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, 2018, 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, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 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 23 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 32 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 33 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: 25 May, 2018

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, 2018 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, 2018, 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: 25 May, 2018

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, Goods & Services 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, Goods & Services Tax, Service Tax, cess and other material statutory dues in arrears as at 31 March, 2018 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, 2018 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 unpaind (Rs. in Lacs)
Customs Act, 1962	Custom Duty Demand on non-fulfillment of export obligation	Directorate General of Foreign Trade	FY 1994-95	429.40	429.40
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 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 35, 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. 98564)

Place: New Delhi
Date: 25 May, 2018

Standalone Balance Sheet

as at March 31, 2018

			(Rs. in Lakhs)
Particulars	**Note No.**	**As at March 31, 2018**	**As at March 31, 2017**
A. Equity and liabilities			
1. Shareholders' funds			
(a) Share capital	3	5,367.68	5,345.40
(b) Reserves and surplus	4	192,775.35	177,483.55
		198,143.03	**182,828.95**
2. Non-current liabilities			
(a) Deferred tax liabilities (net)	5	-	-
(b) Long-term provisions	6	770.47	328.33
		770.47	**328.33**
3. Current liabilities			
(a) Trade payables	7		
i. total outstanding dues to micro enterprises and small enterprises		-	-
ii. total outstanding dues to creditors other than micro enterprises and small enterprises		1,016.93	1,168.01
(b) Other current liabilities	8	924.72	945.96
(c) Short-term provisions	9	542.67	418.62
		2,484.32	**2,532.59**
Total		**201,397.82**	**185,689.87**
B. Assets			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	553.52	619.63
(ii) Intangible assets	10	21.44	33.88
(b) Non-current investments	11	194,633.56	179,343.99
(c) Long term loans and advances	12	836.73	756.45
(d) Other non-current assets	13	9.98	9.38
		196,055.23	**180,763.33**
2. Current assets			
(a) Current investments	14	4,224.71	2,840.00
(b) Trade receivables	15	668.74	769.06
(c) Cash and cash equivalents	16	288.53	978.44
(d) Short term loans and advances	17	160.61	339.04
		5,342.59	**4,926.54**
Total		**201,397.82**	**185,689.87**
See accompanying notes forming part of the standalone financial statements	1 to 39		

In terms of our report attached

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 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars			Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
1.	**Income**				
	(a)	Revenue from operations (net)	18	22,873.80	25,491.43
	(b)	Other income	19	68.38	136.30
2.	Total revenue			**22,942.18**	**25,627.73**
3.	**Expenses**				
	(a)	Employee benefits expense	20	3,984.22	3,720.07
	(b)	Depreciation and amortisation expense	21	191.99	195.73
	(c)	Legal and professional expenses		4,630.92	4,114.75
	(d)	Other expenses	22	1,830.55	2,197.43
4.	**Total expenses**			**10,637.68**	**10,227.98**
5.	**Profit before tax (2 - 4)**			12,304.50	15,399.75
6.	Tax expense				
	(a)	Current tax		-	-
	(b)	Deferred tax		-	-
				-	-
7.	**Profit after tax**			**12,304.50**	**15,399.75**
8.	**Earnings per equity share**		26		
	(Face value of Rs. 2 per share)				
	(a) Basic (Rs.)			**4.59**	**5.76**
	(b) Diluted (Rs.)			**4.57**	**5.71**
See accompanying notes forming part of the standalone financial statements			1 to 39		

In terms of our report attached

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 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Standalone Cash Flow Statement

For the year ended March 31, 2018

(Rs. in Lakhs)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities			
Profit before tax		12,304.50	15,399.75
Adjustments for:			
Depreciation and amortisation expense		191.99	195.73
Interest income		(38.42)	(96.55)
Dividend income on long term investments		(20,016.07)	(22,064.81)
Net loss / (profit) on sale / disposal of fixed assets		5.60	0.55
Profit on sale of current investments in:			
- mutual funds		(720.96)	(1,288.31)
- equity instruments		-	(2.78)
Fixed assets written off		-	97.09
Liabilities/provisions no longer required written back		(1.19)	(0.68)
Provision for doubtful service tax credit receivable		289.94	443.61
Expense on employee stock option scheme		966.73	812.58
Unrealised foreign exchange (gain) / loss		-	(1.51)
Operating profit/(loss) before working capital changes		**(7,017.88)**	**(6,505.33)**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		100.32	154.04
Short-term loans and advances		(111.51)	(312.06)
Long-term loans and advances		3.84	(5.94)
Dividend received		20,016.07	22,064.81
Interest received		37.82	95.96
		20,046.54	**21996.81**
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(870.38)	282.43
Other current liabilities		(21.24)	46.57
Short-term provisions		124.05	172.68
Long-term provisions		442.14	(148.92)
		(325.43)	**352.76**
Net cash from operations		12,703.23	15,844.24
Net income tax (paid)/ refunds		(84.12)	123.66
Net cash from operating activities	**(A)**	**12,619.11**	**15,967.90**
Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances		(107.35)	(128.02)
Proceeds from sale of fixed assets		31.56	97.70
Purchase of non-current investments		(15,332.82)	(35,906.50)
Proceeds from sale of long term investment		-	3.43
Purchase of current investments in mutual funds		(29,553.00)	(69,763.28)
Proceeds from sale/maturity of current investments		28,889.25	95,208.59
Bank balances not considered as Cash and cash equivalents (net)		3.09	(17.94)
Net cash flow from investing activities	**(B)**	**16,069.27**	**10,506.02**
Cash flow from financing activities			

			(Rs. in Lakhs)
Particulars		**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Proceeds from ESOPs exercised (Including share premium a/c)		2,763.34	5.72
Dividend paid		-	(4,806.62)
Net cash from/(used in) financing activities	**(C)**	**2,763.34**	**(4,800.90)**
Net Increase/(decrease) in cash and cash equivalents (A + B + C)		(686.82)	660.98
Cash and cash equivalents at the beginning of the year		728.51	67.53
Cash and cash equivalents at the end of the year		**41.69**	**728.51**
Components of cash and cash equivalent (Refer note 16)			
Cash on hand		1.29	0.38
Balances with banks in current account		40.40	728.13
Total cash and cash equivalents		**41.69**	**728.51**
See accompanying notes forming part of the standalone financial statements	1 to 39		

In terms of our report attached

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 25, 2018

For and on behalf of the Board of Directors

Naina Lal Kidwai
(Chairman)
DIN - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018

Notes forming part of the standalone financial statements

1. Corporate information

Max Financial Services Limited [formerly known as MAX INDIA LIMITED] ("the Company") is a public limited company domiciled in India. The shares of the Company are listed on National Stock Exchange (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments 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.

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.

Income from services

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

Interest

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

Notes forming part of the standalone financial statements

Dividend

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

2.7 Tangible fixed assets (Property, plant and equipment)

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.

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, fee 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.

Notes forming part of the standalone financial statements

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 valuation 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 constituted an Employee Stock Option Plan - 2003. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India and in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The Scheme provides for grant of options to employees (including directors) of the Company 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 had constituted a Phantom Stock option plan in 2016, to 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 and Industries 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.

The Company has constituted another Phantom Stock option plan in 2017, 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 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 accounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

Notes forming part of the standalone financial statements

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.

Notes forming part of the standalone financial statements

2.17 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 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 / Goods and services tax input credit

Input tax 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, 2018		As at March 31, 2017	
		Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. in Lakhs)
(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	**268,384,027**	**5,367.68**	**267,270,049**	**5,345.40**

Notes forming part of the standalone financial statements

Refer notes (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, 2018		As at March 31, 2017	
	Number of shares	(Rs. in Lakhs)	Number of shares	(Rs. in Lakhs)
Equity Shares with voting rights				
At the beginning of the year	267,270,049	5,345.40	266,983,999	5,339.68
Issued during the year relating to Employee Stock Option Scheme (Refer note 27)	1,113,978	22.28	286,050	5.72
Outstanding at the end of the year	**268,384,027**	**5,367.68**	**267,270,049**	**5,345.40**

(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, 2018		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Equity shares of Rs. 2 each fully paid				
(with voting rights)				
- ICICI Prudential Value Discovery fund	13,759,730	5.13%	4,517,866	1.69%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.87%	23,818,876	8.91%
- Max Ventures Investment Holdings Private Limited	43,372,459	16.16%	43,372,459	16.23%
- Mohair Investment and Trading Company Private Limited	13,690,570	5.10%	8,086,560	3.03%
- Moneyline Portfolio Investments Limited	18,070,048	6.73%	26,570,048	9.94%
- Reliance Capital Trustee Co Ltd	18,368,381	6.84%	5,223,731	1.95%
- Xenok Limited	-	-	24,079,700	9.01%

(iv) Shares reserved for issuance

As at March 31, 2018 - 11,32,767 (previous year: 22,46,745) shares, face value 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 27.1)

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

The Company has issued total 2,863,738 shares (previous year: 2,700,939 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 employee services.

Notes forming part of the standalone financial statements

4. Reserves and surplus

			(Rs. in Lakhs)
Particulars		**As at March 31, 2018**	**As at March 31, 2017**
(a)	**Securities premium account**		
	Opening balance	32,265.01	31,709.03
	Add : Premium on shares issued during the year	3,241.59	555.98
	Closing balance	**35,506.60**	**32,265.01**
(b)	**Employee stock option outstanding**		
	Opening balance	803.61	927.43
	Add : Compensation expensed during the year	246.24	432.16
	Less : Transferred to securities premium account on excercise	500.53	555.98
	Closing balance	**549.32**	**803.61**
(c)	**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**
(d)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	127,996.71	112,597.87
	Profit for the year	12,304.50	15,399.75
	Less : Appropriations		
	Final dividend of earlier year	-	0.91
	Closing balance	**140,301.21**	**127,996.71**
	Total reserves and surplus	**192,775.35**	**177,483.55**

5. Deferred tax liabilities (net)

The Company has carried out its tax computation in accordance with 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 Lakhs)
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Deferred tax liabilities (DTL)		
Tax impact on difference between carrying amount of fixed assets in the financial statements and the income tax return	(125.11)	(108.87)
Total (A)	**(125.11)**	**(108.87)**
Deferred tax assets (DTA)		
Carry forward business loss to be adjusted in future years	125.11	108.87
Total (B)	**125.11**	**108.87**
Deferred tax liabilities (net) (A+B)	**-**	**-**

Notes forming part of the standalone financial statements

6. Long term provisions

(Rs. in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
Provision for employee benefits			
(i)	Provision for compensated absences	98.75	30.76
(ii)	Provision for gratuity (Refer note 25)	268.72	85.39
(iii)	Provision for employee stock appreciation rights	403.00	212.18
Total		**770.47**	**328.33**

7. Trade payables

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 39)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,016.93	1,168.01
	1,016.93	**1,168.01**

8. Other current liabilities

(Rs. in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
(a)	Unclaimed / unpaid dividends (Refer note 16)	246.84	249.93
(b)	Other payables		
	(i) Security deposit received	3.91	7.94
	(ii) Statutory remittances (Contribution to PF, GST, Service Tax, withholding taxes etc.)	568.28	585.14
	(iii) Other payables	105.69	102.95
		924.72	**945.96**

9. Short term provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits:		
(i) Provision for compensated absences	41.07	69.44
(ii) Provision for gratuity (Refer to note 25)	77.60	180.94
(iii) Provision for employee stock appreciation rights	424.00	168.24
	542.67	**418.62**

Notes forming part of the standalone financial statements

10. Fixed Assets

(Rs. in Lakhs)

	Particulars	**Gross block**				**Accumulated depreciation and amortisation**				**Net block**
		As at April 1, 2017	**Additions**	**Deletions/ adjustments**	**As at March 31, 2018**	**As at April 1, 2017**	**Depreciation and amortisation expense for the year**	**Deletions/ adjustments**	**As at March 31, 2018**	**As at March 31, 2018**
A	**TANGIBLE ASSETS - OWNED**									
(a)	Building	50.83	-	-	50.83	21.76	0.80	-	22.56	28.27
		50.83	-	-	*50.83*	*20.96*	*0.80*	-	*21.76*	*29.07*
(b)	Furniture and fixtures	384.14	-	-	384.14	141.44	36.40	-	177.84	206.30
		383.82	*0.32*	-	*384.14*	*105.02*	*36.42*	-	*141.44*	*242.70*
(c)	Vehicles	509.98	60.25	112.83	457.40	251.46	55.40	75.73	231.13	226.27
		493.41	*22.71*	*6.14*	*509.98*	*197.47*	*58.99*	*5.00*	*251.46*	*258.52*
(d)	Office equipment	379.92	17.99	0.10	397.81	303.14	37.32	0.04	340.42	57.39
		377.42	*2.50*	-	*379.92*	*266.49*	*36.65*	-	*303.14*	*76.78*
(e)	Leasehold improvements	393.34	-	-	393.34	393.34	-	-	393.34	-
		540.97	-	*147.63*	*393.34*	*443.89*	-	*50.55*	*393.34*	-
(f)	Computers	52.62	4.83	-	57.45	40.06	6.38	-	46.44	11.01
		47.62	*5.40*	*0.40*	52.62	*33.69*	*6.74*	*0.37*	*40.06*	*12.56*
	Total (A)	**1,770.83**	**83.07**	**112.93**	**1,740.97**	**1,151.20**	**136.30**	**75.77**	**1,211.73**	**529.24**
	Previous year (D)	*1,894.07*	*30.93*	*154.17*	*1,770.83*	*1,067.52*	*139.60*	*55.92*	*1,151.20*	*619.63*
B	**CAPITAL WORK IN PROGRESS**									24.28
	Total (B)									**24.28**
	Previous year (E)									-
	Total (A+B)	**1,770.83**	**83.07**	**112.93**	**1,740.97**	**1,151.20**	**136.30**	**75.77**	**1,211.73**	**553.52**
	Previous year (D+E)	*1,894.07*	*30.93*	*154.17*	*1,770.83*	*1,067.52*	*139.60*	*55.92*	*1,151.20*	*619.63*
C	**INTANGIBLE ASSETS - OWNED**									
	Computer software	83.30	-	-	83.30	49.42	12.44	-	61.86	21.44
		83.30	-	-	*83.30*	*36.54*	*12.88*	-	*49.42*	*33.88*
	Total (C)	**83.30**	**-**	**-**	**83.30**	**49.42**	**12.44**	**-**	**61.86**	**21.44**
	Previous year (F)	*83.30*	-	-	*83.30*	*36.54*	*12.88*	-	*49.42*	*33.88*

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

Notes forming part of the standalone financial statements

11. Non - current investments

Particulars	As at March 31, 2018		As at March 31, 2017	
	(Nos.)	(Rs. inLakhs)	(Nos.)	(Rs. in Lakhs)
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	1,357,531,196	192,065.07	1,343,360,379	176,732.25
Total - Trade investments		**192,065.07**		**176,732.25**
B. Other investments				
Investment property (net of accumulated depreciation)				
Cost of building given on operating lease		2,731.66		2,731.66
Less: Accumulated depreciation (Refer note below)		163.17		119.92
Total - Other investment		**2,568.49**		**2,611.74**
Total		**194,633.56**		**179,343.99**
Aggregate amount of unquoted investments		192,065.07		176,732.25

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

During the year, Max Financial Services Limited ('the Company') has acquired 14,170,817 (previous year: 38,300,000) equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Axis Bank Limited (previous year : Axis Bank Limited and IDFC Limited) for a consideration of Rs. 15,332.82 lakhs (previous year: Rs. 35,906.50 lakhs), thereby increasing its equity stake in MLIC from 70.01% to 70.75%.

12. Long term loans and advances

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Capital advances		
	- Unsecured, considered good	20.00	-
(b)	Security deposits		
	- Unsecured, considered good	110.86	112.15
(c)	Loans and advances to employees		
	- Unsecured, considered good	70.54	82.93
(d)	Prepaid expenses		
	- Unsecured, considered good	18.27	28.43
(e)	Deposit against cases with (Refer note 23) - Unsecured, considered good		
	- Service tax authorities	12.00	12.00
(f)	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)
		-	-
(g)	Advance income tax - Unsecured, considered good (net of provisions Rs. 22,829.43 lakhs (previous year: Rs. 22,829.43 lakhs)	605.06	520.94
Total		**836.73**	**756.45**

Notes forming part of the standalone financial statements

13. Other non-current assets

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Accruals		
	- Interest accrued on deposits	2.40	1.80
(b)	Others		
	- Balances held as margin money against guarantees*	7.58	7.58
	Total	**9.98**	**9.38**

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

14. Current Investments

Particulars			As at March 31, 2018		As at March 31, 2017	
			(Nos.)	(Rs. in Lakhs)	(Nos.)	(Rs. in Lakhs)
Current investments (at lower of cost and fair value, unless otherwise stated):						
A.	**Investment in mutual funds (unquoted)**					
	(a)	Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	532,783.20	1,451.59	-	-
	(b)	DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	-	-	265,084.74	560.00
	(c)	DSP BlackRock Liquidity Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	1,548.45	36.00
	(d)	Invesco India Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	6,285.51	150.00	25,383.40	568.00
	(e)	JM High Liquidity Fund - Direct Plan Growth- Face value Rs. 10 per unit	-	-	1,276,613.47	568.00
	(f)	L&T Liquid Fund - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	25,481.92	568.00
	(g)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	139,919.89	2,623.12	29,616.49	540.00
		Total (A)		**4,224.71**		**2,840.00**
Aggregate amount of unquoted investments				4,224.71		2,840.00

15. Trade receivables (unsecured)

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	- Unsecured, considered good	128.87	320.69
(b)	Other trade receivables		
	- Unsecured, considered good	539.87	448.37
	Total	**668.74**	**769.06**

Notes forming part of the standalone financial statements

16. Cash and cash equivalents

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
A.	Cash and cash equivalents (As per AS 3 cash flow statement)		
	(a) Cash on hand	1.29	0.38
	(b) Balances with banks - in current accounts	40.40	728.13
	Total - Cash and cash equivalents (As per AS 3 cash flow statement) (A)	**41.69**	**728.51**
B.	Other bank balances		
	- In earmarked accounts - unpaid dividend accounts (Refer note 8)	246.84	249.93
	Total - Other bank balances (B)	**246.84**	**249.93**
	Total - Cash and cash equivelants (A+B)	**288.53**	**978.44**

17. Short term loans and advances

(Rs. in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Loans and advances to related parties (Refer note 30)		
	- Unsecured, considered good	6.47	5.65
(b)	Loans and advances to employees		
	- Unsecured, considered good	12.25	12.80
(c)	Prepaid expenses		
	- Unsecured, considered good	35.84	37.76
(d)	Advances recoverable in cash or kind		
	- Unsecured, considered good	5.72	22.63
(e)	Balances with statutory/government authorities (unsecured)		
	- Input tax credit receivable		
	(i) Considered good	100.33	260.20
	(ii) Considered doubtful	-	443.61
		100.33	703.81
	Less: Provision for doubtful balances	-	(443.61)
		100.33	260.20
	Total	**160.61**	**339.04**

18. Revenue from operations (net)

(Rs. in Lakhs)

	Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Sale of services		
	- Income from shared services	2,123.54	2,121.65
(b)	Other operating revenues (Refer note below)	20,750.26	23,369.78
Revenue from operations		**22,873.80**	**25,491.43**
Notes:			
Other operating revenue comprises:			
(a)	Dividend income on long term investments*	20,016.07	22,064.81
(b)	Interest income on fixed deposits	13.23	13.88
(c)	Profit on sale of current investments in:		
	(i) mutual funds	720.96	1,288.31
	(ii) equity instruments	-	2.78
	Total - other operating revenues	**20,750.26**	**23,369.78**

***** The Company has recognised dividend income of Rs. 20,016.07 lakhs (previous year: Rs. 22,064.81 lakhs) of its share of final dividend in the previous year and interim dividend declared during the year by Max Life Insurance Company Limited (Subsidiary Company).

Notes forming part of the standalone financial statements

19. Other Income

(Rs. in Lakhs)

Particulars			For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Interest income on:			
	(i)	income tax refund	21.75	78.72
	(ii)	loan to employees	3.44	3.95
(b)	Other non operating income			
	(i)	Liabilities / provisions no longer required written back	1.19	0.68
	(ii)	Net gain on foreign currency transactions and translation	-	10.45
	(iii)	Rental income	42.00	42.00
	(iv)	Miscellaneous income	-	0.50
Total			**68.38**	**136.30**

20. Employee benefits expense

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Salaries and wages	2,800.14	2,730.19
(b)	Contribution to provident and other funds (Refer note 25)	173.81	117.17
(c)	Expense on employee stock option scheme (Refer note 27)	966.73	812.58
(d)	Staff welfare expenses	43.54	60.13
	Total	**3,984.22**	**3,720.07**

21. Depreciation and amortisation expense

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Depreciation of tangible assets (Refer note 10)	136.30	139.60
(b)	Amortisation of intangible assets (Refer note 10)	12.44	12.88
(c)	Depreciation of investment property (Refer note 11)	43.25	43.25
	Total	**191.99**	**195.73**

22. Other expenses

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
(a)	Recruitment and training expenses	1.18	10.51
(b)	Rent including lease rentals (Refer note 28)	378.22	313.35
(c)	Insurance	42.84	26.68
(d)	Rates and taxes	3.08	3.14
(e)	Repairs and maintenance - others	374.80	298.72
(f)	Power and fuel	44.86	48.31
(g)	Printing and stationery	20.17	32.53
(h)	Travelling and conveyance	321.55	469.28
(i)	Communication	42.40	63.85
(j)	Director's sitting fees	81.99	83.42
(k)	Business promotion	70.23	53.42
(l)	Advertisement and publicity	36.02	99.59
(m)	Net loss on sale / disposal of fixed assets	5.60	0.55
(n)	Allowance on service tax credit receivable*	289.94	443.61
(o)	Fixed assets written off	-	97.09
(p)	Charity and donation	79.61	106.00
(q)	Net loss on foreign currency transactions and translations	4.78	-
(r)	Miscellaneous expenses	33.28	47.38
	Total	**1,830.55**	**2,197.43**

Notes forming part of the standalone financial statements

* Allowance on service tax credit receivable

(Rs. in Lakhs)

Particulars		For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
a.	Doubtful service tax credit receivable written off	733.55	-
b.	Allowance for service tax credit receivable written back	(443.61)	-
		289.94	-
c.	Allowance for service tax credit receivable	-	443.61
		289.94	**443.61**

23. Commitments and contingent liabilities

(Rs. in Lakhs)

Particulars			As at March 31, 2018	As at March 31, 2017
A.	**Commitments**			
	(i)	Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	42.39	-
	(ii)	The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company is required to buy back the stake held by Axis Bank Limited in Max Life Insurance Company Limited, upon exercise of put option by Axis Bank Limited in 5 equal tranches at a price linked to fair market value.		
B.	**Contingent liabilities**			
	Claims against the Company not acknowledged as debts (Refer note a)			
	(i)	Disputed demands raised by custom authorities	429.40	418.26
	(ii)	Disputed demand raised by service tax authorities (Refer note b)	352.58	352.58
	(iii)	Disputed demand raised by income tax authorities (Refer note c)	159.04	159.04
	(iv)	Penalty levied under section 271(1)(c) of the Income Tax Act, 1961 (Refer note c)	-	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 d)		

Notes :

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 is likely to be upheld in appellate process. No tax has been accrued in the financials statements for tax / legal case demands. 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. Advance paid against the same is Rs. 12.00 lakhs (previous year: Rs. 12.00 lakhs).

c. 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

Notes forming part of the standalone financial statements

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.

d. 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.

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 lakhs realised 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 lakhs. 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 lakhs which included the demand of Rs. 24,368.00 lakhs 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

Notes forming part of the standalone financial statements

S. No.	Assessment Year	Brief Description	Pending Before
4	2006-07	The capital gains of Rs. 41,153.88 lakhs realised 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 lakhs 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. 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.	High Court
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 lakhs 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

24. Expenditure in Foreign Currency (on accrual basis)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Legal and professional expenses	558.25	550.12
Travelling and conveyance	47.33	65.17
Total	**605.58**	**615.29**

25. 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 ("Scheme") and recognises as an expense in the year it is determined.

As of 31 March, 2018, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 1,772.54 lakhs (previous year: Rs. 1,540.89 lakhs) and Rs. 1,748.07 lakhs (previous year: Rs. 1,521.10 lakhs)

Notes forming part of the standalone financial statements

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 8.55% (previous year: 8.65%). The actuarial assumptions include discount rate of 7.18% (Previous year: 6.67%) and an average expected future period of 27.11 years (previous year: 27.11 years).

The Company recognised Rs. 93.82 lakhs (previous year: Rs. 84.05 lakhs) for provident fund contribution in the Statement of Profit and Loss. The contributions 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 Max Financial Services Limited Employees Group Gratuity Fund of the 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, 2018:

(Rs. in Lakhs)

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Components of employer expense		
Current service cost	40.48	35.32
Interest cost	19.20	18.70
Expected return on plan assets	(2.40)	(2.24)
Actuarial losses/(gains)	22.71	(8.77)
Adjustment in fair value of plan assets	-	(9.89)
Total expense recognised in the Statement of Profit and Loss	**79.99**	**33.12**
Actual contribution and benefit payments for year		
Actual benefit payments	-	2.56
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(377.73)	(295.34)
Fair value of plan assets	31.41	29.01
Net asset / (liability) recognised in the Balance Sheet	**(346.32)**	**(266.33)**
Net liability has been classified under:		
Long-term provisions	268.72	85.39
Short-term provisions	77.60	180.94
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	295.34	252.68
Current service cost	40.48	35.32
Interest cost	19.20	18.70
Actuarial loss/(gains)	22.71	(8.80)
Benefits paid	-	(2.56)
Present value of DBO at the end of the year	**377.73**	**295.34**

Notes forming part of the standalone financial statements

(Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in fair value of assets during the year		
Plan assets at beginning of the year	29.01	16.92
Adjustment in fair value of plan assets	-	9.89
Expected return on plan assets	2.40	2.24
Actuarial gain / (loss) on plan assets	-	(0.04)
Benefits paid	-	-
Plan assets at the end of the year	**31.41**	**29.01**
Actual return on plan assets	**2.40**	**2.20**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	7.20%	6.50%
Expected return on plan assets	8.25%	8.25%
Salary escalation	10.00%	10.00%
Retirement age	58-65 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 lakhs)	48.51	60.16

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 Lakhs)

Particulars	Gratuity				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value of DBO	377.73	295.34	252.68	430.63	828.63
Fair value of plan assets	31.41	29.01	16.92	41.10	360.97
Funded status [Surplus / (Deficit)]	(346.32)	(266.33)	(235.76)	(389.53)	(467.66)
Experience gain / (loss) adjustments on plan liabilities	(30.31)	12.54	(14.69)	(74.40)	16.03
Experience gain / (loss) adjustments on plan assets	-	(0.04)	(0.54)	(1.76)	(1.70)

Notes forming part of the standalone financial statements

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	12,304.50	15,399.75
Weighted average number of equity shares outstanding during the year (Nos.)	267,948,970	267,137,946
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**4.59**	**5.76**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	1,567,824	2,378,848
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,516,794	269,516,794
Diluted Earnings Per Share (Rs.)	**4.57**	**5.71**

27 Employee Stock Option Plan

27.1 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, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	2,246,745	246.05	2,503,560	221.02
Granted during the year	-	-	29,235	2.00
Forfeited during the year	-	-	-	-
Exercised during the year	(1,113,978)	248.11	(286,050)	2.00
Outstanding at the end of the year	1,132,767	244.03	2,246,745	246.05

For the period, the weighted average share price at the exercise date was Rs. 601.93 (previous year: Rs. 531.30)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.14 years (March 31, 2017: 1.63 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 311.34 (March 31, 2017: 2.00 to 311.34).

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.

Notes forming part of the standalone financial statements

Particulars	March 31, 2018	March 31, 2017
Date of option granted	-	1-Apr-16
Stock Price Now (in Rupees)	-	344.05
Exercise Price (X) (in Rupees)	-	2.00
Expected Volatility (Standard Dev - Annual)	-	36.82%
Life of the options granted (Vesting and exercise period) in years	-	3.00-6.00
Expected Dividend	-	0.51%
Average Risk- Free Interest Rate	-	7.49%-7.91%
Weighted average fair value of options granted	-	332.46 - 337.24

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.

27.2 Employees Phantom Stock Plans (PSP Plans)

The Company had instituted PSP Plans, which were approved by the Board of Directors. The PSP Plans provide for issue of units to eligible employees of the Compay. Under the Plans, eligible employees receive cash equivalent to fair market value of units upon completion of vesting conditions, as administered by the Nomination and Remuneration Committee including rendering of services across vesting period. Vesting period ranges from 1 to 4 years.

Accordingly Rs. 720.49 lakhs (previous year: Rs. 380.42 lakhs) has been accrued as an 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, 2018		March 31, 2017	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	143,052	6.00	-	-
Granted during the Year	115,189	5.38	143,052	6.00
Forfeited during the year	-	-	-	-
Exercised during the year	(35,763)	6.00	-	-
Outstanding at the end of the year	222,478	5.68	143,052	6.00

For the period, the weighted average share price at the exercise date was Rs. 765.90 (previous year: Rs. Nil)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 1.00 years (March 31, 2017: 1.59 years).

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, 2018	March 31, 2018	March 31, 2017
Date of option granted	1-Apr-17	1-Apr-17	8-Aug-16
Stock price now (in rupees)	565.55	734.62	551.60
Exercise price (X) (in rupees)	2.00	6.00	6.00
Expected volatility (standard dev - annual)	36.82%	36.82%	49.00%
Life of the options granted (vesting and exercise period) in years	3.00-5.00	3.00-5.00	3.00-5.65
Expected dividend	0.31%	0.24%	0.32%
Average risk- free interest rate	6.68%-6.88%	6.68%-6.88%	7.05%-7.32%
Weighted average fair value of options granted	555.44 - 558.68	721.65 - 724.48	537.84 - 541.52

Notes forming part of the standalone financial statements

The Company measures the cost of ESOP 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, 2018	Year ended March 31, 2017
Net Profit as reported (Rs. in lakhs)	12,304.50	15,399.75
Add: Employee stock compensation under intrinsic value method (Rs. in lakhs)	966.73	812.58
Less: Employee stock compensation under fair value method (Rs. in lakhs)	(1,552.63)	(1,471.05)
Performa profit (Rs. in lakhs)	11,718.60	14,741.28
Earnings Per Share (Rupees)		
Basic		
- As reported	4.59	5.76
- Performa	4.37	5.52
Diluted		
- As reported	4.57	5.71
- Performa	4.35	5.47

28. Leases

The Company has entered into operating lease arrangements for certian facilities and office premises. Rent expense of Rs. 378.22 lakhs (previous year Rs. 313.35 lakhs) in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss.

29. 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.

30. 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 (MLIC)

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

Key Management Personnel (KMP)	-	Mr. Mohit Talwar (Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	-	Max India Foundation
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Notes forming part of the standalone financial statements

30.1 Transactions with related parties during the year:

(Rs. in Lakhs)

Particulars	Subsidiary Max Life Insurance Company Limited	Key Management Personnel Mr. Mohit Talwar	Enterprises owned or significantly influenced by key management personnel or their relatives Max India Foundation	Employee Benefit Fund Max Financial Services Limited Employees' Provident Fund Trust	Total
Reimbursement of expenses (Received from)	19.95	-	-	-	19.95
	(19.88)	-	-	-	(19.88)
Income from shared services	979.23	-	-	-	979.23
	(892.90)	-	-	-	(892.90)
Reimbursement of expenses (Paid to)	4.79				4.79
	(0.54)	-	-	-	(0.54)
Services received - Insurance related	9.89	-	-	-	9.89
	(8.30)	-	-	-	(8.30)
Managerial remuneration	-	1,436.52	-	-	1,436.52
	-	(676.23)	-	-	(676.23)
Donation paid	-	-	77.00	-	77.00
	-	-	(55.00)	-	(55.00)
Company's contribution to Provident Fund Trust	-	-	-	91.86	91.86
	-	-	-	(84.05)	(84.05)
Dividend income	20,016.07	-	-	-	20,016.07
	(22,064.81)	-	-	-	(22,064.81)
Investments made	15,332.82	-	-	-	15,332.82
	(35,906.50)	-	-	-	(35,906.50)
30.2 Balance outstanding as at the year end:					
Loans and advances given	6.47				6.47
	(5.65)	-	-	-	(5.65)
Trade receivables	381.22				381.22
	(235.73)	-	-	-	(235.73)
Investment in equity share capital	192,065.07				192,065.07
	(176,732.25)	-	-	-	(176,732.25)

Figures in brackets represents previous year numbers

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

Notes forming part of the standalone financial statements

31. Disclosure of section 186 (4) of the Companies Act 2013
Particulars of Investments made:

(Rs. in Lakhs)

Name of the Investee	As at March 31, 2017	Investment made during the year	Investment redeemed / extinguished	As at March 31, 2018	Purpose
Investment in equity shares of					
Max Life Insurance Company Limited	176,732.25	15,332.82	-	192,065.07	Strategic investment
	(140,825.75)	(35,906.50)	(-)	(176,732.25)	

Figures in brackets represents previous year numbers

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

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

34. 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.

35. 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) under the Non Banking Finance Company (NBFC) rules as defined under the RBI Act, 1934.

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

Particulars	As at March 31, 2018			As at March 31, 2017		
	Foreign Currency (in lakhs)	Exchange Rate (Rupee)	Indian Rupee (in lakhs)	Foreign Currency (in lakhs)	Exchange Rate (Rupee)	Indian Rupee (in lakhs)
Trade payables (USD)	-	-	-	0.01	64.84	0.88
Trade payables (GBP)	1.52	92.28	140.27	1.41	80.88	114.04

37. Payment to auditor (excluding GST/Service tax) (included in legal and professional)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
To statutory auditor:		
For audit	18.00	18.00
For other services	3.00	5.00
Reimbursement of expenses	1.09	1.47
Total	**22.09**	**24.47**

Notes forming part of the standalone financial statements

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

(Rs. in Lakhs)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
(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.

39. 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 - 00017806
Place : New Delhi

Mohit Talwar
(Managing Director)
DIN - 02394694
Place : Gurugram

Sujatha Ratnam
(Chief Financial Officer)
Place : New Delhi

Sandeep Pathak
(Company Secretary)
M.No - FCS-5351
Place : New Delhi

Date : May 25, 2018