-AS provisions are not applicable to the Company for the current accounting year, the Company being a Core Investment Company (non-systemically important CIC).

40. At the year end, unhedged foreign currency exposures are as follows:

Particulars	As at March 31, 2017			As at March 31, 2016		
	Foreign Currency	Exchange Rate	Indian Rupee	Foreign Currency	Exchange Rate	Indian Rupee
	(in Lacs)	(Rupee)	(in Lacs)	(in Lacs)	(Rupee)	(in Lacs)
Trade payables (USD)	0.01	64.84	0.88	-	-	-
Trade payables (GBP)	1.41	80.88	114.04	1.29	95.09	122.96

41. Payment to auditor (excluding service tax) (included in legal and professional)

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
To statutory auditor:		
For audit	18.00	15.00
For other services	5.00	-
Reimbursement of expenses	1.47	0.91
Total	**24.47**	**15.91**

42. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(i) the principal amount remaining unpaid to any supplier	-	-
(ii) interest due thereon	-	-
(iii) interest paid in terms of section 16 of the Micro,Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	-	-
(iv) interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) interest accrued and remaining unpaid	-	-
(vi) further interest remaining due and payable even in the succeeding years 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.

43. The previous year's figures have been regrouped / reclassified, wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Max Financial Services Limited (formerly known as 'MAX INDIA LIMITED")

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Max Financial Services Limited (formerly known as 'MAX INDIA LIMITED")** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

The auditors of Max Life Insurance Company Limited ('MLIC'), subsidiary company have reported that 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 31 March, 2017 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). 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 31 March, 2017 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 IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the Consolidated Financial Statements of the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on 31 March, 2017 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 Holding company and subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary 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 Rule 11 of the Companies (Audit and Auditor's) 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 30 to the consolidated financial statements.

ii. The liability for insurance contracts related to its subsidiary company is determined by the subsidiary's Appointed Actuary as per Note 37 to the consolidated financial statements, and is covered by the Appointed Actuary's certificate, referred to in Other Matter paragraph above, on which we have placed reliance; and the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 45 to the 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 Holding Company and its subsidiary company – Refer Note 46 to the consolidated financial statements.

iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 of the Group entities to which this disclosure is applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by parent for the purpose of preparation of the consolidated financial statements and as produced to us by the Management.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Satpal Singh Arora
Partner
(Membership No. 98564)

Place: New Delhi
Date: May 30, 2017

"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 31 March, 2017, we have audited the internal financial controls over financial reporting of **Max Financial Services Limited (formerly known as 'MAX INDIA LIMITED")** (hereinafter referred to as "the Holding Company" / "Parent") and its subsidiary company, which includes internal financial controls over financial reporting of the Company's and its subsidiary as of that date.

The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued but liability exists as at 31 March, 2017 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 us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended 31 March, 2017. Accordingly, we 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 Holding company 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 Holding Company, 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 other auditors of the subsidiary company, which is a company incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company.

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 branch auditors and other auditors referred to in the Other Matters paragraph below, the Holding Company, 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 31 March, 2017, 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.

Other Matters

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 subsidiary company, which is a company incorporated in India, is based solely on the corresponding reports of the auditors of such companies 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. 98564)

Place: New Delhi
Date: May 30, 2017

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2017

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
A. Equity and liabilities			
1. **Shareholders' funds**			
(a) Share capital	3	5,345.40	5,339.68
(b) Reserves and surplus	4	228,120.09	191,232.07
		233,465.49	**196,571.75**
2. **Minority interest**		74,897.13	70,256.71
3. **Non-current liabilities**			
(a) Trade payables	5	5,794.82	6,346.75
(b) Deferred tax liabilities (Net)	6	-	-
(c) Other long-term liabilities	7	823.89	627.01
(d) Long-term provisions	8	2,766.93	5,636.63
(e) Long-term policyholders' funds	9	3,680,947.73	2,947,821.00
(f) Funds for future appropriations - participating policies		155,648.24	145,628.30
		3,845,981.61	**3,106,059.69**
4. **Current liabilities**			
(a) Trade payables	10		
i. total outstanding dues of micro enterprises and small enterprises		-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		102,408.83	66,605.43
(b) Other current liabilities	11	60,959.62	64,146.05
(c) Short-term provisions	12	701.79	9,340.21
(d) Short-term policyholders' funds	13	355,518.67	301,713.93
		519,588.91	**441,805.62**
TOTAL		**4,673,933.14**	**3,814,693.77**
B. ASSETS			
1. **Non-current assets**			
(a) Fixed assets			
(i) Tangible assets	14	6,203.23	6,106.71
(ii) Intangible assets	14	10,349.00	7,810.28
(iii) Capital work-in-progress		327.61	3,708.21
(b) Goodwill on consolidation		52,525.44	20,944.67
(c) Non-current investments	15	3,942,461.43	3,369,453.34
(d) Long-term loans and advances	16	22,804.36	12,402.62
(e) Other non-current assets	17	2,419.16	1,669.11
		4,037,090.23	**3,422,094.94**
2. **Current assets**			
(a) Current investments	18	468,295.91	240,697.84
(c) Trade receivables	19	53,083.85	51,904.49
(d) Cash and cash equivalents	20	35,623.34	33,562.52
(e) Short-term loans and advances	21	16,469.31	21,501.02
(f) Other current assets	22	63,370.50	44,932.96
		636,842.91	**392,598.83**
TOTAL		**4,673,933.14**	**3,814,693.77**
See accompanying notes forming part of the consolidated financial statements	1 to 48		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Satpal Singh Arora
Partner

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in Lacs)

Particulars	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
1. **Income**			
(a) Revenue from operations (net)	23	1,522,788.76	1,169,614.01
(b) Other income	24	2,081.32	1,573.17
2. **Total revenue**		**1,524,870.08**	**1,171,187.18**
3. **Expenses**			
(a) Change in policy reserves	25	796,951.41	481,692.87
(b) Claims and other benefits payout		377,681.13	314,642.80
(c) Employee benefits expense	26	91,812.66	65,034.40
(d) Finance costs	27	893.26	765.69
(e) Depreciation and amortisation	28	6,252.83	6,046.96
(f) Legal and professional expense		6,463.06	4,834.44
(g) Other expense	29	174,659.34	251,667.65
4. **Total expenses**		**1,454,713.69**	**1,124,684.81**
5. **Profit before tax (2 - 4)**		70,156.39	46,502.37
6. **Tax expense**			
(a) Current tax		10,829.00	7,183.35
(b) Deferred tax		-	-
		10,829.00	**7,183.35**
7. **Profit after tax (5 - 6)**		**59,327.39**	**39,319.02**
8. Share of profit attributable to Minority interest		**(19,791.11)**	**(14,045.33)**
Profit for the year attributable to the shareholders of the Company (7+8)		**39,536.28**	**25,273.69**
Earnings per equity share	32		
Basic (Rs.)		**14.80**	**9.47**
Diluted (Rs.)		**14.67**	**9.38**
See accompanying notes forming part of the consolidated financial statements	1 to 48		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Satpal Singh Arora
Partner

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in Lacs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities			
Net Profit / (loss) before tax		70,156.39	46,502.37
adjustments for:			
Depreciation and amortisation expenses		6,252.83	6,046.96
Interest income		(222,235.64)	(182,919.47)
Amortisation of discount/(premium)		-	(1,890.88)
Dividend income on long term investments		(14,401.82)	(13,814.71)
Net loss / (profit) on sale/disposal of fixed assets		(55.58)	0.18
Profit on sale of current investments in:			
- mutual funds		(114,226.26)	(55,975.39)
- equity instruments		(2.78)	-
Unrealised (gain) / loss on long term investments		(103,750.11)	102,014.14
Fixed assets written off		97.09	50.06
Doubtful advances written off		49.20	163.62
Provision for doubtful debts and service tax credit receivable		443.61	236.58
Liabilities/provisions no longer required written back		(0.68)	(1.81)
Expense on employee stock option scheme		8,994.31	3,245.15
Net unrealised exchange loss		(1.51)	6.40
Change in policy reserves		796,951.49	481,722.24
Operating profit before working capital changes		**428,270.54**	**385,385.44**
Changes in working capital:			
Adjustments for (increase)/decrease in operating assets:			
Trade receivables		(553.96)	(12,421.53)
Short-term loans and advances		4,533.24	1,364.75
Long-term loans and advances		(4,873.03)	(815.34)
Other current assets		(3,405.22)	252.11
Other non-current assets		(749.46)	-
		(5,048.43)	**(11,620.01)**
Adjustments for increase/(decrease) in operating liabilities:			
Long-term trade payables		(764.11)	(1,033.03)
Short-term trade payables		18,449.13	(2,951.45)
Other current liabilities		(781.34)	16,041.05
Other long-term liabilities		196.88	112.20
Short-term provisions		(121.77)	324.14
Long-term provisions		(2,869.69)	1,424.62
		14,109.10	**13,917.53**
Net cash generated from operations		437,331.21	387,682.96
Net income tax paid		(10,705.34)	(7,476.14)
Net cash flow from operating activities	(A)	**426,625.87**	**380,206.82**
Cash flow from investing activities			
Capital expenditure on fixed assets including capital advances		(8,106.88)	(8,873.36)
Proceeds from sale of fixed assets		227.90	108.57
Purchase of non-current investments		(35,906.50)	-
Proceeds from sale of non-current investment		3.43	-
Proceeds from loans against policies		(5,692.33)	-
Proceeds from sale of non- current investments in subsidiary		-	7,656.06
Purchase of current investments		(40,136,218.83)	(26,929,025.12)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Proceeds from sale/maturity of current investments		39,556,721.18	26,385,857.07
Bank balances not considered as Cash and cash equivalents (net)		(17.94)	(31.52)
Interest received		225,941.62	194,004.43
Dividend received		0.28	-
Net cash used in investing activities	(B)	**(403,048.07)**	**(350,303.87)**
Cash flow from financing activities			
Proceeds from ESOPs exercised		5.72	9.62
Dividend paid on equity shares		(4,806.62)	(7,475.26)
Dividend paid to minority shareholders		(10,171.52)	(6,500.02)
Tax on equity dividend paid		(6,562.50)	(4,726.57)
Net cash used in financing activities	(C)	**(21,534.92)**	**(18,692.23)**
Net Increase/(decrease) in cash and cash equivalents (A + B + C)		2,042.88	11,210.72
Cash and cash equivalents at the beginning of the year		33,330.53	25,958.99
Less: Transferred pursuant to demerger		-	(3,839.18)
Cash and cash equivalents at the end of the year		**35,373.41**	**33,330.53**

Components of cash and cash equivalent

(Rs. in Lacs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash on hand		550.91	833.93
Cheques on hand		6,353.02	4,620.62
Balance with banks			
- In current account		28,153.00	27,642.31
Stamps on hand		316.48	233.67
Total cash and cash equivalents		**35,373.41**	**33,330.53**
See accompanying notes forming part of the consolidated financial statements	1 to 48		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Satpal Singh Arora
Partner

Place : New Delhi
Date : May 30, 2017

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Max Financial Services Limited [formerly known as MAX INDIA LIMITED] ("the Company/ the Parent") is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in making business investment in its subsidiary and providing management advisory services to the group companies.

The name of the Company has been changed from MAX INDIA LIMITED to Max Financial Services Limited with effect from February 1, 2016.

Max Life Insurance Company Limited ('the Subsidairy 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 license has been renewed regularly and is in force as at March 31, 2017. 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. Summary of significant accounting policies

2.1 Basis of preparation

The Consolidated Financial Statements (CFS) comprises the financial statements of Max Financial Services Limited ("the Company") and its Subsidiary Company (together the "Group"). The CFS of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act").

The Board of Directors of the Company at its meeting held on January 27, 2015 had approved a Composite scheme of Arrangement ('Scheme') to vertically split the Company through a demerger, into three separate listed companies. The existing company, Max India Limited, has been renamed as 'Max Financial Services Limited' and focuses on the group's life insurance business. The second vertical, has been renamed as 'Max India Limited ('MIL')(formerly known as 'Taurus Ventures Limited') which manages investments in the high growth potential Health and Allied businesses, primarily comprising of Max Healthcare Institue Ltd, Max Bupa Health Insurance Co. Limited, Antara Senior Living Limited. The third vertical houses the investment activity in the group's manufacturing businesses, Max Speciality Films Limited, and has been renamed Max Ventures and Industries Limited ('MVIL') (formerly known as Capricorn Ventures Limited'). All the assets and liabilities pertaining to each of the demerged undertakings (i.e MIL and MVIL) has been transferred with effect from April 1, 2015 (Appointed date). The Scheme became effective from January 15, 2016 i.e. the date of filing of the certified copy of the Order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla. The Company has accounted for the demerger as per the High Court Order.

The financial statements of Max Life Insurance Company Limited, a subsidiary of the Company, which are included in these CFS, are prepared and presented under the historical cost convention, unless otherwise stated, and on accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP). The subsidiary has prepared the financial statements in compliance with the accounting standards notified under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of financial reporting and are consistent with the accounting principles as prescribed with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the Financial Statements Regulations'), the Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business Ref No. IRDA/F&A/ Cir/232/12/2013 dated December 11, 2013, ('the Master Circular'), the regulations framed thereunder and various orders/directions/circulars issued by the IRDAI and the practices prevailing within the insurance industry in India.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Principles of Consolidation

The consolidated financial statements relate to Max Financial Services Limited ('formerly Max India Limited') (the 'Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2017.

(ii) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iii) The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.

(iv) The excess of cost to the Group of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

(v) Minority Interest in the net assets of the consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / (loss) for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

(vi) Goodwill arising on consolidation is not amortised but tested for impairment.

(vii) Following subsidiary company have been considered in the preparation of the consolidated financial statements.

Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at March 31, 2017	Proportion of ownership as at March 31, 2016
Max Life Insurance Company Limited	India	70.01%	68.01%

2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax 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 the available information.

2.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company and its subsidiary company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of assets has been assessed as under based on technical advice, taking into account the nature of asset, the estimated usage of asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

(i) Vehicles - 5 to 8 years
(ii) Handheld devices (included in office equipment) - 1 year
(iii) IT equipment including server and network - 4 years
(iv) Leasehold improvements are amortised over the duration of the lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

(i) Software (excluding policy administration system and satellite systems) - 3 to 4 years

(ii) Policy administration and satellite systems - 6 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

In the subsidiary company, fixed assets at third party locations and not under direct physical control of the subsidiary are fully depreciated over twelve months when it is available for use in the manner intended by management.

2.7 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. The following specific recognition criteria must also be met before revenue is recognised:

a) Income from services

Revenues from shared services contracts are recognised over the period of the contract as and when services are rendered.

b) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

c) Dividend

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

For Life Insurance Business (Subsidiary Company)

a) Premium Income

Premium is recognised as income when due from policyholders, if there is no uncertainty of collectability. 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.

b) 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.

c) Income earned on investments

<u>Other than Linked Business</u>

Interest income from investments is recognised on accrual basis. Amortisation of premium/accretion of discount on debt securities including money market instruments is recognised over the maturity period on its intrinsic yield. Dividend income is recognised when the right to receive dividend is established. Realised gains/loss on debt securities is the difference between the sale consideration and the amortised cost computed on weighted average basis on the date of sale. Sale consideration for the purpose of realised gain/loss excludes interest accrued till transaction settlement date and is net of brokerage and statutory levies, if any.

In case of listed shares, mutual fund units, alternate investment funds and additional tier-1 bonds the profit/loss on actual sale of investment includes the accumulated changes in the fair value, previously recognised under ""Fair Value Change Account"" in the Balance Sheet. Unrealised gains/losses due to change in fair value of listed equity shares ,mutual funds, additional tier-1 bonds and alternate investment funds units are credited / debited to the 'Fair Value Change Account'. Income from alternative investment fund is recognised when a right to receive payment is established.

<u>Linked Business</u>

Interest income from investments is recognised on an accrual basis. Amortisation of premium/accretion of discount on debt securities with a residual maturity upto 182 days and money market instruments is recognised uniformly over the remaining maturity period. Dividend income is recognised on the ex-dividend date.

Realised gain/loss on securities is the difference between the sale consideration and the book value, which is computed on weighted average basis, on the date of sale. Sale consideration for the purpose of realised gain/loss excludes interest accrued till transaction settlement date and is net of brokerage and statutory levies, if any. Unrealised gains and losses are recognised in the respective fund's Revenue Account.

d) Income earned on loans

Interest income on loans is recognised on an accrual basis. Fees and charges also include policy reinstatement fees and loan processing fees which are recognised on receipt basis.

e) Interest income on derivative instruments

Income & expense are accounted for on accrual basis calculated on a specified notional amount and defined interest rates.

2.8 Tangible fixed assets

Fixed assets are carried at costs less accumulated depreciation, amortisation and impairment loss, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use. Exchange difference arising on restatement/settlement of long term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining life of fixed assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Capital work-in-progress:

The assets which are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.9 Intangible fixed assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.10 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.11 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for impairment of Assets."

For Life Insurance Business (Subsidiary Company)

Investments are made in accordance with the provision of the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) Regulations, 2000 as amended and subsequent circulars/notifications issued by the IRDAI from time to time. Investments are recorded at cost on date of purchase, which includes brokerage and statutory levies, if any and excludes interest paid, if any, on purchase. Diminution in the value of investment (non-linked), other than temporary decline, is charged to Revenue Acccount / Profit and Loss Account as applicable.

Classification

Investments intended to be held for a period less than twelve months or maturing within twelve months from the balance sheet date are classified as short term investments. All other investments are classified as long-term investments.

Valuation - Shareholder's Investments and Non-linked Policyholder's Investments

Debt securities, which include government securities and redeemable preference shares are considered as 'held to maturity' and measured at historical cost subject to amortisation. The premium/discount, if any, on purchase of debt securities including money market instruments is recognised and amortised in the Statement of Profit and Loss, over the remaining period to maturity on the basis of their intrinsic yield.

Reverse repos are valued at cost. Fixed deposits are valued at cost till the date of maturity.

Listed shares, as at balance sheet date, are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the Bombay Stock Exchange Ltd (BSE). Unlisted equity shares (including awaiting listing) are stated at historical cost subject to diminution, if any, determined separately for each individual investment. Investments in Mutual fund units are valued at previous day's net asset value of the respective funds. Gain or loss on account of fair valuation is recorded in Fair Value Change Account. However, for the purpose of Consolidated financial statements of the Company, the fair value change account has been adjusted in the value of investments to record it at historical cost.

Alternate Investment Funds are valued at Net Asset Value (NAV) if applicable or Historical Cost less diminution in value of Investments.

Additional Tier-1 bonds are 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.

Money market instruments like Commercial Papers, Certificate of Deposit, Treasury Bills (T-Bills) and Collaterised Borrowing and Lending Obligation (CBLO) are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Securities with call options are valued at the lower of the values as obtained by valuing the security to the final maturity date or to the call option date by using the benchmark rate based on the matrix released by CRISIL on daily basis. Securities with put options are valued at the higher of the value as obtained by valuing the security to the final maturity date or to the put option date by using the benchmark rate based on the matrix released by CRISIL on daily basis.

Land or building or part of a building or both held to earn rental income or capital appreciation or for both, if any, rather than for use in services or for administrative purposes is classified as real estate investment property and is valued at historical cost (including cost of improvements and other incidental costs) subject to revaluation on an annual basis. The change in the carrying amount of the investment property shall be taken to Revaluation Reserve. The depreciation charge shall be ignored for the valuation of Investment Property.

Rights are valued at fair value, being last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on BSE. Unlisted rights are valued at a price computed as a difference between offer price and valuation price of the parent security.

Bonus entitlements are recognised as investments on the 'ex- bonus date'.

Valuation - Linked Investments

Government securities are valued at the prices obtained from CRISIL Limited. Debt securities other than Government Securities are valued on the basis of values generated by bond valuer based on matrix released by the CRISIL Limited on daily basis.

Listed shares are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the BSE Ltd (BSE). Unlisted equity shares (including awaiting listing) are stated at historical cost subject to diminution, if any, determined separately for each individual investment. Mutual fund units are taken at the previous day's net asset values.

Compulsory Convertible Debentures (CCD's) are valued at fair value, being the last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on the BSE Ltd(BSE).

Reverse repos are valued at cost. Fixed deposits are valued at cost till the date of maturity.

Money market and debt securities with a residual maturity upto 182 days are valued at amortised cost being the difference between the redemption value and historical cost/last valuation price, spread uniformly over the remaining maturity period of the instrument.

Rights are valued at fair value, last quoted closing price on National Stock Exchange (NSE) and in case the same is not available, then on Bombay Stock Exchange (BSE). Unlisted rights are valued at a price computed as a difference between offer price and valuation price of the parent security.

Bonus entitlements are recognised as investments on the 'ex- bonus date'.

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.

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 Revenue/Profit or loss.

At the inception of the transaction, the Company 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 Company 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 directly in appropriate equity account i.e. 'Hedge Fluctuation Reserve' which is included in 'Credit/(Debit) Fair Value Change Account' under Policyholders funds in the balance sheet. The ineffective portion of the change in fair value of such instruments is recognised in the Revenue Account 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 Revenue Account.

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 obtained from quoted market prices. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do not represent the fair value of these transactions.

Transfer of Investments

Investments in debt securities are transferred from shareholders to policyholders at the lower of the market price and net amortised cost. Investments other than debt securities are transferred from shareholders to policyholders at lower of book value or market value. Transfers of investments between unit linked funds are effected at prevailing market price. No transfer of investments is carried out between different policyholders' funds.

Impairment of Investments

The Company assesses at each Balance Sheet date, using internal and external sources, whether there is any indication that any investment may be impaired. In case of impairment, any loss is accounted for as an expense and disclosed under the head 'Provision of diminution' in the value of investment (net) in the Revenue/Profit and Loss Account. Any reversal of impairment loss, earlier recognised is accounted in Revenue/Profit and Loss Account.

2.12 Employee benefits

Employee benefits include provident fund, gratuity fund, compensated absences and long-term incentive plan.

a) Post employment benefit plan

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to such benefits.

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

c) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

d) Long term incentive

The liability towards Long Term Incentive Plan 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 recognised in the revenue account.

2.13 Employee share based payments

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

The Company has consituted a Phantom Stock Option Plan 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, Max India Limited and Max Ventures India 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 Life Insurance Business (Subsidiary Company)

The options are accounted for on an intrinsic value basis in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India (ICAI). Intrinsic value of option, which is the difference between derived market price of the underlying stock and the exercise price on the grant date is amortised over the vesting period. The intrinsic value is being measured at each reporting date and at the date of settlement, with any changes in such value being recognised in the Statement of Profit and Loss. Options that lapse are reversed by a credit to Statement of Profit and Loss equal to the amortised portion of the value of the lapsed options.

In a cash settled employee share based payment plan, the Subsidiary company recognises expense for the services received, as employees render services over the vesting period.

2.14 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.15 Leases

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year 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 share splits / reverse share splits and bonus shares, as appropriate.

2.17 Taxes on income

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

2.18 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.19 Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.20 Service tax input credit

Service tax input 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.

2.21 Operating cycle

Based on the nature of products / activities of the Group 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.

2.22 Other Life Insurance business specific accounting policies

a) Reinsurance Premium

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. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

b) Acquisition Costs

Acquisition costs include expenses which are incurred to solicit and underwrite insurance contracts such as commission, medical fee, stamp duty, policy printing expenses, and other related expenses. These costs are expensed in the year in which they are incurred. Clawback of the commission paid, if any, is accounted for in the year in which it becomes recoverable.

c) Benefits Paid

Benefits paid include policy benefit amount and the direct costs of settlement if any. Reinsurance recoverable thereon, if any, is accounted for in the same period as the related claim. Repudiated claims disputed before judicial authorities are provided for based on management judgement considering the facts and evidences available in respect of such claims.

Death and other claims are accounted for, when notified. Surrenders / withdrawal under non linked policies are accounted on the receipt of the consent from the policyholder. Surrenders / withdrawals under linked policies are accounted in the respective schemes when the associated units are cancelled. Surrenders, withdrawals and lapsation are disclosed net of charges recoverable. Amount payable on lapsed and discontinued policies are accounted for an expiry of lock in period.

Survival and maturity benefits are accounted for when due for payment to the policyholders.

d) Liability for Policies

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) Regulations, 2000 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 Company 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 two parts – a unit reserve and a non-unit reserve. Unit reserve represents the value of units using the net asset value at the valuation date. Non-unit reserve is calculated using a discounted cashflow method and is similar to gross premium reserves.

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:

   i) 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 Company experience.

   ii) Additional source of liability for policies which may exercise their option of cancelling the policy within the free look period offered (generally termed as free look cancellation reserves). The reserves are calculated using an assumption of free look cancellation, based on Company experience.

   iii) Liability against policies for which the insured event has already occurred but the claim has not been reported to the Company (generally termed as incurred but not reported reserves).

e) Contribution to Policyholders' Account (Technical Account)

Contribution to Policyholders' Account (Technical Account), if any, is made as decided by the Board of Directors of the Subsidiary.

f) Loans

Loans against policies are valued at the aggregate of book values (net of repayments) plus capitalised interest, subject to provision for impairment, if any

g) Funds for future appropriations

Non-Linked:- Funds for future appropriations in non linked account represents funds, the allocation of which, either to participating policyholders or to shareholders, has not been determined at the balance sheet date. Transfers to and from the fund reflect the excess or deficit of income over expenses and appropriations in each accounting period arising in the Company's policyholder fund.

Unit-Linked:- The FFA in the linked segment represents an amount that is estimated by the Appointed Actuary in respect of lapsed unit linked policies and is set aside in the Balance Sheet. This amount is required to be held within the policyholder fund till the time policyholder are eligible for revival of their policies and this amount is not made available for distribution to Shareholders until the expiry of the maximum revival period. After expiry of the revival period, the Company may appropriate FFA amount as a surplus on the Appointed Actuary's recommendation.

3. Share Capital

(Rs. in Lacs)

Particulars	As at March 31, 2017		As at March 31, 2016	
	"Number of shares"	Rs. In Lacs	"Number of shares"	Rs. In Lacs
(a) Authorised				
Equity share capital	**300,000,000**	**6,000.00**	**300,000,000**	**6,000.00**
Equity shares of Rs. 2 (previous year Rs. 2) each with voting rights				
(b) Issued, subscribed and fully paid-up				
Equity share capital	**267,270,049**	**5,345.40**	**266,983,999**	**5,339.68**
Equity shares of Rs. 2 (previous year Rs. 2) each with voting rights				

Refer note (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rs. In Lacs	Number of shares	Rs. In Lacs
Equity shares of with voting rights				
At the beginning of the year	266,983,999	5,339.68	266,502,773	5,330.06
Issued during the year relating to Employee Stock Option Scheme	286,050	5.72	481,226	9.62
Outstanding at the end of the year	**267,270,049**	**5,345.40**	**266,983,999**	**5,339.68**

(ii) 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.

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 2/- each fully paid (with voting rights)				
- Xenok Limited	24,079,700	9.01%	24,079,700	9.02%
- GS Mace Holdings Limited	-	-	17,196,381	6.44%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.91%	23,818,876	8.92%
- Moneyline Portfolio Investments Limited	26,570,048	9.94%	26,570,048	9.95%
- Max Ventures Investment Holdings Private Limited	43,372,459	16.23%	17,546,167	6.57%

(iv) Shares reserved for issuance

As at March 31, 2017 22,46,745 (previous year: 25,03,560) shares of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (Refer note 33)

(v) Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has issued total 2,700,939 shares (previous year: 2,419,889 shares) 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 employees services.

4. Reserves and Surplus

(Rs. in Lacs)

	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	**Capital reserve**		
	Opening balance	-	50.00
	Less : Transfer of reserves on account of demerger (Refer note 39)	-	50.00
	Closing balance	**-**	**-**
(b)	**Capital redemption reserve**		
	Opening balance	2,587.84	2,587.84
	Add: Addition during the year	-	-
	Closing balance	**2,587.84**	**2,587.84**
(c)	**Securities premium account**		
	Opening balance	31,709.03	211,362.64
	Add : Premium on shares issued during the year	555.98	925.72
	Less : Transfer of reserves on account of demerger (Refer note 39)	-	180,579.33
	Closing balance	**32,265.01**	**31,709.03**
(d)	**Employee stock option outstanding**		
	Opening balance	927.43	1,509.83
	Add : Compensation expensed during the year	432.16	871.42
	Less : Transferred to securities premium account on excercise	555.98	925.72
	Less : Transfer of reserves on account of demerger (Refer note 39)	-	217.54
	Less : Stock options forfeited during the year	-	310.56
	Closing balance	**803.61**	**927.43**
(e)	**Hedging Reserve**		
	Opening balance	69.77	-
	Add: Additions during the year	(638.27)	69.77
	Closing balance	**(568.50)**	**69.77**
(f)	**General reserve**		
	Opening balance	15,358.07	15,358.07
	Add: Additions during the year	-	-
	Closing balance	**15,358.07**	**15,358.07**
(g)	**Foreign currency translation reserve**		
	Opening balance	-	(1,193.08)
	Less : Transfer of reserves on account of demerger (Refer note 39)	-	1,193.08
	Closing balance	**-**	**-**
(h)	**Surplus in consolidated statement of profit and loss**		
	Opening balance	140,579.93	95,196.25
	Add: Profit for the year	39,536.28	25,273.69
	Add: Adjustment for change in minority and cost of control	(444.86)	(2,425.21)
	Add: Transfer of reserves on account of demerger (Refer note 39)	-	37,211.37
	Less: Appropriations		
	Interim dividend distributed to equity shareholders (Rs. Nil per share (previous year Rs. 1.80))	-	(4,805.52)
	Dividend proposed to be distributed to equity shareholders (Rs. Nil per share (previous year Rs. 1.80))	-	(4,805.71)
	Final dividend of earlier year	(0.91)	(4.70)
	Corporate dividend tax (Refer note below)	(1,996.38)	(5,060.24)
	Total appropriations	**(1,997.29)**	**(14,676.17)**
	Closing balance	**177,674.06**	**140,579.93**
	Total reserves and surplus	**228,120.09**	**191,232.07**

Note: The corporate dividend tax paid by the Max Life Insurance Company Limited (subsidiary company) on dividend paid to the Company was in excess of company's obligation of corporate dividend tax on dividend paid/declared by the Company. Accordingly, the Company has taken credit of corporate dividend tax as per section 115O of the Income Tax Act, 1961 and no provision of corporate dividend tax has been recognised in the consolidated financial statements.

5. Long term Trade payables

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables	5,794.82	6,346.75

6. Deferred tax liabilities (net)

The Group has carried out its tax computation in accordance with the mandatory standard on accounting, Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. The major components of deferred tax assets / liabilities as recognised in the consolidated financial statements are as follows:

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax liabilities (DTL)		
Tax impact on difference between carrying amount of fixed assets in the financial statements and the income tax return	(108.87)	(49.85)
Total (A)	**(108.87)**	**(49.85)**
Deferred tax assets (DTA)		
Carry forward business loss to be adjusted in future years	108.87	49.85
Total (B)	**108.87**	**49.85**
Total	**-**	**-**

7. Other long-term liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Others		
Lease equalisation reserve	823.89	627.01
Total	**823.89**	**627.01**

8. Long-term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits		
(i) Provision for compensated absences	2,049.38	3,478.16
(ii) Provision for gratuity (Refer note 31)	717.55	2,158.47
Total	**2,766.93**	**5,636.63**

9. Long-term policyholders' funds

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening balance	2,947,821.00	2,505,860.54
Add : Change in valuation of liability against life policies in force (net)	733,126.73	441,960.46
Closing balance	**3,680,947.73**	**2,947,821.00**

10. Trade payables

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Other than acceptances		
i. total outstanding dues of micro enterprises and small enterprises (Refer note 44)	-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	102,408.83	66,605.43
Total	**102,408.83**	**66,605.43**

11. Other current liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Unclaimed / unpaid dividend	249.93	231.99
(b) Others:		
(i) Advance from customers and policyholders	31,316.50	28,929.09
(ii) Claims outstanding (includes claims pending investigation)	4,713.34	3,571.58
(iii) Unclaimed amount - policyholders	4,988.31	13,688.60
(iv) Payable to policyholder	11,962.10	7,650.00
(v) Security deposit received	7.94	8.53
(vi) Statutory remittances (Contributions to PF, Service Tax, Withholding Taxes etc.)	4,613.53	5,296.36
(vii) Payable on purchase of fixed assets	2,184.06	4,589.20
(viii) Derivative Liabilities	806.85	-
(ix) Lease equalisation reserve	14.11	80.53
(x) Other payables	102.95	100.17
Total	**60,959.62**	**64,146.05**

12. Short term provisions

(Rs. in Lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
(a)	**Provision for employee benefits:**		
	(i) Provision for compensated absences	356.03	772.57
	(ii) Provision for gratuity (Refer to note 31)	180.94	50.99
(b)	**Provision - Others:**		
	(i) Provision for proposed equity dividend	-	4,805.71
	(ii) Provision for tax on dividend proposed by subsidiary	-	3,710.94
	(iii) Provision for income tax (net of advance tax)	164.82	-
Total		**701.79**	**9,340.21**

13. Short-term policyholders' funds

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening balance	301,713.93	274,794.74
Add : Change in valuation of liability against life policies in force (net)	(31,557.88)	(49,673.45)
Add : Policyholder bonus provided	85,362.62	76,592.64
Closing balance	**355,518.67**	**301,713.93**

14. Fixed Assets

(Rs. in Lacs)

	Particulars	Gross block					Accumulated depreciation and amortisation					Net block
		As at April 1, 2016	Additions	Transfer of assets on account of demerger	Deletions/ adjustments	As at March 31, 2017	As at April 1, 2016	Depreciation and amortisation expense for the year	Transfer of assets on account of demerger	Deletions/ adjustments	As at March 31, 2017	As at March 31, 2017
A	**TANGIBLE ASSETS - OWNED**											
(a)	Land (Freehold)	-	-	-	-	-	-	-	-	-	-	-
		6,216.32	-	*6,216.32*	-	-	-	-	-	-	-	-
(b)	Land (Leasehold)	-	-	-	-	-	-		-	-	-	-
		2,876.36	-	*2,876.36*		-	-	-	-	-	-	-
(c)	Building	50.83	-	-	-	50.83	20.96	0.80	-	-	21.76	29.07
		21,040.87	-	*20,990.04*		*50.83*	*3,003.71*	*0.80*	*2,983.55*	-	*20.96*	*29.87*
(d)	Plant & equipment	-	-	-	-	-	-	-	-	-	-	-
		58,731.61		*58,731.61*	-	-	*23,173.45*	-	*23,173.45*	-	-	-
(e)	Furniture and fixtures	4,076.52	199.23	-	124.21	4,151.54	3,023.63	313.29	-	105.77	3,231.15	920.39
		6,216.83	*551.79*	*2,549.55*	*142.55*	*4,076.52*	*3,945.60*	*544.93*	*1,343.59*	*123.31*	*3,023.63*	*1,052.89*
(f)	Vehicles	935.71	53.98	-	103.33	886.36	412.53	136.59	-	64.64	484.48	401.88
		2,246.03	*31.60*	*1,224.58*	*117.34*	*935.71*	*840.49*	*175.70*	*527.12*	*76.54*	*412.53*	*523.18*
(g)	Office equipment	5,663.78	577.84	-	266.63	5,974.99	4,723.76	414.85	-	253.77	4,884.84	1,090.15
		18,856.89	*554.55*	*13,630.57*	*117.09*	*5,663.78*	*15,863.08*	*284.28*	*11,313.56*	*110.04*	*4,723.76*	*940.02*
(h)	Leasehold improvements	11,840.14	755.01	-	335.03	12,260.12	9,957.60	782.70	-	236.18	10,504.12	1,756.00
		16,641.26	*1,043.12*	*5,624.87*	*219.37*	*11,840.14*	*11,668.11*	*932.20*	*2,453.29*	*189.42*	*9,957.60*	*1,882.54*
(i)	Computers	12,230.60	1,752.08	-	417.42	13,565.26	10,552.39	1,421.08	-	413.95	11,559.52	2,005.74
		3,439.63	*1,176.64*	*(8,487.32)*	*872.99*	*12,230.60*	*2,260.38*	*1,049.51*	*(8,114.24)*	*871.74*	*10,552.39*	*1,678.21*
(j)	Electrical Installation & equipment	-	-	-	-	-	-	-	-	-	-	-
		1,632.14	-	*1,632.14*	-	-	*571.61*	-	*571.61*	-	-	-
	Total (A)	**34,797.58**	**3,338.14**	**-**	**1,246.62**	**36,889.10**	**28,690.87**	**3,069.31**	**-**	**1,074.31**	**30,685.87**	**6,203.23**
	Previous year (C)	*137,897.94*	*3,357.70*	*104,988.72*	*1,469.34*	*34,797.58*	*61,326.43*	*2,987.42*	*34,251.93*	*1,371.05*	*28,690.87*	*6,106.71*
B	**INTANGIBLE ASSETS - OWNED**											
(a)	Computer software	25,817.67	5,678.99	-	-	31,496.66	18,007.39	3,140.27	-	-	21,147.66	10,349.00
		24,630.35	*6,585.27*	*5,378.01*	*19.94*	*25,817.67*	*18,407.74*	*3,016.29*	*3,412.41*	*4.23*	*18,007.39*	*7,810.28*
(b)	Technical Knowhow	-	-	-	-	-	-	-	-	-	-	-
		57.29	-	*57.29*	-	-	*57.29*	-	*57.29*	-	-	-
	Total (B)	**25,817.67**	**5,678.99**	**-**	**-**	**31,496.66**	**18,007.39**	**3,140.27**	**-**	**-**	**21,147.66**	**10,349.00**
	Previous year (D)	*24,687.64*	*6,585.27*	*5,435.30*	*19.94*	*25,817.67*	*18,465.03*	*3,016.29*	*3,469.70*	*4.23*	*18,007.39*	*7,810.28*

Note: Amounts in italics represent previous year's figures.

15. Non- current investments

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Non-trade investments (valued at cost unless stated otherwise)		
Life Insurance Business:		
(i) Investment in equity instruments (quoted)	932,482.58	916,511.81
(ii) Investment in preference shares (quoted)	137.39	130.83
(iii) Investment in bonds (quoted)	175,332.30	105,747.79
(iv) Investment in government and trust securities(quoted)	1,892,415.34	1,673,712.03
(v) Investment in term deposits (unquoted)	3,848.00	3,848.00
(vi) Investment in infrastructure & social sector (quoted)	697,054.67	525,876.34
(vii) Investment in other approved securities (quoted)	236,300.62	140,971.55
Total non-trade investments	**3,937,570.90**	**3,366,798.35**
B. Other investments		
Investment property(net off accumulated depreciation)		
Cost of building given on operating lease	5,010.45	2,731.66
Less: accumulated depreciation (Refer note below)	119.92	76.67
Total other investments	**4,890.53**	**2,654.99**
Total	**3,942,461.43**	**3,369,453.34**
Aggregate amount of quoted investments (Market value: Rs. 40,68,291.35 Lacs) (previous year Rs. 33,95,837.57 Lacs)	3,933,585.51	3,362,819.52
Aggregate amount of unquoted investments	3,985.39	3,978.83

Note: Depreciation for the year aggregates to Rs. 43.25 lacs (previous year: Rs. 43.25 lacs).

16. Long term loans and advances

(Rs. in Lacs)

	Particulars	As at March 31, 2017	As at March 31, 2016
(a)	**Capital Advances**		
	Unsecured, considered good	1.16	33.43
(b)	**Security Deposits**		
	Unsecured, considered good	3,068.24	1,364.35
(c)	**Loan to policyholders**		
	Secured, considered good	13,274.03	7,612.68
(d)	**Loans and advances to employees**		
	Unsecured, considered good	82.93	95.74
(e)	**Prepaid expenses**		
	Unsecured, considered good	1,635.32	1,160.14
(f)	**Balances with statutory/government authorities (unsecured, considered good)**		
	(i) Deposit against cases with service tax authorities	12.00	12.00
	(ii) Others	2,722.78	-
		2,734.78	**12.00**
(g)	**Advances recoverable in cash or in kind**		
	Considered doubtful	303.00	303.00
		303.00	303.00
	Less: Provision for doubtful advances	(303.00)	(303.00)
		-	**-**
(h)	Advance income tax - Unsecured, considered good (net of provisions Rs. 22,827.38 lacs (previous year Rs. 22,849.34 lacs))	2,007.90	2,124.28
		22,804.36	**12,402.62**

17. Other non-current assets

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Accruals		
(i) Interest accrued on deposits	1.80	1.21
(ii) Interest accrued on investments	2,409.78	1,660.32
	2,411.58	**1,661.53**
(b) Others		
(i) Balances held as margin money against guarantee*	7.58	7.58
	7.58	**7.58**
	2,419.16	**1,669.11**

* Includes deposits with remaining maturity of more than 12 months from the balance sheet date.

18. Current Investments

(Rs. in Lacs)

Particulars		As at March 31, 2017		As at MARCH 31, 2016	
		(Nos.)	(Rs. in Lacs)	**(Nos.)**	(Rs. in Lacs)
A.	**Current portion of long-term investments (valued at cost)**				
(a)	**Life Insurance Business:**				
(i)	Investment in infrastructure and social sector (quoted)		37,485.97		15,585.48
(ii)	Investment in government and trust securities(quoted)		38,399.44		24,809.19
(iii)	Investment in bonds(quoted)		14,380.87		13,258.57
(iv)	Investment in term deposits (unquoted)		1,295.62		2,238.19
(v)	Investment in other approved securities (quoted)		22,377.08		17,228.34
(vi)	Investment in unit in mutual funds (unquoted)		265,841.07		67,554.00
(vii)	Investment in certificate of deposit (quoted)		9,970.22		37,426.08
(viii)	Reverse Repo		52,106.24		5,894.12
(ix)	Other investments		23,599.40		29,706.22
	Total (A)		**465,455.91**		**213,700.19**
B.	**Other current investments (At lower of cost and fair value, unless otherwise stated)**				
(a)	**Investment in equity instruments (Quoted)**				
	Equity shares of Rs. 2 each fully paid up in ICICI Bank Limited	-	-	1,250	0.65
(b)	**Investment in mutual funds (Unquoted)**				
(i)	DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	265,084.74	560.00	-	-
(ii)	DSP BlackRock Liquidity Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	1,548.45	36.00	-	-
(iii)	Invesco India Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	25,383.40	568.00	-	-
(iv)	JM High Liquidity Fund - Direct Plan Growth- Face value Rs. 10 per unit	1,276,613.47	568.00	-	-
(v)	L&T Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	25,481.92	568.00	-	-
(vi)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth - Face value Rs. 1000/- per unit	29,616.49	540.00	15,907,320.38	26,997.00
	Total (B)		**2,840.00**		**26,997.65**
	Total (A+B)		**468,295.91**		**240,697.84**
	Aggregate amount of quoted investments (Market value: Rs. 1,23,334.07 Lacs) (previous year Rs. 1,08,536.16 Lacs)		122,613.58		108,308.31
	Aggregate amount of unquoted investments		345,682.33		132,389.53

19. Trade receivables (unsecured)

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	320.69	-
	320.69	**-**
(b) Other trade receivables		
- Considered good	52,763.16	51,904.49
- Considered doubtful	272.07	324.62
	53,035.23	52,229.11
Less: Provision for doubtful receivables	(272.07)	(324.62)
	52,763.16	**51,904.49**
Total	**53,083.85**	**51,904.49**

20. Cash and cash equivalents

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Cash and cash equivalents (As per AS 3 cash flow statement)		
(a) Cash on hand	550.91	833.93
(b) Cheques/drafts on hand	6,353.02	4,620.62
(c) Balances with banks		
in current accounts	28,153.00	27,642.31
(d) Stamps on hand	316.48	233.67
Total - Cash and cash equivalents (As per AS 3 cash flow statement)	**35,373.41**	**33,330.53**
B. Other bank balances		
- In earmarked accounts - unpaid dividend accounts	249.93	231.99
Total - Other bank balances	**249.93**	**231.99**
Total	**35,623.34**	**33,562.52**

C. Details of transactions in Specified bank notes (SBNs) and other denomination notes during the period 8 November, 2016 to 30 December, 2016

(In Rupees)

Particulars	SBNs*	Other Denomination notes	Total
Closing Cash in hand as on November 8, 2016	50,000	35,930	85,930
Add : Permitted receipts	-	180,283	180,283
Less : Permitted payments	-	190,951	190,951
Less : Amount deposited in banks	50,000	-	50,000
Closing Cash in hand as on December 30, 2016	**-**	**25,262**	**25,262**

For the purposes of this note, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016.

21. Short-term loans and advances

(Rs. in Lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
(a)	Security deposits		
	- Unsecured, considered good	639.16	2,374.56
(b)	Loans and advances to related parties		
	- Unsecured, considered good	-	17.63
(c)	Advances recoverable in cash or in kind - unsecured		
	(i) Considered good	10,077.44	11,889.86
	(ii) Considered doubtful	587.43	539.34
		10,664.87	12,429.20
	Less: Provision for doubtful advances	(587.43)	(539.34)
		10,077.44	**11,889.86**
(d)	Loan to policyholders		
	- Secured, considered good	57.69	26.80
(e)	Balances with statutory/government authorities (unsecured)		
	- Service tax credit receivable		
	(i) Considered good	3,648.37	6,032.07
	(ii) Considered doubtful	443.61	-
		4,091.98	6,032.07
	Less: Provision for doubtful balances	(443.61)	-
		3,648.37	**6,032.07**
(f)	Prepaid expenses		
	- Unsecured, considered good	2,033.85	1,147.34
		2,033.85	**1,147.34**
(g)	Loans and advances to employees		
	- Unsecured, considered good	12.80	12.76
		12.80	**12.76**
	Total	**16,469.31**	**21,501.02**

22. Other current assets

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Accruals		
(i) Interest accrued on investments	58,382.19	44,863.07
(b) Others		
(i) Others	4,988.31	69.89
	63,370.50	**44,932.96**

23. Revenue from operations (net)

(Rs. in Lacs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Sale of services		
	(i) Life insurance premium (net)	1,068,015.65	913,888.18
	(ii) Income from shared services	1,228.75	1,125.37
(b)	Other operating revenues (Refer note below)	453,544.36	254,600.46
	Revenue from operations	**1,522,788.76**	**1,169,614.01**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Note:		
Other Operating revenue comprise:		
(i) Dividend income on long term investments	14,401.82	13,814.71
(ii) Interest income on		
(a) Government securities	178,764.40	146,862.60
(b) Bonds	40,460.69	34,939.06
(c) Fixed deposits	579.55	635.04
(d) Others	1,358.75	482.78
(iii) Amortisation of discount/(premium)	-	1,890.88
(iv) Unrealised gain on long term investments	103,750.11	-
(v) Profit on sale of current investments in:		
(a) mutual funds	114,226.26	55,975.39
(b) equity instruments	2.78	-
Total other operating revenues	**453,544.36**	**254,600.46**

24. Other Income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income on		
(i) Income tax refund	78.72	-
(ii) Loans to employees	3.95	4.50
(iii) Policy loans	989.58	714.64
(b) Other non operating income		
(i) Liabilities/provisions no longer required written back	5.15	1.81
(ii) Policy reinstatement charges	810.96	656.21
(iii) Net Profit on Sale/Disposal of Fixed Assets	56.13	2.62
(iv) Net gain on foreign currency transactions and translation	10.45	-
(v) Scrap sales	48.49	55.67
(vi) Rental income	42.00	42.00
(vii) Miscellaneous income	35.89	95.72
Total	**2,081.32**	**1,573.17**

25. Change in policy reserves

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Change in policy reserves	786,931.47	468,879.70
(b) Transfer to/from Fund for future appropriations-participating policies	10,019.94	12,813.17
Total	**796,951.41**	**481,692.87**

26. Employee benefits expense

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries, wages and bonus	78,503.21	57,451.85
(b) Contribution to provident and other funds (Refer to note 31)	2,860.36	2,991.16
(c) Expense on employee stock option scheme (Refer note 33)	8,994.31	3,245.15
(d) Staff welfare expenses	1,454.78	1,346.24
Total	**91,812.66**	**65,034.40**

27. Finance cost

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Bank charges	893.26	765.69
Total	**893.26**	**765.69**

28. Depreciation and amortisation

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Depreciation of tangible assets (Refer note 14)	3,069.31	2,987.42
(b) Amortization of intangible assets (Refer note 14)	3,140.27	3,016.29
(c) Depreciation of investment property (Refer note 15)	43.25	43.25
Total	**6,252.83**	**6,046.96**

29. Other expenses

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Agents' commission for insurance business	93,642.73	82,101.36
(b) Policy issuance cost	17,675.23	9,711.06
(c) Power and fuel	2,587.35	2,212.47
(d) Unrealised loss on long term investment	-	102,014.14
(e) Recruitment and training expenses	8,573.31	9,245.39
(f) Rent including lease rentals (Refer note 34)	6,865.07	6,446.06
(g) Insurance	524.23	624.76
(h) Rates and taxes	11,134.56	9,321.55
(i) Repairs and maintenance:		
- Building	0.86	0.45
- Others	6,385.02	5,773.27
(j) Printing and stationery	1,074.95	1,215.51
(k) Travelling and conveyance	5,062.39	4,451.00
(l) Communication	4,044.52	2,848.65
(m) Directors' sitting fee	83.42	137.29
(n) Freight and forwarding expenses	607.52	2,385.25
(o) Branding, advertisement and publicity	13,652.60	10,874.17
(p) Provision for doubtful debts and service tax credit receivable	443.61	236.58
(q) Net loss on sale/disposal of fixed assets	0.55	-
(r) Doubtful advances written off	49.20	163.62
(s) Fixed assets written off	97.09	50.06
(t) Charity and donation	106.00	1.82
(u) Net loss on foreign currency transactions and translation	4.36	6.53
(v) CSR Expenditure (Refer note (i) below)	1,003.97	979.31
(w) Miscellaneous expenses	1,040.80	867.35
Total	**174,659.34**	**251,667.65**

Note:

(i) As per Section 135 of the Companies Act, 2013, the MLIC has provided for & spent Rs. 1,003.97 lacs (March 31, 2016: Rs. 979.31 lacs) on various CSR initiatives, during the year, which are as given below:

CSR Project/Activity	Sector in which project is covered	Amount spent	
		2016-17	2015-16
(a) Village Adoption	Rural Development	361.63	296.02
(b) Surgeries & Treatments	Health	214.08	245.83
(c) NGO work on Healthcare platform	Health	207.17	199.82
(d) Immunization/Health camp/Blood donation camp	Health	88.32	71.32
(e) Health centre	Health	54.50	55.50
(f) Artificial Limb and polio calipers	Health	18.00	43.66
(g) Health Awareness	Health	36.35	40.08
(h) Training in Health Programs	Health	16.36	20.59
(i) Disaster relief	Health	-	2.02
(j) Donations	Others	7.56	4.47
Total		**1,003.97**	**979.31**

30. Commitments and contingent liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Capital commitment		
(i) Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	620.13	2,633.80
(ii) The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company will buy back the stake held by Axis Bank Limited in Max Life. (Refer note 40)		
(b) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts (Refer note a)		
- Demand from custom authorities	418.26	407.12
- Demand raised by service tax authorities (Refer note b and c)	44,085.52	51,998.50
- Legal claims	1,104.25	1,013.42
- Potential liability in respect of repudiated policyholders claims	1,034.30	1,001.30
- Litigation against the Company on Company Law matters (Refer note d)		
- Demand raised by income tax authorities (Refer note e and g)	159.04	159.04
- Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note e)	33.42	33.42
- Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the group with effect from December 1, 2005) (Refer note f)		

Note:

a. Claims against the Group 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 will likely to be upheld in appellate process. The Group has not made any provisions for the demand since the management believes that the ultimate outcome of the proceedings will not have material adverse effect on the Group's financial position and result of operations.

b. Service tax demands against show cause cum demand notices received by Max Life Insurance Company Limited (MLIC) from the Central Excise & Service Tax, Office of Commissioner and Directorate General Central Excise Intelligence (DGCEI), vide show cause notice dated March 30, 2013, April 22, 2013, April 16, 2014, October 14, 2014 and December 19, 2014. Further, Commissioner vide its order dated March 24, 2015, against one of such SCNs, confirmed demand of service tax. MLIC has filed a writ before High court and stay was granted by the honourable court on April 29, 2015 towards service tax demand of Rs 10,005.79 Lacs and penalty thereon. Given that MLIC is strong on merit and available precedence, it does not expect future liability. Also appeal has been filed before CESTAT on remaining matters. Further, Commissioner confirmed service tax demand for Rs 6,202.95 lacs vide its order dated Sept 01, 2015 against SCN dated April 16, 2014. Company has filed appeal to CESTAT.

c. The Group has not made any provision for the demands in Excise, Service Tax, Sales Tax, Customs, Entry Tax and legal claims as the Group believes that they have a favourable case based on existing judicial pronouncements. The advance paid against the above is Rs. 12.00 Lacs (previous year: Rs. 12.00 Lacs).

d. On an inspection carried out by the Ministry of Corporate Affairs in the year 2006, 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 group filed writ petitions against the prosecution proceedings with the Hon'ble High Court of Punjab & Haryana. The High Court stayed the proceedings and listed the case for arguments. The amount of liability/fine or penalty on account of the above is currently unascertainable. Based on the legal opinion obtained by the group management believes that the group have a good case and no provision is required to be made in the financials statements.

e. 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 group believes that they have a good case based on existing judicial pronouncements.

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)

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 Lacs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs which included the demand of Rs. 24,368.00 Lacs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL, which is pending as of date.	High Court
4	2006-07	The capital gains realized from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled.	High Court

		The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date and listed for hearing on July 7, 2015.	
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

g) Max Life Insurance Company Limited ("MLIC")

A.Y.	Issue	Pending before
2002-2003	The Assessing Officer has reduced the returned loss of Rs. 6,684.09 Lacs to Rs. 6,482.08 Lacs by making disallowance of Rs. 202.01 Lacs u/s 92CA(3) of the Income-tax Act, 1961 relating to Transfer Pricing.	ITAT
2003-04	The returned losses have been reduced from Rs. 7,408.37 Lacs to Rs. 7,331.92 Lacs by the Assessing Officer.	ITAT
2004-05	The returned losses have been reduced from Rs. 7,563.42 Lacs to Rs. 7,285.17 Lacs by the Assessing Officer.	ITAT
2005-06	The returned loss has been reduced from Rs. 9,427.20 Lacs to Rs. 9,199.80 Lacs by making disallowance of Rs. 121.70 Lacs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing and Rs. 105.70 Lacs due to disallowance of loss on sale of investment. CIT (Appeals) has passed favourable orders for all the above mentioned assessment years i.e 2002-03 to 2005-06.	ITAT
2006-07	The returned loss has been reduced from Rs. 5,805.44 Lacs to Rs. 5414.09 Lacs by making disallowance of Rs. 11.83 Lacs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing, Rs. 90.48 Lacs due to disallowance of loss on sale of investment, Rs. 255.75 Lacs on provision for FBT and Rs. 33.28 Lacs on provision for bad & doubtful debts.	ITAT
2007-08	the returned loss has been reduced from Rs. 5,671.22 Lacs to Rs. 5023.02 Lacs by making disallowance of Rs. 270.19 Lacs on account of loss on sale of investment, Rs. 311.43 Lacs on provision for FBT and Rs. 58.08 Lacs on provision for bad & doubtful debts & Rs. 8.50 Lacs on donation paid. CIT(A) has decided in favour of company except on disallowance of FBT provision & income on sale of investment. The company has filled the appeal with ITAT also we have filed cross objections with ITAT against the appeal filed by DCIT to ITAT.	ITAT
2008-09	The returned loss for AY 2008-09 has been reduced from Rs. 14,684.45 Lacs to Rs. 13,471.61 Lacs by making disallowance of Rs. 635.02 Lacs on account of loss on sale of investment, Rs. 468.91 Lacs on provision for FBT and Rs. 100.03 Lacs on provision for bad & doubtful debts & Rs. 8.88 Lacs on donation paid. CIT(A) has decided in favour of company except on disallowance of FBT provision & income on sale of investment. The company has filled the appeal with ITAT also we have filed cross objections with ITAT against the appeal filed by DCIT to ITAT.	ITAT
2009-10	The returned loss has been reduced from Rs. 32,270.85 Lacs to Rs. 30,449.38 Lacs by making disallowance of Rs. 653.53 Lacs on account of loss on sale of investment, Rs. 794.30 Lacs for provision for FBT, Rs. 132.13 Lacs for provision for bad & doubtful debts & Rs.241.51 Lacs for donation paid. CIT(A) has decided in favour of company except on disallowance of FBT provision & income on sale of investment. The company has filled the appeal with ITAT also we have filed cross objections with ITAT against the appeal filed by DCIT to ITAT.	ITAT
2010-11	Assessing Officer has increased the returned income from Rs. 4,005.06 Lacs to Rs. 5,684.41 Lacs by adding back Rs. 710.43 Lacs on account of profit on sale of investment & making disallowance of Rs. 21.60 Lacs for provision for Bad debts, Rs.250 Lacs for donation paid, Rs. 695.65 Lacs for Short deduction and payment of TDS and Rs. 1.67 Lacs for Penalties/Fine paid & Share issue expenses. CIT(A) has passed order whereby allowed Income on Sale of Investments, Provision for bad Debts in PH account, short deduction of TDS. CIT(A) has raised certain other additional issues on which Max Life has approached ITAT.	ITAT

A.Y.	Issue	Pending before
2011-12	Assessing Officer has increased the returned income from Rs. 27,141.14 Lacs to Rs. 28,586.14. Lacs by adding back Rs. 751.62 Lacs on account of profit on sale of investment & making disallowance of Rs. 314.71 Lacs for provision for Bad debts, Rs.250.01 Lacs for donation paid and Rs. 128.66 Lacs for Short deduction and payment of TDS.	CIT (Appeals)
2012-13	Assessing Officer has increased the returned income from Rs. 49,182.04 Lacs to Rs. 51,931.77. Lacs by adding back Rs. 1505.52 Lacs on account of profit on sale of investment & making disallowance of Rs. 194.21 Lacs for provision for Bad debts, Rs.1050.00 Lacs for donation paid .	CIT (Appeals)
2013-14	Assessing Officer has increased the returned income from Rs. 44,927.02 Lacs to Rs. 47,249.28 Lacs by adding back Rs. 1,845.42 Lacs on account of profit on sale of investment, disallowance of Rs. 276.84 Lacs for provision for Bad debts & Rs.200.00 Lacs for donation paid .	CIT (Appeals)
2014-15	Assessing Officer has increased the returned income from Rs. 47,419.55 Lacs to Rs. 95,367.68 Lacs by making certain disallowances.	CIT (Appeals)
The Company is hopeful that above appeals will be disposed off in its favour.		

31. Retirement benefit plans

(i) Defined contribution plans

The Group makes provident fund and employees state insurance scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contribution as specified under the law are paid to the provident fund trust set up by the Group. The Group is liable for annual PF contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

As of 31 March, 2017, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 37,607.05 lacs (previous year: Rs. 33,513.81 lacs) and Rs. 37,042.76 lacs (previous year: Rs. 33,280.53 lacs) respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate of 6.67% and an average expected future period of 27.11 years.

The Group recognised Rs. 2,042.72 lacs (previous year: Rs. 1,862.75 lacs) for provident fund and Rs. 153.06 lacs (previous year: Rs. 51.16 lacs) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules to the scheme.

(ii) Defined benefit plans

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.

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 following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company financial statements as at March 31, 2017:

(Rs. in Lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Components of employer expense		
Current service cost	525.40	474.93
Interest cost	227.40	213.76
Expected return on plan assets	(153.92)	(113.54)
Actuarial losses/(gains)	75.59	502.10
Adjustment in fair value of plan assets	(9.89)	-
Total expense recognised in the Statement of Profit and Loss	**664.58**	**1,077.25**
Actual contribution and benefit payments for year		
Actual benefit payments	(447.22)	504.00
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		

(Rs. in Lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Present value of defined benefit obligation	3,546.86	3,281.14
Fair value of plan assets	2,648.37	1,071.68
Net asset / (liability) recognised in the Balance Sheet	**(898.49)**	**(2,209.46)**
Net liability has been classified under:		
Long-term provisions	717.55	2,158.47
Short-term provisions	180.94	50.99
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	3,281.14	4,725.49
Transfer of liability on account of demerger	-	(2,050.13)
Current service cost	525.40	474.93
Interest cost	227.40	213.76
Actuarial loss/(gains)	111.75	421.09
Benefits paid	(598.83)	(504.00)
Present value of DBO at the end of the year	**3,546.86**	**3,281.14**
Change in fair value of assets during the year		
Plan assets at the beginning of the year	1,071.68	2,107.09
Transfer of assets on account of demerger	-	(563.94)
Expected return on plan assets	153.92	113.54
Adjustment in fair value of plan assets	9.89	-
Actual group contributions	1,827.24	-
Actuarial (loss)/gains	35.42	(81.01)
Benefits paid	(449.78)	(504.00)
Plan assets at the end of the year	**2,648.37**	**1,071.68**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	6.50%-7.40%	7.40%-7.50%
Expected return on plan assets	8.35%-8.70%	8.35%-8.70%
Salary escalation	7.50%-10%	7.50%-10%
Retirement age	58 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%)		
All Ages	5%-25% per annum	5%-25% per annum
Estimate of amount of contribution in the immediate next year Rs. in Lacs	692.32	363.19

Notes:

a. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

b. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c. The planned assets of the Group are managed by the Life Insurance Corporation of India and Max Life Insurance Company Limited in terms of an insurance policy taken to fund obligations of the Group with respect to its gratuity plan. Information on categories of plan assets is not available with the Group.

d. Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Rs. in Lacs)

Particulars	Gratuity				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of DBO	3,546.86	3,281.14	4,725.49	3,693.83	3,340.29
Fair value of plan assets	2,648.37	1,071.68	2,107.09	2,260.44	2,323.03
Funded status [Surplus / (Deficit)]	(898.49)	(2,209.46)	(2,618.40)	(1,433.39)	(1,017.26)
Experience gain / (loss) adjustments on plan liabilities	111.75	153.89	57.67	143.21	(58.42)
Experience gain / (loss) adjustments on plan assets	35.42	153.18	153.19	32.67	8.01

(iii) Other long term benefit

During the year, Max Life Insurance Company Limited has recognised the following expenses in the statement of profit and loss representing deferred compensation (long term incentive plan): amounting to Rs 3,041.78 Lacs (Previous year: Rs 1,753.15 Lacs).

32. Calculation of Earnings per share (EPS) - Basic and Dilited

	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic EPS		
Profit attributable to shareholders (Rs. in Lacs)	39,536.28	25,273.69
Weighted average number of equity shares outstanding during the year (Nos.)	267,137,946	266,800,977
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**14.80**	**9.47**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding	2,378,848	2,769,196
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,516,794	269,570,173
Diluted Earnings Per Share (Rs.)	**14.67**	**9.38**

33. Employee Stock Option Plan

33.1. 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 by 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.

Particulars	March 31, 2017		March 31, 2016	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	2,503,560	279.61	3,039,166	230.69
Granted during the year	29,235	2.00	99,620	2.00
Forfeited during the year	-	2.00	(154,000)	2.00
Exercised during the year	(286,050)	2.00	(481,226)	2.00
Outstanding at the end of the year	2,246,745	279.61	2,503,560	279.61
Exercisable at the end of the year	-	-	5,000	2.00

For the period, the weighted average share price at the exercise date was Rs. 531.30 (previous year: Rs. 540.68)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 1.63 years (previous year: 1.69 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 394.00 (previous year: 2.00 to 394.00).

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

(Rs. in Lacs)

Particulars	March 31, 2017	March 31, 2016
Date of option granted	1-Apr-16	18-Aug-15
Stock Price Now (in Rupees)	344.05	564.15
Exercise Price (X) (in Rupees)	2.00	2.00
Expected Volatility (Standard Dev - Annual)	36.82%	38.49%
Life of the options granted (Vesting and exercise period) in years	3.00-6.00	3.00-7.00
Expected Dividend	0.51%	0%
Average Risk- Free Interest Rate	7.49%-7.91%	7.98%-8.13%
Weighted average fair value of options granted	332.46 - 337.24	562.58 - 563.02

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.

33.2. Employees Phantom Stock Plan (PSP Plan)

The Company had instituted the PSP Plan, which was approved by the Board of Directors on January 15, 2016. The PSP Plan provides for issue of units to eligible employees of the Compay. The PSP Plan is administered by the Nomination and Remuneration Committee approved by the Board of Directors. Under the Plan, eligible employee receives cash equivalent to fair market value of units upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from 1 to 5 years.

Accordingly Rs. 380.42 Lacs (previous year Rs. Nil) has been accrued as expense in the statement of profit & loss account as applicable The details of the scheme are as under:

Particulars	March 31, 2017		March 31, 2016	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	-	-	-	-
Granted during the Year	143,052	634.00	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	143,052	634.00	-	-
Exercisable at the end of the year	-	-	-	-

For the period, the weighted average fair value of options granted on the date of grant is Rs. Nil (previous year Rs. Nil)

The weighted average remaining contractual life for the options outstanding as at March 31, 2017 is 1.59 years (March 31, 2016:Nil)

Stock compensation expense under the Fair Value method has been determined based on fair value of the options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Particulars	March 31, 2017	March 31, 2016
Date of option granted	8-Aug-16	-
Stock Price Now (in Rupees)	551.60	-
Exercise Price (X) (in Rupees)	6.00	-
Expected Volatility (Standard Dev - Annual)	49.00%	-
Life of the options granted (Vesting and exercise period) in years	3.00-5.65	-
Expected Dividend	32.00%	-
Average Risk- Free Interest Rate	7.05%-7.32%	-
Weighted average fair value of options granted	537.84 - 541.52	-

33.3. Max Life Insurance Company Limited

Employee Phantom Option Plan (Cash settled):

During the year ended March 31, 2013, the Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. August 1, 2012.

During the previous year ended March 31, 2015, the 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 Company issued Employee Phantom Stock Plan (EPOP) w.e.f. October 30th, 2015 and January 1st, 2016. Accordingly Rs. 8,181.73 Lacs (previous year Rs. 2679.85 Lacs) has been accrued as expense in the statement of profit & loss account as applicable The details of the scheme are as under:

Particulars	March 31, 2017		March 31, 2016	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	34,681,000	32.09	23,969,000	32.09
Granted during the Year	-	0.00	14,585,000	50.48
Forfeited during the year	(2,896,000)	32.09	(2,428,000)	32.09
Exercised during the year	(7,869,000)	32.09	(1,445,000)	32.09
Outstanding at the end of the year	23,916,000	32.09	34,681,000	39.82

The Key assumptions used to estimate fair value of options are:

Particulars	March 31, 2017	March 31, 2016
Risk-free interest rate	6.44%-6.85%	7.13%-7.89%
Expected life	1.25-4.67 Years	0.33-5.67 Years
Expected Volatility	36.82%	17.22%
Expected dividend yield	1.22%	1.95%

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.

The Group measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit after tax and minority interest as reported (Rs. in Lacs)	39,536.28	25,273.69
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	8,994.31	3,245.15
Less: Employee stock compensation under fair value method (Rs. in Lacs)	(10,114.80)	(4,689.15)
Proforma profit (Rs. in Lacs)	**38,415.79**	**23,829.69**
Earnings Per Share		
Basic		
- As reported	14.80	9.47
- Performa	14.38	8.93
Diluted		
- As reported	14.67	9.38
- Performa	14.25	8.84

34. Leases

Lease rentals recognized in the consolidated statement of profit and loss for the year is Rs. 6,865.07 Lacs (previous year Rs. 6,446.06 Lacs).

The group has entered into operating leases for its office and for employees' residence, that are renewable on a periodic basis. The average life of lease is from 3 to 10 years. The total of future minimum lease payments under non-cancellable leases are as follows:

(Rs. in Lacs)

Particulars	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Not later than one year	61.70	195.97
Later than one year and not later than five year	19.09	84.96
Later than five year	-	-
Total	**80.79**	**280.93**

35. Segment Information

35.1. Business Segments

The Company has considered business segment as the primary segment for disclosure. The products/ services included in each of the reported business segments are as follows:

a. Life Insurance – This segment relates to the life insurance business carried out pan India, by one of the Company's subsidiary.
b. Business Investments – This segment is represented by treasury investments.

The above business segments have been identified considering:

(i) The nature of products and services
(ii) The differing risks and returns
(iii) Organizational structure of the group, and
(iv) The internal financial reporting systems

Segment Revenue consists of segment revenue from external customers and revenue from other segments.

Segment Result is the difference of segment revenue and segment operating expenses.

Unallocated Assets include assets pertaining to the holding company's corporate office such as, loans, advance and deposits.

Unallocated Liabilities include tax provisions and interest bearing loans not directly related to any business segment.

Unallocated Expenses - Expenses incurred at corporate office of the holding company relate to various business segments. As there is no reasonable basis of allocating this expenditure to various segments, the same are shown as unallocated reconciling expenses. Interest expense is not treated as part of a segment expense and is reflected as a separate line item.

35.2. Geographical Segments

The Company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, the revenues are bifurcated based on location of customers in India and outside India.

35.3. Segment Informations

(Rs. in Lacs)

Primary Segments		**Business Investments**	**Life Insurance business**	**Others**	**Total**
a.	**Segment Revenue from**				
	Sales to external customers	**-**	**-**	**-**	**-**
		-	-	-	-
	Service Income	**-**	**1,068,015.65**	**1,228.75**	**1,069,244.40**
		-	*913,888.18*	*1,125.37*	*915,013.55*
	Service/Interest Income from inter segments	**22,064.81**	**8.29**	**892.90**	**22,966.00**
		16,717.60	*4.45*	*498.41*	*17,220.46*
	Income from investment activities	**1,304.97**	**452,239.39**	**-**	**453,544.36**

(Rs. in Lacs)

Primary Segments		Business Investments	Life Insurance business	Others	Total
		1,729.75	252,870.71	-	*254,600.46*
	Total Segment Revenue	**23,369.78**	**1,520,263.33**	**2,121.65**	**1,545,754.76**
		18,447.35	*1,166,763.34*	*1,623.78*	*1,186,834.47*
	Less: Inter segment revenue	**22,064.81**	**8.29**	**892.90**	**22,966.00**
		16,717.60	*4.45*	*498.41*	*17,220.46*
	Revenue from operations	**1,304.97**	**1,520,255.04**	**1,228.75**	**1,522,788.76**
		1,729.75	*1,166,758.89*	*1,125.37*	*1,169,614.01*
b.	Segments Results	**1,304.97**	**77,617.94**	**192.88**	**79,115.79**
		1,729.75	*51,639.08*	*147.62*	*53,516.45*
	Interest Income				**1,072.25**
					719.14
	Sub-total				**80,188.04**
					54,235.59
	Less:				
	Unallocated Expenses (Net of unallocated income)				**9,138.39**
					6,967.53
	Interest Expenses				**893.26**
					765.69
	Profit before tax				**70,156.39**
					46,502.37
	Provision for taxation (includes provision for Deferred Tax)				**10,829.00**
					7,183.35
	Profit after tax				**59,327.39**
					39,319.02
	Minority Interest				**(19,791.11)**
					(14,045.33)
	Profit after tax (after adjusted minority interest)				**39,536.28**
					25,273.69
c.	Carrying amount of segment assets	**3,827.82**	**4,611,204.46**	**769.06**	**4,615,801.34**
		27,304.75	*3,761,206.05*	*923.10*	*3,789,433.90*
	Add: Unallocated assets				**5,606.36**
					4,315.20
	Goodwill				**52,525.44**
					20,944.67
	Total Assets				**4,673,933.14**
					3,814,693.77
d.	**Segment Liabilities**	**-**	**4,362,544.86**	**-**	**4,362,544.86**
		-	*3,540,929.69*	-	*3,540,929.69*
	Add: Unallocated liabilities				**3,025.66**
					6,935.61
	Total Liabilities				**4,365,570.52**
					3,547,865.30
e.	Cost to acquire tangible and intangible fixed assets	**-**	**5,605.64**	**-**	**5,605.64**
		-	-	-	-
	Unallocated				**4.83**
					668.82
	Total Addition				**5,610.47**
					668.82
f.	**Depreciation and amortisation expenses**	**-**	**6,057.10**	**-**	**6,057.10**
		-	*5,824.59*	-	*5,824.59*
	Unallocated depreciation and amortisation				**195.73**
					222.37
	Total depreciation and amortisation				**6,252.83**

(Rs. in Lacs)

Primary Segments		Business Investments	Life Insurance business	Others	Total
					6,046.96
g.	Non-cash expenses other than depreciation and amortisation	**-**	**8,181.73**	**-**	**8,181.73**
		-	*2,679.85*	-	*2,679.85*
	Unallocated non cash expenses				**812.58**
					565.30
	Total				**8,994.31**
					3,245.15

SECONDARY SEGMENT

(Rs. in Lacs)

		India	Outside India	Total
a.	Revenue from external customers	**1,522,788.76**	-	**1,522,788.76**
		1,169,614.01	-	*1,169,614.01*
b.	Carrying amount of segment assets by location of assets	**4,615,801.34**	-	**4,615,801.34**
		3,789,433.90	-	*3,789,433.90*
c.	Cost to acquire tangible and intangible fixed assets by location of assets	**5,605.64**	-	**5,605.64**
		-	-	-

Note: Amount in italics represents previous year figures

36. Related parties disclosures as per accouting standard - 18

Names of other related parties with whom transactions have taken place during the year

Key Management Personnel (KMP)	1	Mr. Mohit Talwar (Managing Director)
	2	Mr. Rahul Khosla (upto previous year)
Enterprises owned or significantly influenced by key management personnel or their relatives	1	Max India Foundation
	2	Max India Limited (upto previous year)
	3	Max Bupa Health Insurance Company Limited (upto previous year)
	4	Antara Purukul Senior Living Limited (upto previous year)
	5	Max Speciality Films Limited (upto previous year)
	6	Max Ventures and Industries Limited (upto previous year)
	7	Pharmax Corporation Limited (upto previous year)
	8	Max UK Limited (upto previous year)
	9	Max Healthcare Institute Limited (upto previous year)
	10	New Delhi House Services Limited (upto previous year)
	11	Delhi Guest Houses Private Limited (upto previous year)
	12	Piveta Estates Private Limited (upto previous year)
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

36.1 Transactions with related parties during the year:

(Rs. in Lacs)

Particulars	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Reimbursement of expenses (Received from)								
Max Healthcare Institute Limited	-	-	-	26.71	-		-	**26.71**
Max Bupa Health Insurance Company Limited	-	-	-	121.09	-		-	**121.09**
Antara Senior Living Limited	-	-	-	2.96	-		-	**2.96**
Antara Purukul Senior Living Limited	-	-	-	10.28	-		-	**10.28**
Max Speciality Films Limited	-	-	-	19.03	-		-	**19.03**
Max Ventures Private Limited	-	-	-	3.50	-		-	**3.50**
Max Skill First Limited	-	-	-	94.18	-		-	**94.18**
Max One Distribution and Services Limited	-	-	-	10.73	-		-	**10.73**
Rahul Khosla	-	33.25	-		-		-	**33.25**
Income from shared services								
Max India Limited	-	-	-	741.38	-		-	**741.38**
Max Healthcare Institute Limited	-	-	-	223.00	-		-	**223.00**
Max Ventures and Industries Limited	-	-	-	90.00	-		-	**90.00**
Reimbursement of expenses (Paid to)								
Max India Limited	-	-	-	1,919.63	-		-	**1,919.63**
Max Skill First Limited	-	-	-	3,171.88	-		-	**3,171.88**
New Delhi House Services Limited	-	-	-	146.11	-		-	**146.11**
Delhi Guest Houses Private Limited	-	-	-	40.34	-		-	**40.34**
Rent paid								
Pharmax Corporation Limited	-	-		41.58	-		-	**41.58**
Delhi Guest Houses Private Limited	-	-		247.25	-		-	**247.25**
Managerial Remuneration								
Rahul Khosla	-	2,214.29	-		-		-	**2,214.29**
Mohit Talwar	676.23	871.39	-		-		**676.23**	**871.39**
Donation Paid								
Max India Foundation	-	-	996.41	974.85	-		**996.41**	**974.85**
Company's contribution to Provident Fund Trust					2042.72	1,860.06	**2042.72**	**1,860.06**
Security deposit given								
Delhi Guest Houses Private Limited	-	-	-	12.00			-	**12.00**

36.2 Balance outstanding as at the year end

(Rs. in Lacs)

Particulars	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Loans and Advances								
Max One Distribution and Services Limited	-	-	-	11.16	-	-	**-**	**11.16**
Piveta Estates Private Limited	-	-	-	6,710.00	-	-	**-**	**6,710.00**
Pharmax Corporation Limited	-	-	-	36.24	-	-	**-**	**36.24**
Delhi Guest Houses Private Limited	-	-	-	66.00	-	-	-	**66.00**
Trade receivables								
Max Healthcare Institute Limited	-	-	-	239.22	-	-	**-**	**239.22**
Max Bupa Health Insurance Company Limited	-	-	-	33.86	-	-	**-**	**33.86**
Antara Purukul Senior Living Limited	-	-	-	3.75	-	-	**-**	**3.75**
Max Speciality Films Limited	-	-	-	3.17	-	-		**3.17**
Max Ventures and Industries Limited	-	-	-	96.06	-	-	**-**	**96.06**
Amount Payable								
New Delhi House Services Limited	-	-	-	(5.13)	-	-	**-**	**(5.13)**
Max India Limited	-	-	-	(195.95)	-	-	**-**	**(195.95)**
Max Skill First Limited	-	-	-	(270.81)	-	-	**-**	**(270.81)**

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

37. Actuarial Assumptions

Life Insurance Business

MLIC's Appointed Actuary has determined valuation assumptions that conform to the relevant regulations issued by the IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India (IAI). Details of assumptions are given below:

(a) **Interest rate:**

It is based upon the current and projected yields on the fund basis the projected yields on 10 year government bonds. A valuation rate of interest of 6.8% (previous year: 7.4%) for participating business and 7.1% (previous year: 7.5%) for non-participating, health business and riders has been used.

The valuation rate of interest rate was reduced by margin for adverse deviation (MAD) of 1.40% (previous year: 1.65%) for the participating business and 1.40% (previous year: 1.65%) for the major non-participating products.

For linked products, unit growth rate of 7.1% (previous year: 7.5%) has been used which was further reduced by MAD of 1.40% (previous year: 1.65%). For unit-linked products where there is a premium related bonus payable, the MAD for unit growth rate has been used as 2.10% (previous year: 2.35%).

(b) **Mortality:**

Mortality assumptions for valuation purposes in general are set at levels above the current experience. These rates were further increased by MAD of 10% (previous year: 10%) for participating business and 20% (previous year: 20%) for the non-participating, unit linked and health business.

(c) **Morbidity:**

The IAI has recommended the CIBT93 study of UK for morbidity incident rates, due to lack of any published Indian experience.

Proportions of 100% (previous year: 95% to 300%) of these tables or reinsurance rates have been used which were further increased by MAD of 20% (previous year: 25%)

(d) **Expenses:**

The maintenance expense assumptions are based on the current expense levels of the company. For prudence, assumptions do not allow for future expected savings in expenses. The assumptions were increased by MAD of 10% (previous year: 10%) for participating business and 10% (previous year: 10%) for non-participating, health and unit-linked business.

(e) **Inflation:**

An assumption of 6.00% pa (previous year: 6.25% pa) for expense inflation has been used.

(f) **Commission:**

It is based on the actual commission rates paid.

(g) **Lapses:**

Lapse assumptions for valuation purposes in general are set at levels below the current experience. Further, MAD of 20% (previous year: 20%) for participating business, 50% (previous year: 50%) for non-participating and unit-linked business and 20% (previous year: 20%) for health business is applied.

(h) **Free look cancellation:**

Provisions are made for the strain that may arise in the event of cancellation during the free look period. The free look cancellation assumption is 7% (previous year: 6.5%) for participating business, 4.0% (previous year: 3.0%) for non participating business and 7.5% (previous year: 7.0%) for the unit linked business. The assumptions were increased by MAD of 20% (previous year: 20.0%) for participating and non-participating business and 20% (previous year: 20.0%) for unit linked business.

(i) **Future bonuses:**

Provision is made for future bonuses based on expected bonus payouts consistent with the valuation assumptions and policyholders' reasonable expectations.

(j) **Linked Liabilities:**

Liabilities under unit linked policies comprise of a unit liability representing the fund value of in force policies, the amount payable to discontinued policies; and, a non unit liability for meeting future claims and expenses in excess of future charges. In respect of the fund value and the amount payable for the discontinued policies component, the question of assumptions does not arise and in respect of the non unit liability the assumptions used are consistent with the comments above.

38. The Board of Directors of the Company approved a composite scheme of amalgamation and arrangement on August 8, 2016 ("Proposed Scheme"), which inter-alia contemplates (a) merger of the Company's subsidiary, viz. Max Life Insurance Company Limited ("Max Life") with the Company (with a share exchange ratio of one share of the Company for approximately five shares held in Max Life for shareholders other than the Company); (b) demerger of the life insurance undertaking of the Company and merger of the said undertaking with HDFC Standard Life Insurance Company Limited ("HDFC Life") (share exchange ratio of approximately seven shares of HDFC Life for every three shares held in the Company); and (c) merger of the Company (holding the non-life insurance business) with Max India Limited (with a share exchange ratio of one share of Max India Limited for 500 shares held in the Company).

The parties to the Proposed Scheme have applied for various regulatory approvals as required for the Proposed Scheme.

On November 11, 2016, Insurance Regulatory and Development Authority of India ("IRDAI") issued a letter raising concerns over the Proposed Scheme in its current form. Max Life has made representation to the IRDAI in this regard and awaits a response from IRDAI.

39. The Board of Directors of Max Financial Services Limited ('the Company'/erstwhile 'Max India Limited') in their meeting held on January 27, 2015 had approved the Corporate Restructuring plan to vertically split the Company through a Composite scheme of arrangement ('Scheme'), into three separate listed companies.

The Hon'ble High Court of Punjab and Haryana vide its order dated December 14, 2015, had sanctioned the Scheme under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 between Max Financial Services Limited ('MFSL') ('the Company' - erstwhile Max India Limited), Max India Limited ('MAX' - erstwhile Taurus Ventures Limited) and Max Ventures and Industries Limited ('MVIL' - erstwhile Capricorn Ventures Limited) and their respective shareholders and creditors for transfer of all the assets and liabilities pertaining to each of the demerged undertakings (i.e MAX and MVIL) with effect from April 1, 2015 (Appointed date). The Scheme is effective from January 15, 2016 i.e. the date of filing of the certified copy of the order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla.

Upon the scheme becoming effective, the authorised share capital of the Company was authomatically reduced to Rs. 60,00,00,000 (Rupees sixty Crores), as on the Effective Date, without any further act or deed. The entire authorised share capital of the Company had been classified as equity share capital.

In terms of the Scheme, MAX and MVIL has issued and alloted shares to each member of the Company, whose name was recorded in the register of members and records of the Company, as on the Record Date i.e. January 28, 2016 in the following ratio:

- One equity share of INR 2 each in MAX for every one equity share of INR 2 each held by equity shareholders in the Company;
- One equity share of INR 10 each in MVIL for every five equity shares of INR 2 each held by equity shareholders in the Company.

The value of net assets transferred effective from April 1, 2015 had been adjusted in Reserves and Surplus of the Group. The details of net assets transferred and adjustment to Reserve and Surplus is as under:

(Rs. in Lacs)

Particulars	**MAX Amount**	**MVIL Amount**	**TOTAL Amount**
Assets transferred			
Non-current assets			
- Fixed assets	45,965.60	27,952.06	73,917.66
- Goodwill on consolidation	14,166.59	-	14,166.59
- Non-current investments	20,119.93	-	20,119.93
- Long-term loans and advances	21,116.15	1,219.20	22,335.35
- Trade receivables	1,793.67	-	1,793.67
- Other non-current assets	846.53	-	846.53
Current assets			
- Current investments	68,402.94	-	68,402.94
- Inventories	12,350.04	5,569.99	17,920.03
- Trade receivables	9,971.46	14,817.06	24,788.52
- Cash and bank balance	8,428.23	1,171.99	9,600.22
- Short term loans and advances	2,944.31	1,539.51	4,483.82
- Other current assets	2,354.35	376.13	2,730.48
Sub-total (A)	**208,459.80**	**52,645.94**	**261,105.74**
Liabilities assumed			
Non-current liabilities			
- Long term borrowings	23,360.74	16,943.88	40,304.62
- Other long term liabilities	8,256.32	36.85	8,293.17
- Long term provisions	882.60	304.76	1,187.36
- Deferred tax liabilities (net)	138.63	394.89	533.52
Current liabilities			
- Short term borrowings	2,364.50	9,106.88	11,471.38
- Trade payables	14,264.98	5,591.85	19,856.83
- Other current liabilities	9,694.00	803.80	10,497.80
- Short term provisions	21,585.21	298.84	21,884.05
Minority interest	4,634.59	-	4,634.59
Sub-total (B)	**85,181.57**	**33,481.75**	**118,663.32**
Net assets transferred (A-B)	**123,278.23**	**19,164.19**	**142,442.42**
Utilisation of reserve as per the demerger scheme			
ESOP to be issued			217.54
Foreign currency transalation reserve			(1,193.08)
Security premium			180,579.33
Profit and loss reserve			(37,211.37)
Capital Reserve			50.00

Post receipt of approval from the Foreign Investment Promotion Board (FIPB), vide its letter dated February 19, 2016, MVIL had issued and allotted the shares to the Company's shareholders as on the record date i.e. January 28, 2016. MVIL had issued and allotted 5,33,96,800 equity shares of Rs. 10 each on March 7, 2016 and the existing equity capital of MVIL of Rs. 5 lacs which was fully held by the Company, had been cancelled pursuant to the provisions of the Scheme.

During the previous year, MAX had received the approval from the Foreign Investment Promotion Board (FIPB), vide its letter dated May 06, 2016 to issue and allot shares to the Company's shareholders as on the record date i.e. January 28, 2016. MAX had issued and allotted 26,69,83,999 equity shares of Rs. 2 each on May 14, 2016 and the existing equity capital of MAX of Rs. 5 lacs which was fully held by the Company, had been cancelled pursuant to the provisions of the Scheme.

Further, with respect to employee's stock options granted by the Company to its employees (irrespective of whether they continue to be employees of the Company or become employees of MAX/MVIL) each option holder has been allotted stock option by MAX/MVIL under the new ESOP scheme for every stock option held in the Company. Accordingly, ESOP outstanding as on the Effective Date (i.e January 15, 2016) in the Company was allocated between the Company, MAX and MVIL.

40. The Board of Directors of the Company in its meeting held on October 23, 2015 had approved the proposal to transfer certain equity shares of Max Life Insurance Company Limited ('MLIC') held by the Company to Axis Bank Limited ('Axis') (along with Mitsui Sumitomo Insurance Company Limited ('MSI')), subject to approval from Insurance Regulatory and Development Authority of India ('IRDAI'). On February 29, 2016 (pursuant to receipt of approval from IRDAI), the Company and Mitsui Sumitomo Insurance Company Limited (MSI) have transferred 76,560,635 equity shares (3.99% of equity stake in MLIC) and 19,188,127 equity shares (1% of equity stake in MLIC) respectively of MLIC to Axis Bank at face value of Rs. 10 per equity share. Consequent to this transaction, the equity stake of the Company in MLIC has reduced to 68.01%. Further, the Company along with MSI had entered into an Option agreement with Axis on October 23, 2015, whereby the Company and MSI have agreed to offer a 'put option' to Axis and Axis has agreed to grant 'call option' to repurchase / sell the aforesaid equity shares in the ratio as mutually agreed upon between MSI and the Company in 5 equal tranches at a price linked to fair market value.

During the year, the Company acquired 19,150,000 equity shares of Max Life Insurance Company Limited ('MLIC') at a consideration of Rs. 14,650 lacs from Infrastructure Development Finance Company Limited ('IDFC') and 19,150,000 equity shares of MLIC at a consideration of Rs. 21,256 lacs from Axis Bank Limited, thereby increasing its stake in MLIC from 68.01% to 70.01%.

41. Additional information as required by paragraph 2 of the general instructions for preparation of Consolidated financial statements to Schedule III of the Companies Act, 2013

Name of subsidiary	Net Assets i.e total assets - total liabilities		Share in profit or loss	
	Amount (Rs. in lacs)	As % of consolidated net assets	Amount (Rs. in lacs)	As % of consolidated profit or loss
Parent				
Max Financial Services Limited	236,917.62	76.83%	(6,569.00)	(11.07%)
Subsidiary				
Max Life Insurance Company Limited	71,445.00	23.17%	65,896.00	111.07%
Total	**308,362.62**	**100.00%**	**59,327.00**	**100.00%**

42. Derivative contract

In accordance with the IRDAI master circular for Investment Regulations, 2016 allowing insurers to deal in rupee denominated interest rate derivatives, the Company has Board approved policy covering various aspects related to functioning of the derivative transactions which are undertaken to mitigate interest rate risk as per the hedge strategy, thereby managing the volatility of returns from future fixed income investments, due to variations in market interest rates.

MLIC 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.

MLIC has during the year, as part of its Hedging strategy, entered into Interest rate swaps (IRS) 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 MLIC receives at a pre-determined fixed rate and pays a floating rate to the bank based on the underlying index. 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 MLIC 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 Company uses hedge accounting as per the accounting standards 30 issued by the Institute of Chartered Accountants of India.

The following table sets forth, for the period indicated, the details of derivative positions.

(Rs. in Lacs)

Particulars	At March 31, 2017 Interest rate derivatives	At March 31, 2016 Interest rate derivatives
Cash Flow Derivatives		
1 Derivatives (Notional principal amount)	68,307,609	22,084,745
2 Marked to market positions		
a) Asset (+)	-	6,989
b) Liability (-)	(80,685)	-
3 Credit exposure		
a) Current Credit Exposure	(80,685)	6,989
b) Potential Future Credit Exposure	1,474,751	525,587

Benchmark wise derivative position

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
(a) Forward Rate Agreements (FRA)	MIBOR/OIS/INBMK	-	NA	-	-	-
(b) Interest Rate Swaps (IRS)	MIOIS/ MIBOR*	28	22,084,745	46,222,864	-	68,307,609
(c) Interest Rate Futures (IRF)	GOI	-	NA	-	-	-

43. Payment to auditor (excluding service tax) (included in legal and professional)

(Rs. in Lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
To statutory auditor:		
For audit	18.00	15.00
For other services	5.00	-
Reimbursement of expenses	1.47	0.91
Total	**24.47**	**15.91**

44. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(Rs. in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(i) the principal amount remaining unpaid to any supplier	-	-
(ii) interest due thereon	-	-
(iii) interest paid in terms of section 16 of the Micro,Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	-	-
(iv) interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) interest accrued and remaining unpaid	-	-
(vi) further interest remaining due and payable even in the succeeding years 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.

45. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

46. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

47. At the year end, unhedged foreign currency exposures are as follows:

Particulars	As at March 31, 2017			As at March 31, 2016		
	Foreign Currency	Exchange Rate	Indian Rupee	Foreign Currency	Exchange Rate	Indian Rupee
	(in Lacs)	(Rupee)	(in Lacs)	(in Lacs)	(Rupee)	(in Lacs)
Trade payables (USD)	0.01	64.84	0.88	-	-	-
Trade payables (GBP)	1.41	80.88	114.04	1.29	95.09	122.96

48. The previous year's figures have been regrouped / reclassified, wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN No - 00017806

Mohit Talwar
(Managing Director)
DIN No - 02394694

Sujatha Ratnam
(Chief Financial Officer)

Sandeep Pathak
(Company Secretary)
M.No. - FCS-5351

Place : New Delhi
Date : May 30, 2017