September 1, 2021

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 021

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

Scrip Code: 500271

Scrip Code: MFSL

Sub: Notice of the 33rd Annual General Meeting and Annual Report for the FY 2020-21

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 30, 34, 42 and 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our letter dated August 27, 2021 informing about the 33rd Annual General Meeting ("AGM") of the Company scheduled to be held on Thursday, September 23, 2021 at 11 A.M. (IST) through Video Conference ("VC")/Other Audio Visual Means ("OAVM") in compliance with circulars issued by the Ministry of Corporate Affairs and SEBI. In this regard, we wish to inform the following:

1. The Annual Report for the financial year 2020-21 and the notice of AGM are being sent through electronic mode to all the members of the Company whose email addresses are registered with the Company/Depository Participant(s). These documents are also available on the Company's website at www.maxfinancialservices.com.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 17, 2021 to Thursday, September 23, 2021 (both days inclusive).

3. The Company is providing the facility to vote by electronic means (remote e-voting as well as e-voting at the AGM) on all the resolutions set out in the AGM notice to the members, who are holding shares on the cut-off date i.e. Thursday, September 16, 2021. The remote e-voting will commence from Sunday September 19, 2021, at 0900 hrs. and shall end on Wednesday September 22, 2021at 1700 hrs.

4. The Annual Report for the financial year 2020-21 and the Notice of AGM are enclosed herewith.

You are requested to take note of the above.

Thanking you,

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

V KRISHNAN Digitally signed by V KRISHNAN Date: 2021.09.01 12:24:33 +05'30'

V. Krishnan
Company Secretary and Compliance Officer

Encl : as above

ANNUAL REPORT 2020-21

MAX | FINANCIAL SERVICES

Broadening Horizons

To know more about the Company log on to
www.maxfinancialservices.com

Scan the QR code for
additional information
about the Company

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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CORPORATE REVIEW

In this Section

Our Enterprise

Max Financial Services Limited (MFSL) is part of India's leading business conglomerate – the Max Group. Focused on Life Insurance, MFSL owns and actively manages an 81.83% majority stake in Max Life Insurance, India's largest non-bank, private life insurance company. MFSL recorded consolidate revenues of Rs. 31,288 Cr during FY21 and a Profit After Tax of Rs. 560 Cr.

The Company is listed on the NSE and BSE. Besides a 15% holding by Analjit Singh and sponsor family, some of the other shareholders include MSI, Ward ferry, New York Life, Baron, Vanguard, Jupiter, Blackrock, and the Asset Management Companies of Nippon, HDFC, ICICI Prudential, Motilal Oswal, Aditya Birla Sun Life, Mirae, DSP and Kotak.

Max Life is the sole operating subsidiary of Max Financial Services Limited. Max Life – a part of the $4-Bn Max group, an Indian multi business corporation – is India's largest non-bank private life insurer and the fourth largest private life insurance company.

In FY21, Max Life reported an Embedded Value (EV) of Rs. 11,834 crore, after allowing for the shareholder dividends led by 39% growth in value of new business. The Operating Return on EV (RoEV) over stood at 18.5%. The New Business Margin (NBM) for FY2021 was 25.2% (at actual costs), an increase of 360 bps and the Value of New Business (VNB) was Rs. 1,249 crore (at actual costs), an annual growth of 39%.

On April 6, 2021, Axis Bank Limited, India's third-largest private sector bank, together with its subsidiaries Axis Capital Limited and Axis Securities Limited (collectively referred to as "Axis Entities") became the co-promoters of Max Life. This was after completion of the acquisition of 12.99% stake collectively by the Axis Entities in Max Life.Under the deal, the Axis Entities have a right to acquire an additional stake of up to 7% in Max Life, in one or more tranches, subject to regulatory approvals. Max Life has 358 branch units across India as of March 31, 2021.

MAX INDIA LIMITED

New Max India Limited (MIL) was formed in June 2020 after Max India – the erstwhile arm of the $4-billion Max Group – merged its healthcare assets into Max Healthcare and demerged its senior care and other allied businesses in June 2020 into a new wholly owned subsidiary called Advaita Allied Health Services Limited.

Max India is now the holding company of Max Group's Senior Care business Antara, an integrated service provider for all senior care needs. It operates across two lines of businesses – Assisted Care services, including Care Homes, Care at Home and MedCare, and independent Residences for seniors.

Max India investor list includes: IFC, New York Life, Nomura, TVF, Rajasthan Global Securities, Equity Intelligence (Porinju Veliyath).

ANTARA

Antara is a wholly owned subsidiary of Max India. It is an integrated service provider for all senior care needs. It operates two main lines of businesses – Residence for Seniors and Assisted Care Services.

Antara's first residential community in Dehradun consists of around 180 apartments spread across 14 acres of land. In 2020, Antara launched a new senior living facility in Noida, Sector-150. With 340 apartments in its first phase of development, it will be ready for possession by 2025.

Antara's Assisted Care Services include 'Care Homes' and 'Care at Home' and MedCare products. They cater to seniors over the age of 55, who need more immersive interventions in their daily lives due to medical or age-related issues.

Our Enterprise

Incorporated in 2015, Max Ventures & Industries Limited (MaxVIL) operates across two core businesses of Real Estate and Specialty Packaging Films through its subsidiary companies – Max Estates Limited, Max Asset Services Limited, Max I. Limited and Max Speciality Films Limited. MaxVIL is listed on the NSE and BSE. Besides a 49.7% holding by Analjit Singh sponsor family, other key shareholders include New York Life Insurance and First State Investments.

Established in 2016, Max Estates is the real estate arm of the Max Group. It is a wholly owned subsidiary of MaxVIL. Its vision is to bring the Group's values of Excellence, Credibility and 'Sevabhav' to the Indian real estate sector. Max Estates is focused on developing and operating Grade A, build to lease office complexes. Through its WorkWell concept, Max Estates offers workplaces which provide a blend of community building, technology, and environment friendly features. Its commercial projects include Max Towers, on the edge of South Delhi that opened in 2019 and houses recent occupants such as YES Bank, Cyril Amarchand Mangaldas, DBS, among others, Max House, Okhla, a Grade-A office campus located in South Delhi. Its upcoming projects include Max Square, in Sector 129, Noida which has equity participation from New York Life Insurance .

Launched in 1988, Max Speciality Films, a subsidiary of MaxVIL, is an innovation leader in the Specialty Packaging Films business. It has a strategic partnership with Japan's Toppan Inc., a leading global printing company. Max Speciality Films is a top supplier of specialty packaging, labels, coating, and thermal lamination films for the Indian and overseas markets. For FY21, specialty films contributed 53% to total revenue. The new CPP line of capcity 7.2 KTPA has been ordered in FY22. MSF remains committed to its focus of creating value-added films and specialty products through research and innovation.

Max Asset Services Limited (MAS), a wholly owned subsidiary of MaxVIL, focuses on providing Real Estate as a service in the form of facility management, community development and managed offices. It aims to bring life into buildings by implementing the Max Estates' WorkWell philosophy through amenities and 'Pulse', which focuses on curating engaging events for office tenants.

Max I. Limited is MaxVIL's wholly owned subsidiary, which facilitates intellectual and financial capital to promising and proven early-stage organizations with focus on real estate synergistic to the real estate business of the Max Group. Its investment model is a hybrid of accelerators and venture funding, providing both mentoring and growth capital for the organizations it invests in.

Launched in 2008, Max India Foundation (MIF) represents the Max Group's social responsibility efforts. It is focused on the creation of opportunities by empowering children through education and sustainable livelihood skills. MIF's most recent initiative is Social Emotional Ethical (SEE) Learning – a K-to-12 education program to provide high quality, easy-to-use curricula and a comprehensive framework for educators and students for their holistic development. In the past, the Foundation's work focused on healthcare for the underprivileged and benefitted more than 3.4 million people in over 800 locations since its inception.

Measures of Success

MFS Consolidated Revenues

₹31,288 CR

72%

MFS Consolidated Profit After Tax

₹560 CR

105%

Max Life Assets Under Management Crossed

₹90,000 CR

Up
32%
to Rs. 90,407 Cr

Max Life New Business Margin

25.2 %

Max Life Embedded Value

₹11,834 CR

Operating Return on Embedded Value (RoEV)

18.5 %

Max Life Shareholders' Profit After Tax

₹523 CR

Max Life Claims Paid Ratio

99.34 %

Max Life Value of New Business

₹**1,249** CR

39%

Max Life Gross Written Premium

₹**19,018** CR

18%

Max Life Total New Business Premium (individual and group)

₹**6,826** CR

22%

Max Life Total New Business Premium (individual APE terms)

₹**4,907** CR

19%

Max Life Renewal Premium Income (including group)

₹**12,192** CR

15%

Our Path

Our Vision

To be the most admired company for protecting and enhancing the financial future of its customers.

Our Mission

- Be the most preferred category choice for customers, policyholders, shareholders, and employees.
- Do what is right for our customers, and treat them fairly.
- Lead the market in quality and reputation.
- Be the go-to standard for partnerships and alliances with all distributors and partners.
- Maintain cutting - edge standards of governance.

Our Values

Sevabhav

We encourage a culture of service and helpfulness so that our actions positively impact society. Our commitment to Seva defines and differentiates us.

Credibility

We give you our word. And we stand by it. No matter what. A 'No' uttered with the deepest conviction is better than a 'Yes' merely uttered to please, or worse, to avoid trouble. Our words are matched by our actions and behavior.

Excellence

We gather the experts and the expertise to deliver the best solutions for life's many moments of truth. We never settle for good enough.

Board of Directors

Mr. Analjit Singh
Founder & Chairman, Max Group

Mr. Analjit Singh is the Founder & Chairman of The Max Group, a $4-bn Indian multi-business enterprise, with interests in life insurance (Max Life), real estate (Max Estates), senior living (Antara). The Max Group is renowned for its successful joint ventures with some pre-eminent firms including Mitsui Sumitomo & Toppan, Japan; New York Life Insurance Company; Bupa Plc, Life Healthcare, SA; DSM, Netherlands, Hutchison Whampoa; Motorola, Lockheed Martin, and others.

Amongst privately held family businesses, Mr. Analjit Singh is the founder of Leeu Collection, a group of leisure boutique hotels in Franschhoek, South Africa; The Lake District, UK; and soon to be opened in Florence, Italy. The Leeu Collection also includes a significant presence in wine and viticulture through Mullineux Leeu Family Wines in SA.

He was awarded the Padma Bhushan, India's second highest civilian honour, by the President of India in 2011. An alumnus of The Doon School and Shri Ram College of Commerce, University of Delhi, Mr. Analjit Singh holds an MBA from the Graduate School of Management, Boston University. He has been conferred with an honorary doctorate by Amity University.

He is also a Director on the Board of Sofina NV/SA, Belgium. Till August 2018, he was the non-executive Chairman of Vodafone India.

He is a member of the Founder Executive Board of the Indian School of Business (ISB), India's top ranked B-School and has served as Chairman of the Board of Governors of The Indian Institute of Technology and The Doon School.

He has served on the Prime Minister's Indo US CEO and Indo UK CEO Council and till recently served as the Honorary Consul General of the Republic of San Marino in India.

He has been felicitated by Senator Hillary Clinton, former US Secretary of State, on behalf of the Indian American Centre for Political Awareness for his outstanding achievement in presenting the international community with an understanding of a modern and vibrant India and for creating several successful joint ventures with leading American companies and promoting business ties with the USA.

He has been honoured with the Ernst and Young Entrepreneur of the Year Award (Service Category) and the Golden Peacock Award for Leadership and Service Excellence. In 2014 he was awarded with Spain's second highest civilian honour, the Knight Commander of the Order of Queen Isabella, and the Distinguished Alumni Award from Boston University.

Ms. Naina Lal Kidwai
Independent Director

Ms. Naina Lal Kidwai is Chairman Advent India Advisory board; a Non-Executive Director on the boards of Lafarge Holcim, CIPLA, Nayara Energy and Past President of FICCI (Federation of Indian Chambers of Commerce & Industry). She retired on December 2015 as Executive Director on the board of HSBC Asia Pacific and Chairman HSBC India and in April 2018 from the global board of Nestle.

An MBA from Harvard Business School, she is the recipient of several awards and honours including the Padma Shri for her contribution to Trade and industry. She is engaged with institutions in environment, water and sanitation and has authored 3 books including the bestsellers "30 women in Power: Their Voices, Their Stories" and "Survive Or Sink: An Action Agenda for Sanitation, Water, Pollution, and Green Finance".

She chairs the India Financial Services Working Group of the BRICs Business Council and is a member of the INDO - ASEAN Business Council, the Investment Advisory Committee of the Army Group Insurance Fund, the Harvard Business School South Asia Advisory Board and the Standard Chartered International Advisory Council.

She has been a member of the Government of India's Industry Task Force, the Prime Minister's Trade and Industry Council, the National Manufacturing Council, the National Trade Council, the Working Group on Banking, Financial Sector Legislative Reforms Commission, and the National Institute of Bank Management.

Mr. Aman Mehta
Independent Director

Mr. Aman Mehta retired as CEO of HSBC Asia Pacific in Jan 2004, after a global career of 35 years, and returned to India on permanent resettlement. He serves as an Independent, Non-Executive Director on the boards of numerous public companies and institutions in India as well as overseas.

Mr. D.K. Mittal
Independent Director

Mr. D. K. Mittal is a former Indian Administrative Service (IAS) officer from the batch of 1977 and has served the Government of India in various capacities, including Secretary, Department of Financial Services, Secretary, Ministry of Corporate Affairs and Additional Secretary, Department of Commerce.

Mr. Mittal has hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance. He holds a Master's degree in physics with specialization in Electronics from the University of Allahabad, India.

Mr. Jai Arya is a member of the Board of the UK based research consultancy, the Official Monetary and Financial Institutions Forum (OMFIF). He is also Adviser to the Dean, NUS Business School, Singapore, as well as their Head of Executive Education. In addition, Mr. Arya has also been a Senior Adviser for Asian banking to a global consultancy firm and has also consulted on a project basis for the Asian Development Bank.

Prior to this, Mr. Arya worked for Bank of New York Mellon for 27 years and Bank of America for 10 years, in various Asian locations. Before leaving BNY Mellon in April 2014, Mr. Arya was an EVP and global head of their business with sovereign institutions, as well as a member of the bank's Global Operating Committee as well as Asia Executive Committee. Earlier roles included head of Asia client relationships and Asian country offices.

Mr. Arya received an MBA from the Faculty of Management Studies, Delhi University, and a BA (Honours) in Economics from St. Stephen's College, Delhi University.

Mr. Jai Arya
Independent Director

Sir Charles Richard Vernon Stagg
Independent Director

Sir Charles Richard Vernon Stagg has been Chairman of Rothschild and Co, India since 2015. He is a Director of the JP Morgan Asian Investment Trust and a Trustee of the School of Oriental and African Studies in London.

Before joining Rothschild, Sir Richard was a career officer in the UK Foreign Service from 1977-2015. His last two postings were as High Commissioner in Delhi and British Ambassador in Kabul. From 2003-2007, he was Chief Operating Officer, responsible for the Foreign Office's global network of Embassies and Consulates. And from 2007-2017, in addition to his diplomatic responsibilities, Sir Richard was Chairman of FCO Services – a PSU providing secure services to the UK and foreign governments.

Sir Richard has an MA in History from Oxford University.

Mr. Hideaki Nomura held the position of a Director of Max Life Insurance Co. Ltd. with effect from June 27, 2012, until December 8, 2020. He is also a Director of BOCOM MSIG Life in China, a Commissioner of Sinarmas MSIG Life in Indonesia, a General Manager of Asian Life Insurance Business Dept. of Mitsui Sumitomo Insurance Co., Ltd. in Japan and a General Manager of International Life Insurance Business Dept. of MS&AD Insurance Group Holdings, Inc. He has 35 years of experience in financial industries including insurance, banking, and investment banking.

In his tenure with Mitsui Sumitomo Insurance., Ltd. ("MSI") for 23 years, he steered and supervised Asian life insurance affiliates' business as a shareholder. He also took a strategic role in helping the Company expand into Asian local insurance businesses by analyzing, structuring and valuating M&A transactions, such as BOCOM MSIG Life in China, Sinarmas Life in Indonesia, Hong Leong Assurance in Malaysia, Hong Leong Takaful in Malaysia, Mingtai Insurance in Taiwan, etc.

Mr. Hideaki Nomura
Non-Executive Director

He was also in charge of establishing new businesses, such as Unit-Linked Annuity Joint Venture with Citigroup, defined contribution business and mutual fund business.

Prior to joining MSI, He spent 12 years in Nippon Credit Bank (currently Aozora Bank) and its investment banking subsidiary in London, where his roles were bond trading, fixed income market analysis, financial derivatives sales, credit analysis and providing loans to corporations.

He holds an MBA from Graduate School of International Corporate Strategy, Hitotsubashi University, Tokyo, completed his exchange program from Anderson Business School at University of California, Los Angeles and has a BA in Economics from Keio University, Tokyo.

He is a Chartered Member of the Securities Analysts Association of Japan and a Certified Financial Planner granted by Japan Association for Financial Planners.

Mr. Mitsuru Yasuda

Non-Executive Director

Mr. Mitsuru Yasuda has been appointed as a Director of Max Life Insurance Co. Ltd. effective from July 24, 2020. He is also a Deputy General Manager of Asian Life Insurance Business Dept. of Mitsui Sumitomo Insurance Co. Ltd. ("MSI"). He has more than 20 years of experience in life insurance business, M&A advisory business and audit business. He holds a Japanese CPA license.

He joined MSI in 2015 and took on a supervisory role in Sinarmas MSIG Life, MSI's life insurance subsidiary in Indonesia until he got appointed as a Director of Max Life Insurance Co. Ltd.

His responsibility in Sinarmas MSIG Life included sales channel & product portfolio management, budget & profit management, risk management and so forth.

Prior to joining MSI, Mr. Yasuda spent 12 years with Deloitte in its M&A service function in both Tokyo and New York. During the tenure, he provided accounting and tax advice as well as valuation supports to his clients including both life and non-life insurance companies. He also spent 4 years with E&Y Tokyo in its audit function before joining Deloitte.

Mr. K. Narasimha Murthy

Independent Director

Mr. K Narasimha Murthy having a brilliant Academic record, getting ranks in both CA & ICWA courses, entered the profession of Cost & Management Accountancy in 1983. Presently, he is on the Boards of National Stock Exchange (NSE), NELCO (A TATA Enterprise), Max Life Insurance Company Ltd., Max Healthcare Institute Ltd., Max Specialty Films Ltd., Max Financial Services Ltd., and Shivalik Small Finance Bank Ltd., Earlier he was associated as a Director on the Boards of Oil and Natural Gas Corporation Ltd., (ONGC), IDBI Bank Ltd., LIC Housing Finance Ltd., UTI Bank Ltd., (presently AXIS Bank), Member Board of Supervision NABARD, Unit Trust of India (UTI), Infiniti Retail Limited (TATA Croma), IFCI Ltd., STCI Finance Ltd., (Formerly Securities Trading Corporation of India Ltd.,), AP State Finance Corporation, APIDC Ltd., etc., He was also associated as a Member / Chairman of more than 50 High Level Government Committees both at State & Central Level. He is associated with the Development of Cost & Management Information Systems for more than 175 Companies covering more than 50 Industries. He is also a Member on the Cost Accounting Standards Board of the Institute of Cost Accountants of India

Mr. Sahil Vachani

Non-Executive Director

Mr. Sahil Vachani is the CEO & Managing Director of Max Ventures and Industries Limited, one of the three listed companies of the $4-bn billion Indian conglomerate – the Max Group. He also serves as a Director on the Boards of Max Financial Services Limited and its subsidiary Max Life Insurance as a representative of the Owner Sponsor Group led by Mr. Analjit Singh.

Mr. Vachani joined the Max Group in 2016 with a focus on creating a powerful Real Estate brand – Max Estates Limited and steering MaxVIL's other businesses towards growth. Since assuming his role at MaxVIL, he has successfully completed key transactions which will have an enduring impact on the Company's growth journey over the next few years. Max Estates today is among the top few Commercial Real Estate developers in the NCR region with marquee developments such as Max Towers and Max House. The company has received many accolades under Mr.Vachani's leadership notable amongst those being – Developer of the Year.

Mr. Vachani has also facilitated intellectual and financial capital to promising and proven early-stage organizations across identified sunrise sectors led investments through, Max I.

Mr. Vachani started his career as an investment banker with Citigroup in London, where he worked on Mergers and Acquisitions across the Middle East and Africa region. In 2004, he joined Dixon Technologies, a consumer appliance manufacturing firm as Business Head and set up new verticals across multiple locations. He was also involved in the launch of new products, setting up of new manufacturing facilities and establishing relationships with leading brands as customers.

He then progressed as the Co-founder and Managing Director of Dixon Appliances Pvt. Ltd., where he was responsible for the business from inception including designing of products, building the team, setting up the manufacturing facility, operations and building relationships with leading brands in India such as Panasonic, Godrej, LG, among others. He holds a Bachelor's degree in Management Sciences from the University of Warwick, U.K. and an Executive Management Program on Disruptive Innovation from the Harvard Business School.

Mr. Mohit Talwar
Managing Director

Mr. Mohit Talwar is the Managing Director of Max Financial Services Limited (MFSL), the listed parent company of Max Life and a member on the Board of Max Life. He is also the Non-Executive Director of Max India.

Mr. Talwar stepped down from his role as Vice-Chairman, Max Group and Managing Director, Max India – the Group's holding company for its senior care business – effective January 15th, 2021. He also stepped off the Boards of Max Ventures & Industries and Antara.

During his tenure, Mr. Talwar has led multiple fronts such as effective alignment with Max Group's valued joint venture partners; progressing new business opportunities organically and inorganically; optimizing capital management & treasury and managing investors. He was instrumental in structuring the Axis transaction which led to significant value creation for all shareholders. Under his aegis, MFSL's market cap increased 4x over the last 5 years.

In his earlier role as the Deputy Managing Director of the erstwhile consolidated Max India Limited, he successfully leveraged his strong relationships with institutional investors, hedge funds, banks, and private equity firms, and led several complex corporate finance and financial structuring deals to ensure adequate investment and liquidity for the Group's operations.

He has played a central role in executing key transactions including the setting up of Max Bupa Health Insurance, bringing on board MS&AD Insurance Group Holdings as the new JV partner for Max Life and Life Healthcare's entry as JV partner in Max Healthcare, and later the equalization of its stake in the business, and completing the mega restructuring of the erstwhile Max India into three new listed companies, which received a significantly positive reaction from capital markets.

A veteran in the Corporate Finance and Investment Banking industry, Mr.Talwar has a wealth of experience in Corporate Finance and Investment Banking, having spent 24 years in Wholesale Banking across global organizations such as Standard Chartered, ANZ Grindlays and Bank of Nova Scotia, prior to joining the Max Group.

Max Life
Board of Directors

Mr. Analjit Singh
Chairman and Non-Executive Director

Mr. Prashant Tripathy
Managing Director & CEO

Mr. V. Viswanand
Deputy Managing Director

Mr. Girish Shrikrishna Paranjape
Non-Executive Independent Director

Mr. K. Narasimha Murthy
Non-Executive Independent Director

Ms. Marielle Theron
Non-Executive Director

Mr. Mitsuru Yasuda
Non-Executive Director

Mr. Mohit Talwar
Non-Executive Director

Mr. Pradeep Pant
Non-Executive Independent Director

Mr. Rajesh Kumar Dahiya
Non-Executive Director

Mr. Rajesh Khanna
Non-Executive Independent Director

Mr. Rajiv Anand
Non-Executive Director

Mr. Sahil Vachani
Non-Executive Director

Mr. Subrat Mohanty
Non-Executive Director

02

STRATEGIC REVIEW

In this Section

Chairman & MD's Letter

The conclusion of our joint venture with Axis Bank, the third largest bank in India, in April, this year, once again proved our mettle in forging long-standing partnerships and business responsibilities that pave the way for a tactical and strategic edge over our peers in a highly competitive sector.

Analjit Singh
Founder & Chairman

Max Life was ranked #1 in customer loyalty (based on the annual syndicated survey of policyholders by Kantar) and ranked 2nd in customer grievances incidence rate (Q3 public disclosures), with decade-low mis-selling count and incidence rate.

Mohit Talwar
Managing Director

Dear Shareholders,
Greetings !

Success is not an overnight achievement, but a culmination of well-considered and creative ideas executed in the face of adversities and tribulations with methodical dexterity to accomplish something incredible. The year gone by has been one-of-a-kind for us at Max Financials, replete with challenges arising from the Covid-19 pandemic but also accompanied with immense hope, possibilities, and perseverance.

The conclusion of our joint venture with Axis Bank, the third largest bank in India, in April, this year, once again proved our mettle in forging long-standing partnerships and business responsibilities that pave the way for a tactical and strategic edge over our peers in a highly competitive sector.

Taking the decade-long relationship forward, Axis Bank, along with its subsidiaries Axis Capital Limited and Axis Securities Limited, acquired a 12.99% stake in Max Life to become co-promoters at India's fourth largest private insurance firm. Axis entities can further increase their stake by acquiring another 7% in the times to come.

The idea behind the partnership – solidifying our collaboration with Axis Bank, providing long-term saving and protection products to nearly two million customers, permanently addressing the uncertainty around Max Life's distribution, and consolidating our position among the peers – was simple yet pivoted on our strong fundamentals of "sevabhav", credibility and excellence.

Bringing a partner of as high a pedigree as Axis Bank on board during such uncertain times was one of the standout achievements last year. The team at Max Financials and Max Life, guided by the senior leadership, worked tirelessly over the years to carefully prune the intricacies of the joint venture to unlock the vast potential, evident from the valuation re-rating of Max Financial by almost 2.5x and generation of a total premium to the tune of over Rs. 40,000 crore from this relationship since inception.

The Axis Bank joint venture is an extension of Max Group's rich tradition and dynamic history of collaborating with some of the finest and most renowned names in the industry – both international and domestic. Our focus on building trust and treating our partners as equal counterparts is what makes us one of the most preferred business houses to collaborate with.

Whether it was our strategic partnership with our founder joint partners New York Life (NYL), America's largest mutual and most-admired life insurer, at the turn of the millennium to develop an expertise in critical functions such as underwriting, creation of a gold standard agency distribution network, etc., or that with Japanese conglomerate such as Mitsui Sumitomo, we take pride in our ability to cultivate relations that transcend the conventional metrics of profit and economics and to that extent renewed our partnership on bancassurance front for another 5 years with YES Bank.

Our belief in our abilities to keep a razor-sharp focus on deliverables amid strenuous circumstances is in line with our stellar corporate performance last year.

In FY21, Max Financials reported consolidated revenues of

> **Taking the decade-long relationship forward, Axis Bank, along with its subsidiaries Axis Capital Limited and Axis Securities Limited, acquired a 12.99% stake in Max Life to become co-promoters at India's fourth largest private insurance firm.**

Chairman & MD's Letter

Rs. 31,288 crore, 72% higher than the previous year, rallying on market-to-market gains on our debt and equity portfolios. The company's reported consolidated Profit after Tax (PAT) surged a strong 105% compared with the previous year to Rs. 560 crore.

The numbers – bucking the overall trend of immense strain on financials due to the ongoing COVID-19 pandemic – showcase an increase in customer confidence, trust, and dependability.

During the financial year, total new business premium (individual and group) of Max Life, the flagship arm of Max Financials, rose 22% to Rs. 6,826 crore, contributing to a growth of 18% in the company's gross written premium of Rs. 19,018 crore. Max Life has outperformed the industry growth on New Sales (individual) by growing 19% as against the private insurers growth of 8%, thereby taking our private market share to a decade high of 10.8%.

In the year under review, Max Life reported an Embedded Value (EV) of Rs. 11,834 crore, with an Operating Return on EV (RoEV) of 18.5%.

The Value of New Business (VNB) was Rs. 1,249 crore (at actual costs), a stupendous growth of 39% in the most challenging environment with the new business margins at an all-time high of 25.2%. Led by higher sales and margin expansion, the growth in VNB indicates how the team at Max Life turned the COVID-19 pandemic into an opportunity to not only ramp up its functioning but also serve its customers

"With total assets under management (AUM) of Rs. 90,407 crore in FY21, a rise of 32% over the previous year, Max Life has been steadfast in deepening its asset portfolios and diversifying its mix to manage a diverse range of funds."

with utmost conviction during such calamitous times.

The team also ensured all claims were settled on time with minimal delays resulting in a claims paid ratio of 99.35%, a feat we would endeavor to better in the coming year.

With totals assets under management (AUM) of Rs. 90,407 crore in FY21, a rise of 32% over the previous year, Max Life has been steadfast in deepening its asset portfolios and diversifying its mix to manage a diverse range of funds. The over thirtyfold spurt in AUM reflects that Max life continues to be a favorite pick among customers and investors alike.

The efforts to deliver superior outcomes were reinforced with a quick transition towards digitization – a move that was in the offing but accelerated by COVID-19. The need to shift to digital tools and our preparedness to undertake the transition was critical, which catalyzed our growth and bolstered the revenues over the last year. We believe the optimum utilization of digital areas such as artificial intelligence, machine learning, chat bot integration, etc. is the future, and the pace and nature of transition to such tools will differentiate winners from the rest.

Strong roots and investments in digital assets enabled transition to fully digital sales, recruitment, training, and governance in the four weeks during the lockdown. Agility in technology enabled faster new product launches (14 new/modified products & riders launched in 12 months) sales momentum & margin improvement. Based on our understanding, we believe Max Life has the highest market share among life insurers on e-commerce direct online and web aggregator marketplace for protection products segment.

With customer-centricity at the core, Max Life's 'Close to Customer' program ensured proactive communication to reassure customers and enable digital modes of servicing. In addition to establishing a digital sales ecosystem, with a focus on 'Protection for All', it invested in product innovations to capture emerging opportunities by creating a balanced product mix of traditional savings-cum-protection plans, unit-linked plans, and pure-protection products.

This led to the highest ever Individual Sum Assured sold at 2.2L Cr, growing at a strong 22% and outperforming the private players growth of 6%. The market share based on this vector touched 15.6% and Max Life improved its rank to 3rd in the industry based on this metric.

Max Life was ranked #1 in customer loyalty (based on the annual syndicated survey of policyholders by Kantar) and ranked 2nd in customer grievances incidence rate (Q3 public disclosures), with decade-low mis-selling count and incidence rate.

We, at Max Financials and Max Life, practice what we preach and all aspects of WorkWell philosophy– physical, emotional, and spiritual well-being – are integral to our work ecosystem for the development of our employees. Consequently, Max Life scored tremendously – 18th position – in the 'Great Places to Work For in India' rankings for 2021.

For the first time, it was among the 'Top 20 Companies to Work for in India' and the 5th consecutive year of being ranked amongst the top 50 workplaces. Max Life Insurance also ranked 55th Amongst '2021 Best Workplaces in Asia' by Great Place to Work, only Indian life insurer in the region to feature on the coveted list. It is a matter of pride to see Max Life consistently improving its rank in India in the last decade and break to Asian list for the first time this year.

In FY22, Max Financials' and Max Life's management actions will be focused on preserving profitability, while navigating changing consumer preferences and a conservative phase of economic revival in the country. We are extremely positive of maintaining our top quartile position in the sector and are looking forward to an exciting phase of our journey, enhanced by the coming in of our new co-promoters Axis Bank.

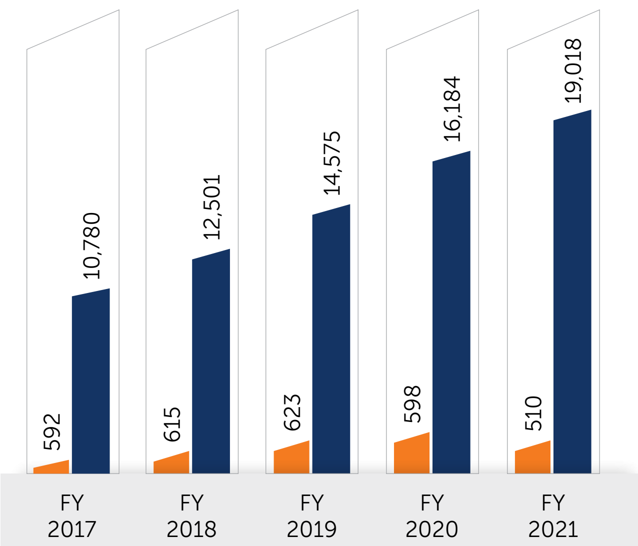
With all good wishes and gratitude for your support and confidence.

Analjit Singh
Founder & Chairman

Mohit Talwar
Managing Director

Business Review

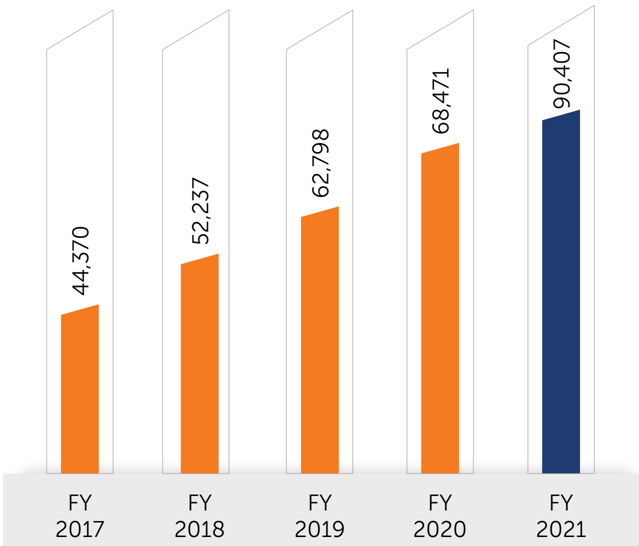
Shareholder Pre Tax Profit and Gross Written Premium



Strong premium growth continued; Shareholder Profits impacted by investments in Non-Par business and proprietary channels

Shareholder Pre Tax Profit (₹ Cr.) Gross Written Premium (₹ Cr.)

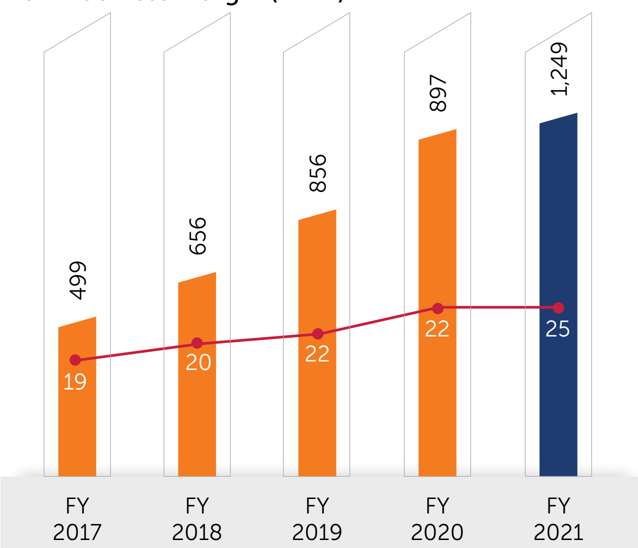
Assets Under Management



AUM crossed Rs. 90,000 Cr. mark in March 2021, depsite the market volatity caused by COVID-19 pandemic in the last year

Assets Under Management (₹ Cr.)

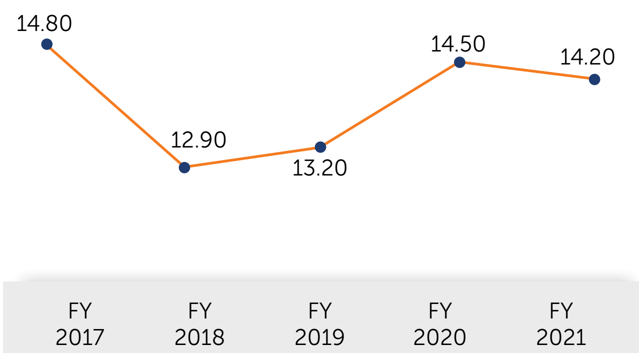
Value of New Business (VNB) and New Business Margin (NBM)



Higher Protection products sales and increase in NonParticipating business led to growth in VNB and NBM

Value of New Business (VNB) (₹ Cr.) New Business Margin (NBM) %

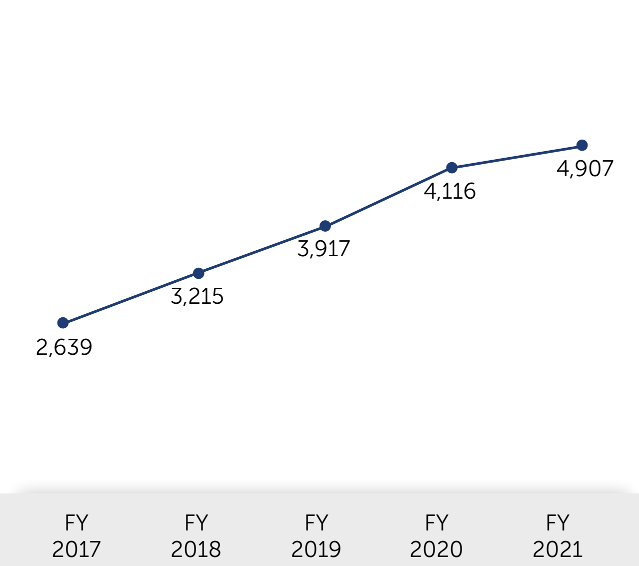
Operating Expenditure Ratio (Opex/Gross Premium)



Sustained improvement in Opex ratio backed by structural cost optimization initiatives

Operating Expenditure Ratio (Opex/Gross Premium)

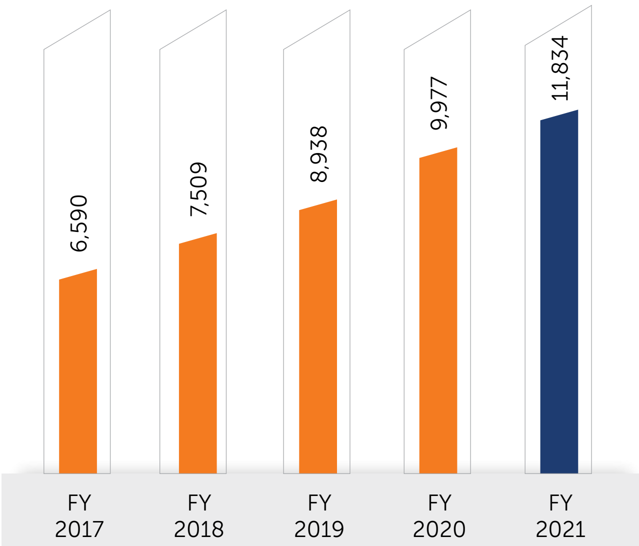
Individual Adjusted First Year Premium



Stable growth in New Business Premium backed by robust performance across channels

Individual Adjusted Premium Equivalent (₹ Cr.)

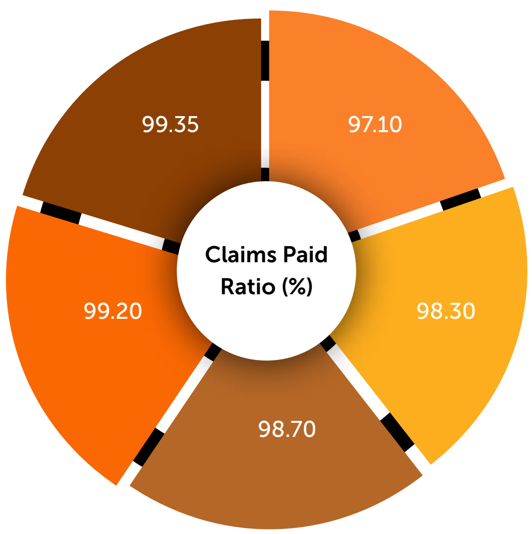
Embedded Value (EV)



Robust growth in Embedded Value

Embedded Value (EV) (₹ Cr.)

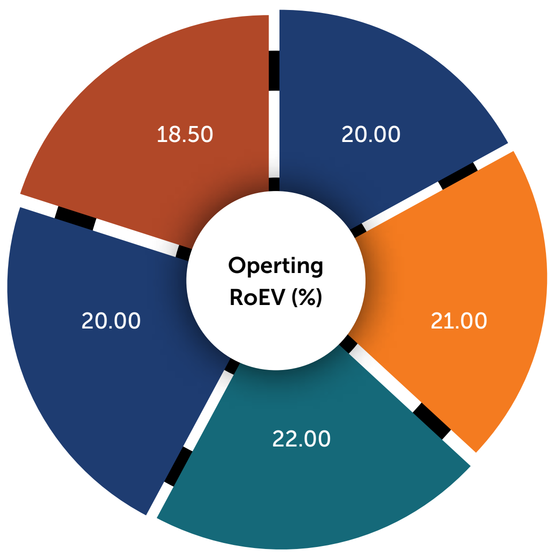
Claims Paid Ratio



Max Life continued to lead in the Claims Paid Ratio in life insurance industry

2017 2018 2019 2020 2021

Operting RoEV



RoEV continues to be in a healthy range

2017 2018 2019 2020 2021

03

MANAGEMENT DISCUSSION & ANALYSIS

In this Section

Management Discussion & Analysis

Mr. Mohit Talwar
Managing Director

In its constant endeavor to continue with its digitization agenda, build artificial intelligence (AI) in all digital assets and reduce back-office costs, Max Life launched various digital assets across the entire value chain and embedded intelligence to drive efficiency.

Max Financial Services Limited (MFSL or the Company), a part of the $4-Bn Max Group, is the holding company for Max Life Insurance Company Limited (Max Life). It owns and actively manages an 81.83% majority stake in Max Life – India's largest non-bank owned, private life insurance company.

Corporate Developments

On April 6, 2021, Axis Bank Limited, India's third-largest private sector bank, together with its subsidiaries Axis Capital Limited and Axis Securities Limited (collectively referred to as "Axis Entities") became the co-promoters of Max Life. This was after completion of the acquisition of a 12.99% stake collectively by the Axis Entities in Max Life – India's fourth-largest private life insurance firm.

The transaction was completed after the Insurance Regulatory and Development Authority of India (IRDAI) gave its formal approval in February this year MFSL, Max Life's holding company, and Axis Bank had first announced their intent to bring in the latter as a strategic partner into Max Life in February 2020.

Under the deal, the Axis Entities have a right to acquire an additional stake of up to 7% in Max Life, in one or more tranches, subject to regulatory approvals.

This development will result in a mutually beneficial and enduring relationship between Axis Bank and Max Life. It further solidifies Max Life's decade-long relationship with Axis Bank, providing long-term saving and protection products to over 19 lakh customers. This relationship will permanently address uncertainty around Max Life's distribution and improve its position amongst its peers. The total premium generated through

In FY21, MFSL reported consolidated revenues of Rs. 31,288 crore, 72% higher compared to the previous year, due to mark-to-market gain on debt and equity portfolio. Excluding investment gains, consolidated revenues have grown by 18%. The Gross Premiums at Rs. 19,018 crore, grew at 18% compared to the previous year.

Management Discussion & Analysis

this relationship has aggregated to over Rs. 40,000 crore.

During the financial year, the company transferred 39,47,75,831 equity shares constituting 20.57% of the paid-up equity share capital of Max Life held by MSI to MFSL in exchange for issuance of 7,54,58,088 Equity shares of MFSL, constituting 21.87% of issued and paid-up share capital of MFSL.

On October 28, 2020, Mr. Mohit Talwar, approaching his retirement age, stepped down from his role as Vice-Chairman, Max Group and Managing Director, Max India – the Group's holding company for its senior care business – effective January 15, 2021. He stepped off the Boards of Max Ventures & Industries and Antara during the first quarter of calendar year 2021.

Mr. Talwar continues as the Managing Director of MFSL for another year to provide continuity to the key initiatives that are currently underway.

Consumer receptiveness is driving digital adoption in the industry by demonstrating their comfort in engaging through online channels. The supply-side transformation in the industry will continue to be driven by the digitalization of services along with expected investments from an increased Foreign Direct Investment (FDI) limit to 74% and potential demand owing to low insurance penetration. The Indian Life Insurance industry will thus need to accelerate its structural transformation further to be in tune with this evolving megatrend.

Business Performance

Despite lockdowns and the COVID-19 pandemic negatively impacting the operations of Max Life, MFSL's sole operating subsidiary bucked the trend to raise its market share among private players to 10.8% from 9.7% in the previous year. It maintained its fourth position while recording a gain of 107 bps.

Max Life registered a post-tax shareholders profit of INR 523 crore in FY21 as compared to Rs. 539 crore in the previous financial year, a marginal decline of ~6%. It paid an interim dividend of Rs. 200 crore to the shareholders, which takes the total dividend distribution to 10.40% of the face value of each share.

In FY21, MFSL reported consolidated revenues of Rs. 31,288 crore, 72% higher compared to the previous year, due to mark-to-market gain on debt and equity portfolio. Excluding investment gains, consolidated revenues have grown by 18%. The Gross Premiums at Rs. 19,018 crore, grew at 18% compared to the previous year. The Company reported consolidated Profit after Tax of Rs. 560 crore, a jump of 105% compared to the previous year. The steep surge in the Consolidated Profit after Tax was aided by reversal of provision for impairment on financial assets, lower tax expense and a partial offset by new business strain due to shift in product mix towards Non-Par business.

During the financial year, total new business premium (individual and group) of Max Life increased 22% to INR 6,826 crore. In terms of individual adjusted premium equivalent, it recorded a 19% growth to INR 4,907 crore. Further, the renewal premium income (including group) grew 15% to INR 12,192 crore, taking gross written premium to INR 19,018 crore, an increase of 18% over the previous financial year.

The operating expenses (policyholders) to net premium ratio marginally improved from 14.5% in FY20 to 14.2% in FY21 due to effective cost management efforts and higher business growth.

Max Life reported an Embedded Value of Rs. 11,834 crore, after allowing for the interim shareholder dividend payment of Rs. 200 crore and the final proposed shareholder dividend payment of Rs. 176 crore, to be accounted post March 31, 2021 The Operating Return on EV (RoEV) over FY2021 stood at 18.5%; including non-operating variances and adding the dividends, the RoEV came to 22.4%.

The New Business Margin (NBM) for FY2021 was 25.2% (at actual costs), an increase in 360 bps and the Value of New Business (VNB) was Rs. 1,249 crore (at actual costs), an annual growth of 39%. The higher growth in VNB was primarily on account of the relatively higher sales compared to last year, in addition to the higher margins driven by an increase in the non-par sales.

Max Life's assets under management (AUM) was INR 90,407 crore as on March 31, 2021 – a rise of 32% over the previous year.

COVID-19 Pandemic Coping Strategy

In its constant endeavor to continue with its digitization agenda, build artificial intelligence (AI) in all digital assets and reduce back-office costs, Max Life launched various digital assets across the entire value chain and embedded intelligence to drive efficiency. This led to increasing digital adoption, including Chatbot integration, digitized selling mechanisms, enabling faster product launches, industry best page load time for buying journey (4 seconds) and fully digital sales journey during COVID-19 time.

Max Life continued to be amongst the leaders in online term plans, recording a strong growth on an ever-increasing base. Through its search engine optimization expertise, it achieved leadership in top 50 keywords in searches across 'life'. It also achieved leadership position in term plans purchased through life insurers' websites, leading web aggregators and digital brokers in India.

The claims paid ratio of Max Life was at a respectable 99.35% in FY21. The company is putting continuous efforts to increase the ratio even further.

During the pandemic, brand Max Life achieved the highest ever Brand Consideration Score of 63 in March 2021, an increase of 16 points over March 2020 score of 47.

Human Resources

Owing to the nationwide lockdown by the Indian government, MFSL shifted the complete working ecosystem to the digital mode, including onboarding, engagement, celebrations, performance management, and exit management.

The cycle of goal setting, mid-year reviews, year-end feedback, and performance appraisal happened digitally – a critical process to drive the performance-based culture in the organization. MFSL and Max Life recognized team members who went above & beyond to deliver value to the organization during the pandemic.

To continue with the firm's culture of celebration and joy, MFSL celebrated Founder's Day on January 15, 2021, digitally. Further, a COVID-19 crack team was created to support our team members during the pandemic. The team touched the lives of people & their families by being present in their most difficult times.

Owing to such policy initiatives, Max Life moved up 6 notches in the 'Great Places to Work' rankings to 18 rank in 2021 from 24 in 2020 and among top 25 best workplaces for second year in a row. For the first time, recognized amongst Top 100 Great Places to Work in Asia and ranked #55 –only Insurance company from India. It also maintained its high employee engagement survey score of 96% (top 2 box score rating), being among the best in its class.

Outlook

Max Financials sole subsidiary Max Life has a three-year strategy which periodically reviews. During FY21, the management team undertook an in-depth exercise to identify its strategic priorities for the period FY22-24. These were identified keeping in view the socio-economic changes in India, competition analysis, insights from key stakeholders (including the customers and distributors), regulatory agenda, digitization transformation and the strengths of Max Life.

As a part of a three-year business plan for FY22-24, Max Life has continued with the five strategic pillars, which were identified and created in the previous financial year to achieve consistent and profitable growth.

In such emotionally distressing times, MFSL and Max Life are committed to ensure financial protection of the larger community by leading with agility and transitioning the business processes onto digital channels to promptly provide life insurance solutions and service to the customers.

Consumer receptiveness is driving digital adoption in the industry by demonstrating their comfort in engaging through online channels. The supply-side transformation in the industry will continue to be driven by the digitalization of services along with expected investments from an increased Foreign Direct Investment (FDI) limit to 74% and potential demand owing to low insurance penetration. The Indian Life Insurance industry will thus need to accelerate its structural transformation further to be in tune with this evolving megatrend.

CEO Letter to Shareholders

Mr. Prashant Tripathy
Managing Directors & CEO

Dear Shareholders,

The year under review posed unfathomable hardships to mankind. It brought the core foundation of insurance industry, to protect people against risks and uncertainties and honour the trust placed by our customers, at the forefront. Never before has our purpose been more relevant and acute.

The Covid-19 outbreak affected the global economy as well as trade channels. Amidst crisis, businesses continued to reassess strategies to weather the storm. The Indian insurance sector also suffered the brunt of such rising uncertainties. In the wake of the 'new normal', key players are hedging their bets, digitizing operations and harmonizing business models to provide seamless solutions to customers.

My heartfelt gratitude goes to all of our Max Life colleagues who responded to the situation with care and unrelenting commitment as we continued to provide uninterrupted support to our customers. Our stellar performance in the year was a testament to this dedication. We came out of FY21 as a stronger, more resilient company.

To remain relevant in changing times, we deployed state-of-the-art technology, launched several digital assets, and incorporated intelligent solutions across our operations. With digital integrations on AI and Cloud, faster product launches, efficient selling procedures, and extending seamless operations on digital platforms, Max Life Insurance has outperformed its competitors during the pandemic. Our aim is to position Max Life as a leader in the use of technology, enabling greater connectivity, scale and efficiency. Deeper insights from data analytics enable distinctive and personalised customer experiences, that is highly relevant of current times.

We believe that brand salience is manifested through strategic investments. Therefore, we focus on building cross-selling capabilities, distribution partnerships across traditional and non-traditional ecosystems and continue to place emphasis on new growth opportunities.

With Axis Bank becoming the co-promoter of Max Life with 12.99% stake, our position will strengthen manifold. The Bank plans to gradually increase its share to 20% in the near term, ushering a very promising future for Max Life. Throughout our decade-long business association, Axis Bank, India's third-largest private sector bank, exhibited tremendous value across customer insights and distribution expertise. With its status now as our parent organisation, the combination of forces will put laser sharp focus on other areas of growth including the introduction of margin accretive products, digitization of processes and deeper access to the Bank's vast footprint across the country. This is a monumental milestone in the history of our company, one that will cement Max Life's position as a top quartile life insurer delivering sustainable and profitable growth.

Our long-standing relationships with other prestigious banking institutions have also held us in good stead. Our partnership with Yes Bank has completed 16 years, and with the renewal of our corporate agreement, we have strengthened our position in the bancassurance distribution segment.

To enhance our reach, we aim to design tailored solutions for customers through our multi-channel distribution architecture. While the proprietary channels, including Agency and direct Customer Advisory Team, remain the focal point, we further developed our presence on modern e-Commerce platforms and structured third-party distribution systems. This enabled Max Life to pioneer new distribution models including Insurance Marketing Firms (IMF), Agency Partner Channels, Rakshak (Defence Channel), and many more that help consistently channelize growth.

"My heartfelt gratitude goes to all of our Max Life colleagues who responded to the situation with care and unrelenting commitment as we continued to provide uninterrupted support to our customers."

Even in trying times as such, our financial performance has remained strong and the year emerged as one of our best performing business years in our existence. We have secured our position as the 4th largest organization in the private insurance segment, with highest ever individual new business sum assured in FY21 and a decade-high private market share of 10.8% in terms of Individual adjusted FYP.

Our consolidated new business premium was recorded at Rs. 6,826 crores, reflecting a 22% year-on-year increase. Furthermore, renewal premium income increased by 15% to Rs. 12,192 crores and gross written premium surged by 18% to Rs. 19,018 crores. Our Value of New Business saw an increase of 39% YoY and was recorded at Rs. 1,249 crores in FY21.

Max Life has also succeeded in reducing the policyholder operating expense to gross premium ratio to 14.2% in FY21, compared to 14.5% in FY20. Although our PAT registered a marginal decline of 3% in the year under review, we furnished a healthy balance sheet, channelling our strategies to ensure effective cost control and robust business growth. Amidst the pandemic, we were able to sell more protection policies and streamline our product mix to fulfil demand from non-participating product segments.

Customer obsession lies at the core of our business operations. We continuously strive to fulfil promises to meet customer expectations. To provide best in class solutions to customers, we have consistently improved our claims paid ratio, even in the face of adversity hastened by the onset of the COVID-19 pandemic. It gives me great pride to announce that with a 99.35% ratio, we are presently holding the leading position in terms of total claims paid. Further, we have recorded a 13% improvement in Net Promoter Score (NPS) over the last fiscal, helping us to gather valuable customer insights that allowed us to deploy measures wherever necessary. Reinforcing the trust placed in us by our customers, an independent survey conducted by Kantar in 2020, 'Insurance India', affirmatively concluded that Max Life leads the pack with the most loyal customer base amongst private life insurers.

In order to serve our customers with diverse product portfolio and deliver a differentiated value proposition, we consistently innovate our products and services. We have fortified our position with products like Guaranteed Lifetime Income Plan (Deferred Annuity), Assured Wealth Plan, and Smart Term Plan. Besides, we optimized our revenue margins through advancements in the ULIP portfolio and the health insurance segment. We also offered group micro products to Micro Finance Institutions (MFIs) and unconventional ecosystems.

People are the bedrock of Max Life's success. We continue to earn recognition as a company to be proud of. We ascended from the 24th rank in 2020 to the 18th rank in 2021 in the prestigious Great Places to Work survey in India. We also stood 55th in their pan-Asia survey, as the only life insurer from India to make the cut. Alongside, heightening employee engagement within the organization, we have maintained a high survey score of 96% in a largely virtual working environment. In the days ahead, we are keen to introduce new opportunities for improving our diversity and inclusion practices, learning and development frameworks, and forging a high performance culture through multiple initiatives.

As the adage goes, "Adversity does not build character, it reveals it." In that sense, 2020 was a very revealing year. When the pandemic hit, we instituted protocols to keep our people safe and secure and create new ways of working. During the height of the pandemic, we formed a 24*7 Covid-19 helpline to provide assistance and important information such as availability of hospital beds and oxygen. We continue to be fully committed to providing the best possible care programs to our employees. We continue to offer employees a mobile app that helps employees book free medical consultations regarding any issue related to health, nutrition and mental wellness. Going a step further, the company has also done away with the concept of 'Leave Without Pay' due to Covid-19 and advanced a credit of 12 sick leaves to employees' leave balance, amplifying employee support.

Understanding our responsibility towards society and the natural environment, we aim to become a sustainable organization. To aid community services, we earmarked Rs. 12.24 crores towards our CSR fund in FY21. Our CSR volunteering program, Pehal, led by more than 1,100 employees contributed to social causes related to financial awareness, sapling plantation, healthcare, immunization, and health camps, as well as the collection and distribution of essential commodities for the impoverished.

While 2020 was an unprecedented year, it has made me more optimistic than ever before about the prospects and the opportunities available in the life insurance industry space. With strategic efforts to boost product innovation, agency distribution, better claims management, and conformity to regulatory trends, we are poised to capitalize on emerging opportunities. Our core focus for FY22 is to become a 'Digital-First' insurer committed to secure the financial future of its customers via innovative, class-leading, digital product and service offerings.

Warm regards,

Prashant Tripathy
Managing Director & CEO

Max Life continued its winning streak, bagging multiple accolades over the year.

Indian Economy Review

The Indian economy is expected to contract by about 7-8% in FY2021 as a recession hit the economy in the aftermath of the pandemic-induced lockdown.[1] A sharp revival in the high-frequency indicators such as power consumption, GST collections, the generation of e-way bills, and manufacturing PMI since Q3 FY2021 have instilled recovery optimism in the economy. The Indian Government increased its consumption spending to propel the overall demand even as the RBI adopted an accommodative Monetary Policy and asset buyback to provide liquidity, control yields, and decrease the cost of borrowing. Good monsoons, a bumper harvest, and the timely procurement of crops cushioned the rural economy. While the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)-based employment increased year on year, the overall unemployment rate peaked at 23.52% in April 2020 and moderated to 6.52% in March 2021[2]. The economy is yet to recover from the hangover of decline in the average household income by 28% in April 2020,[3] even as the net new EPF subscriber base has been rising since H2 FY2021.[4]

The economic uncertainty continues to dampen the renewed optimism from vaccine availability due to the second wave of infections and associated health infrastructure crisis. The Indian life insurance industry will need to accelerate its structural transformation further to support the dwindling household balance sheet impacted by the loss of lives and livelihoods.

Life Insurance Industry Overview

In a year marked by sporadic lockdowns and social distancing, the industry witnessed enormous demand contraction in Q1 FY2021, when the pandemic was at its peak. The traditional in-person based sales gave way to digital means of selling products and services. The Indian Life insurance industry recorded a growth of 7.5% in New Business Premium (NBP) from

[1] IMF World Economic Outlook April 2021; World Bank South Asia Focus 2021 Report, Moodys, NSO

[2] CMIE: https://unemploymentinindia.cmie.com/

[3] CMIE: Avoid a fresh lockdown; dated 29th March 2021.

[4] BCG India Economic Barometer April 2021

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Rs. 2.58 trillion in FY2020 to Rs. 2.78 trillion in FY2021.[5] The monthly first-year premium picked up momentum since Q2 FY2021 with such growth being driven by the private sector, single premium policies and a rise in demand for protection plans. The private insurers collectively outpaced the Life Insurance Corporation of India in NBP additions in March 2021 as the former recorded 83% growth over the year against the latter's 65%. The NBP of life insurers clocked Rs. 43,416 crore in March 2021, with a 70% growth rate due to a low base effect from the previous year.[5]

The industry witnessed paradigm shifts in consumer preferences as people adapted to the new normal. The uninsured group realized the indispensable need to cover their risks. During the year, there has been a gradual shift in demand in the life insurance industry from market-linked products towards traditional products. Product innovation and customisation focusing on features, enhanced benefits, flexibility in payments and the digital capacity of the insurer have taken over the traditional off-the-shelf and one-size-fits-all products in the industry. The standardisation of life insurance products such as Saral Jeevan Bima that aims to offer a no-frill basic cover term insurance plan is likely to receive more uptake. Consumers have been driving digital adoption in the industry by shifting from contact-based agents to online channels. The supply-side transformation in the industry will continue to be driven by the digitalisation of services along with expected investments from an increased FDI[6] limit to 74% and potential demand, owing to low insurance penetration. The macroeconomic factors such as expected disinvestment of LIC, job creation through planned infrastructure investments, and increased spending on public health infrastructure, as announced in the budget, augur well for the industry.

Max Life Insurance – Resilient and Agile

Max Life creates a three-year strategy and reviews it periodically. During FY2021, the management undertook an in-depth exercise to identify its strategic priorities for the period FY2022-24. These have been identified keeping in view the socio-economic changes in India, competition analysis, insights from key stakeholders (including our customers and distributors), regulatory agenda, digitalisation transformation and the strengths of Max Life. As a part of the three-year business plan for FY2022-24, Max Life has continued with the five strategic pillars, which were identified and created in the previous financial year to achieve consistent and profitable growth. During FY2021, Max Life made major progresses in its strategic pursuits and will continue to work on them during FY2022:

Product innovation to drive margins

Max Life is already offering a wide range of products and plans to augment its product portfolio to remain competitive as well as to optimise margins. The Company will continue to pursue the protection agenda and leverage NPAR-Savings products for growth. Max Life also aims to augment choices among its ULIP portfolio, enhance health insurance protection through riders & retirement solutions through annuities, and offer group micro product to micro-finance institutions (MFIs) and to non-traditional ecosystems.

Customer centricity across the value chain

Max Life has always been amongst the leading players on customer centricity and plans to enhance customer focus and gain leadership on key customer parameters over years to come. The Net Promoter Score improved from 40 in FY2020 to 45 in FY2021, while the claims-paid ratio was 99.35% in FY2021. In an endeavour to serve the customers better, the Company is putting in a continuous effort to increase its claims-paid ratio. Max Life has also improved its 13M and 61M persistency metrics to 84.1% (+80 bps) and 54% (+190 bps) respectively over previous year.

Max Life's focus on building pertinent customer trust has been acclaimed in a syndicated, industry wide customer loyalty study – 'Insurance India', conducted by Kantar. The 'Insurance India 2020' study was undertaken to understand customers' behaviour and loyalty trends. The study recognizes Max Life as the (joint) top ranked private insurer in the Indian life insurance industry for 'Customer Loyalty with 72% Truly Loyal customers'.

Digitisation for efficiency and intelligence

In an extraordinary year, Max life has put dedicated focus on digitization, online selling of insurance plans, and empathetic customer communication. With its key digitization initiatives and the 'Bharose ka Number' campaign, Max Life has emerged as the industry leader on perception around 'Use of technology' and 'Reliability in claims

[5] Life Insurance Council: Industry information

[6] PIB https://pib.gov.in/Pressreleaseshare.aspx?PRID=1693902#:~:text=Nirmala%20Sitharaman%20announced%20that%20the,ownership%20and%20control%20with%20safeguards.

processing' which helped Max Life brand to distinguish itself on highest customer loyalty in the sector, as per the Kantar 'Insurance India 2020' study.

Max Life aims to continue with its digitisation agenda, build artificial intelligence (AI) in all digital assets and reduce back-office costs. The Company has launched various digital assets over time and during the year across the entire value chain and has embedded intelligence to drive efficiency. This has led to increasing digital adoption, including Chatbot integration, digitised selling mechanisms and more, enabling faster product launches, industry best page load time for buying journey (4 secs) and fully digital sales journey during Covid-19 times.

Employee

Employees will always be a strategic pillar for Max Life, which is reflected in the continual gains by Max Life in the 'Great Places to Work' rankings, whereby the Company moved up from the 24th rank in 2020 to 18th rank in 2021. Further, it maintained its high employee engagement survey score of 96% (top 2 box score ratings), being amongst the best in class.

FY2021 saw unprecedented times, where the ensuing lockdown restricted human interaction. By proactively digitising its operations over the last couple of years, Max Life has been able to deliver a seamless customer journey and has effectively dealt with the Covid-19 disruption. In these times, the Company remains committed to ensure financial protection of the larger community by leading with agility and transitioning the business processes on to digital channels to promptly provide life insurance solutions and service to the customers. In its aim to secure the financial future of the customer, Max Life has adapted itself to cutting-edge digitisation avenues, enabling seamless business continuity, even when more than 95% of its workforce has been working from home. Overall, Max Life is happy to report a strong performance across various operational areas.

Financial Performance – Delivering Results Amidst Challenges

In FY2021, Max Life secured a 10.8% market share amongst the private players in terms of individual adjusted first year premium, maintaining its fourth rank by recording a gain of 107 bps. In FY2021, Max Life secured a 6.4% market share overall in terms of total new sales recording a gain of 89 bps.

During the year, total new business premium (individual + group) of Max Life increased by 22% to Rs. 6,826 crore. In terms of individual adjusted first year premium, the Company recorded a 19% growth to INR 4,870 crore. Further, the renewal premium income (including group) grew by 15% to Rs. 12,192 crore, taking gross written premium to Rs. 19,018 crore, an increase of 18% over the previous year.

The operating expenses (policyholders) to gross premium ratio decreased from 14.5% in FY2020 to 14.2% in FY2021 due to effective cost management efforts and higher business growth. The cost (commission plus policyholders' operating expenses) to gross premium ratio also decreased from 20.8% in FY2020 to 20.7% in FY2021.

Max Life has generated a post-tax shareholders profit of Rs. 523 crore in FY2021 compared to Rs. 539 crore in the previous financial year, recording a marginal decline of ~6%. The Company paid an interim dividend of Rs. 200 crore during FY2021 to the shareholders, which takes the total dividend distribution to 10.40% of the face value of each share.

Business Verticals Review – Pillars Of Growth

At Max Life, proprietary distribution channels have been the core of consistent growth. This congregation of Agency Distribution, Customer Advisory Team and E-Commerce have combined to enable a stronger growth momentum for the Company and have ensured exemplary performance in terms of the quality of business. The proprietary channels recorded a growth of 9% during the year and closed the year with 28% share in adjusted individual first year premium in FY2021. A summary of the distribution channels and noteworthy developments are given below:

Agency Distribution: Agency Distribution has been one of the primary channels of Max Life's growth over the years, enabling the Company to build a high growth proprietary distribution by improving the efficiency and productivity of agency distribution, and to increase the share of proprietary channels. To enhance the scope of business, going forward, the focus will

> Max Life has a balanced product portfolio with an optimal mix of traditional savings-cum-protection plans, unit-linked plans, and pure protection plans. During FY21, it added new products in the individual space. For the individual business, the Company launched the Guaranteed Lifetime Income Plan (Deferred Annuity), Assured Wealth Plan, Smart Term Plan, among others. Protection continued to be a key focus area and, in FY21, one in three individual policies underwritten by Max Life was a protection policy.

Management Discussion & Analysis

be on activation and retention of agent advisors by building a strong learning and development culture with a growth & entrepreneurial mind set.

Within the agency distribution, the Company carved out the Agency Partners Channel which is driven by a variable agency model and leverages agent recruitment through a higher variable construct. This model has shown promise with strong growth in its second full year of functioning. As Army and paramilitary personnel of the country remain at the forefront to provide protection to the country, to bring additional focus on this segment, Max Life has created a new, specialist team within agency distribution to provide relevant life insurance solutions to them and is rapidly increasing market share year on year. These new initiatives have provided impetus to the agency distribution the Company will be further focusing on building the variable agency distribution model in the coming years.

Customer Advisory Team – At Max Life, no customer is unaided as we have created a Customer Advisory Team (CAT) to meet the needs of customers whose agent advisors are no longer part of the Max Life system. The service-to-sales model for this direct-to-customers channel worked well during FY2021, including an expansion of its team to record high growth. This channel doubled its sales in just two years and leads the 13th month persistency across the Company's multiple channels, in line with the global best.

E-Commerce – For more and more consumers, online is becoming the go-to channel for almost all their needs. Max Life has continued to be amongst the leaders in online term plans recording strong growth on an ever-increasing base. Through its search engine optimisation expertise, the Company achieved leadership in top 50 keywords in searches across life. Max Life has also achieved leadership position in term plans purchased through life insurers' websites, leading web aggregators and digital brokers in India.

Third Party Distribution – Unlocking Opportunities

- **Axis Bank** – The vision of the Max Life and Axis Bank distribution relationship is to be the most admired bancassurance partnership in India. This partnership has successfully completed 10 years of association in FY2021, and has got strengthened by Axis Entities becoming co-promoters of Max Life recently. The partnership is one of the fastest growing bancassurance relationships in the Indian life insurance industry with both partners committed to provide superior value to its customers. Max Life continued to dominate the life insurance counter in the bank in both the individual and group businesses despite an open architecture setup.

- **YES Bank** – Yes Bank and Max Life bancassurance has completed 15 years of successful partnership in FY2021, and the channel is back on a resurgence path, post recovery from the RBI moratorium. With the new leadership team at Yes Bank, the Company plans to take this relationship to the next level.

- **Other bancassurance partnerships** – The Lakshmi Vilas Bank relationship agreement expired immediately after the bank's merger with DBS; renewal efforts are under way. Our Urban Cooperative Banks' partnerships business was impacted due to the pandemic with geographic concentration of these brank branch networks in Maharashtra state.

- **Group Business** – The Group business focuses largely on credit life business. The channel registered strong growth in last three quarters of the year after a slow start in first quarter (pandemic impact), resulting in 30% growth for the full year. The channel also enhanced the renewal ratios for group term life verticals.

Portfolio MIX – Balanced and Sustainable

Max Life has a balanced product portfolio with an optimal mix of traditional savings cum protection plans, unit-linked plans and pure protection. During FY2021, it added new products in the individual space. For the individual business, the Company launched the Guaranteed Lifetime Income Plan (Deferred Annuity), Assured Wealth Plan, Smart Term Plan, amongst others. Protection continued to be a key focus area and, in FY2021, one in three individual policies underwritten by Max Life was a protection policy. Of the new business premium, including individual and group business, protection share increased from 13.6% in FY2020 to 14.6% in FY2021. This also resulted in 19% increase in the sum assured of in-force policies to INR 10,87,987 crore

Cost Management – Robust Operating Module

The operating expenses (policyholders) to gross premium ratio marginally reduced from 14.5% in FY2020 to 14.2% in FY2021 due to effective cost management efforts and higher business growth. The cost (Commission plus total operating expenses) to gross premium decreased to 20.7% in FY2021. Max Life didn't allow the ratios to go up significantly despite investment in opening new offices and expansion initiatives.

Investment Performance

Max Life's assets under management (AUM) was Rs. 90,407 crore as on March 31, 2021 - a growth of 32% over the previous year.

The Company ensures the management of its investment assets in accordance with its asset-liability management policy for traditional plans and a market-oriented approach for its unit-linked plans. The performance of both traditional and unit-linked funds is commensurate with the risks assumed in the respective funds.

With an endeavour to delivering optimal returns to policyholders, Max Life's investment team follows a disciplined approach. On the traditional funds, funds are invested keeping in mind the safety of capital and stability of returns over the long term. The debt portfolio of the Company continues to be of high quality with 96% of the portfolio carrying top ratings of AAA/ A1+. Most of the equity portfolios for traditional funds and Unit-linked Insurance Plan (ULIP) funds are large-cap oriented.

The Indian equities rallied sharply in FY2021, after a sharp fall in March 2020 in the face of increasing Covid-19 infections worldwide. The concerted effort by global central banks to infuse liquidity and subsequent fiscal stimuli by most developed economies led to a rise in all asset classes viz. equities, fixed income, commodities, real estate and even cryptocurrencies like Bitcoin. Markets were volatile throughout the year as concerns of spikes in Covid-19 infections and lockdowns were followed with more stimulus, drug discoveries and progress in vaccine development. In the financial year ended March 2021, we continue to be in an unprecedented environment. Huge blows to the economy were counteracted by bigger measures by central banks and the Government, leading to excess of savings and liquidity. This has led to extremely high market valuations and new-age businesses are being valued on novel metrics since traditional valuation measures are unable to explain the current valuations.

The Nifty 50 Index was up 71% in FY2021, while the mid-cap and small-cap indices outperformed large-caps, ending up by 102% and 125% respectively. Long-term performance of our ULIP funds remained strong with above-benchmark returns overall. Our traditional funds generated income in line with our long-term objectives.

Fixed income markets were driven by both conventional and non-conventional measures taken by the RBI. Due to the slowdown, the RBI followed an ultra-accommodative policy. The Monetary Policy Committee (MPC) actions focused on supporting growth and to ensure a stable interest rates environment. The MPC cut policy rates during the year by 65bps and injected massive amounts of liquidity into the banking system.

With a slowing economy and lower tax revenues, the Government invoked the escape clause of the Fiscal Responsibility and Budget Management Act (FRBM) to expand the fiscal deficit. In a sharp departure from the earlier policy of fiscal consolidation, the Government raised its fiscal deficit target to 6.8% for FY2022 and revised the glide path to reach 4.5% in five years, against a long-term target of 3%. In addition, the Government also announced a series of reforms such as the Production-Linked Incentive (PLI) scheme for the private sector to boost domestic manufacturing, attract large investments and to create employment.

For our traditional funds, we increased our investments in very high-quality commercial real estate with long-term lease commitments. These investments are in line with the objective to deliver attractive yields and generate superior returns on a low risk-adjusted basis. The investments team has taken several new initiatives during the year to enhance risk-adjusted returns for policyholders. We increased exposure to new asset classes like Alternative Investment Funds (AIFs), Real Estate

> In an extraordinary year, Max life dedicated its focus on digitization, online selling of insurance plans, and empathetic customer communication. With key digitization initiatives and the "Bharose ka Number" campaign, it emerged as the industry leader on perceptions of "Use of technology" and "Reliability in claims processing". This helped the brand distinguish itself on highest customer loyalty in the sector, as per the Kantar 'Insurance India 2020' study.
>
> Max Life aims to continue with its digitisation agenda, adopt artificial intelligence (AI) across all digital assets, and reduce back-office costs.

Management Discussion & Analysis

and Infrastructure Investment Trusts (REITs and InvITs). Innovative hedging techniques continued to be applied on the fixed income portfolio.

Max Life has reviewed the Stewardship Code as prescribed by the IRDAI and stepped-up voting actions across investee companies in the best interests of the policy holders.

The Max Life Brand: Driving Differentiation

Max Life envisions to be the most admired life insurance company in India by securing the financial future of our customers. With an emphasis on building greater awareness about the need to avail life insurance policies, the Company designs and develops unique brand campaigns that are aimed at driving a difference because of its belief in the adage, 'A stronger, fitter, better-prepared You is the best life insurance your loved ones can get, because for them #YouAreTheDifference!'

During the pandemic, Brand Max Life fulfilled its promise of keeping Indians protected with its value accretive insurance policies and achieved the highest ever Brand Consideration Score of 63 in March '21, an increase of 16 points vs. the March '20 score of 47 (Source: Nielsen Consideration score is the likelihood of consumers to consider a Life Insurance brand).

This was enabled by the success of several campaigns introduced by the company during the year.

- India ke Bharose ka Number: 99.35% claim paid ratio
- India's Protection Quotient Express Covid-19 edition
- India's Protection Quotient 3.0
- India's first Covid-19 rider by a Life Insurance Brand
- India ka Best Term Plan - Playing Protection Front Foot Pe
- India ka pehla customer engagement with SDPL
- India ka pehla health app by a Life Insurance brand - Max Fit Program & CID Rider

During the pandemic, Brand Max Life fulfilled its promise of keeping Indians protected.

The Company drove the '#YouAreTheDifference' campaign throughout the year with the following initiatives:

1. **India ke Bharose Ka Number –** The campaign highlighted the Company's excellent claims paid ratio of 99.35% in FY'21, reiterating its promise of securing the financial future of families insured by Max Life Insurance policies. Starring Abhay Deol, the advertisement reinstated the company's commitment to secure customer trust and deliver solutions in the most challenging times.

2. **India Ka Pehla Customer Engagement Model –** A campaign designed to assure customers about its exceptional service, 'Speed Dial Partner for Life (SDPL), is a promise to serve customers better with a huge network of relationship managers who act as one-stop solutions for all customer queries.

3. **India Protection Quotient:** The Company conducts an annual nationwide survey in partnership with Kantar, to shed light on factors that influence insurance purchase in Indians. In FY2021, the survey focused on current financial position of an individual, changing savings and investment patterns, key anxieties and triggers that influence the purchase amidst a huge crisis like the Covid-19 pandemic and in times to come. An impactful national and regional campaign was produced, in partnership with NDTV. Print and social media campaigns were also organised to lay emphasis on protecting the financial future of families. Renowned celebrities like Neha Dhupia, Angad Bedi, Mandira Bedi, Lara Dutt and Mahesh Bhupathi supported the campaign.

4. **India ka most Customer-** Obsessed Brand: (Closer to our customers) We transformed our monthly customer connect, under **E- Super Customer Week,** and organised interactive sessions with various influencers to focus on fitness and wellness.

5. **India ka Best Term Plan offering –** Protection Front Foot Pe: We partnered with Team Royal Challengers, Bangalore, to deliver a meaningful message about being proactive about health and fitness. The campaign also focused on the need for securing the financial future of families with the best term life insurance policies.

6. **India ka pehla health app by a Life Insurance brand -** Max Fit Programme: With growing health consciousness, Max Life Insurance launched an Industry First initiative - 'Max Fit Programme' -a wellness programme offering discounts on renewal premium to individuals who are keen to maintain a healthy lifestyle. Measured through an app, exclusively designed for Max Life Critical Illness and Disability Rider Customers – the programme aims to increase awareness among customers with the core message of – 'Be Fit, Be Healthy, Be Protected, because for your loved ones, You are the Difference.'

In the Great Places to Work Rankings, Max Life rose from 35th position in 2020 to 24th position in 2021

Report on Consistent Embedded Value

Keeping in view the requirements of long-term investors, the Company has been reporting the Embedded Value (EV) for the past several years. The EV is a measure of the shareholder value, arising from in-force policies and the net worth of the Company at the valuation date. The Company uses a market-consistent methodology approach, as it better reflects the value of an insurance company by explicitly allowing for insurance and economic risks, rather than using implicit overall allowance for risks through a risk discount rate, in the traditional approach.

The EV of the Company, as on March 31, 2021, stood at Rs. 12,010 Cr, after allowing for the interim shareholder dividend payment of Rs. 200 Cr during FY2021. Post allowing for final proposed shareholder dividend payment of Rs. 176 Cr, which will be accounted, post March 31, 2021, the closing EV will be Rs. 11,834 Cr.

The EV of Rs. 12,010 Cr represents an increase of Rs. 2,033 Cr from the EV as at March 31, 2020 of Rs. 9,977 Cr; implying a growth of 20.4%. The Operating Return on EV (RoEV) over FY2021 is 18.5%; including non-operating variances and adding back the interim dividend payment of Rs. 200 Cr during the year, the RoEV stands at 22.4%.

Value of New Business and New Business Margins

The Value of New Business (VNB) signifies the value added to the EV due to the new business written by the Company during the year. Please find below the VNB and NBM for FY2021 compared to FY2020 at actual costs:

Key Measures	FY21	FY20	Y-o-Y growth
VNB	Rs. 1,249 Cr	Rs. 897 Cr	39.2%
NBM	25.2%	21.6%	+360 bps

Management Discussion & Analysis

The New Business Margin (NBM) for FY2021 is 25.2% (at actual costs). The Value of New Business (VNB) written over the period is Rs. 1,249 Cr (at actual costs), representing an annual growth of 39.2%. The higher growth in VNB for the year is primarily on account of the relatively higher sales compared to last year, in addition to the higher margins driven by an increase in the proportion of non-par sales.

Policy Holder Bonus

As per the design of our participating products, the Company annually reviews the performance of its in-force business to determine the non-guaranteed bonuses payable to its existing participating policies.

The recommendations for the participating policyholder bonuses applicable during the period, from July 1, 2021 to June 30, 2022 are being made using the 'asset-share framework', taking into account the experience of the fund during the year as well the expected performance of the fund in the future. The methodology and assumptions used to calculate such bonuses are consistent with the established principles and practices documented in the Principles and Practices of Financial Management (PPFM).

On the advice and recommendation of Max Life's appointed actuary, the board of directors approved to:

- Reduce the 2020 regular bonus rates by 7.5% for all the products launched after 2015;
- Reduce the 2020 regular bonus rates by 5% for products launched between 2013 and 2015;
- Maintain the 2020 regular bonuses for all other products;
- Pay terminal bonus of 5.0% on surrender and death post completion of 20 policy years for the first time for Whole Life Participating and Amsure Bonus Builder plan; and
- Pay terminal bonuses to maturities and eligible deaths such that the final pay-outs are aligned to the asset share and meet policyholder reasonable expectations based upon issued benefit illustrations.

The total cost of regular bonus payable for the next 12 months starting April 2021 is estimated to be Rs. 1,297 crore, an increase of Rs. 20 crore from the bonus distributed last year amounting to Rs. 1,277 Cr. In addition, the payment of terminal bonus on maturities has been approved for the 12 months starting July 2021, the cost of which is estimated to be Rs. 39 crore.

Regulatory Update

The last fiscal has been all about sustenance and business continuity during the unprecedented times arising out of the Covid-19 pandemic. The year witnessed many regulatory initiatives by the Insurance Regulatory Development Authority of India (IRDAI) to address the concerns of insurers in these challenging times. While the IRDAI has been supportive of the insurance industry in these difficult times and has announced various measures to facilitate policyholder servicing, sales, and business margins, it has also been proactive in terms of assessing the industry situation. In this endeavour it has engaged with the insurers on addressing the concerns of the business continuity plan (BCP), overseeing annual business plans, product strategy and ensuring long-term growth and persistency.

Some of the important notifications issued by the IRDAI providing dispensations to support the insurance industry in Covid-19 times include:

- Relaxations in regulatory submission timelines
- Circular on dispensation with physical signatures and issuance of electronic policies
- Extension of the grace period and free-look period for policyholders
- Guidance on BCP and the Annual Business Plan.

  As part of its engagement with the insurers during the course of the year, the IRDAI held WebEx meetings with the CEOs of life insurance companies to discuss matters related to Covid-19 impact, business continuity and Annual Business Plans. Some key takeaways included:

- Identifying risk identification and mitigation steps
- Charting an annual business plan in Covid-19 times
- Reviewing status of BCP related to policyholder services and launch of Covid-19 specific products
- Augmenting Agency force
- Facilitating need-based product development
- Focusing on issues in total digitalisation of processes
- Facilitating process of claim settlement and grievance redressal
- Monitoring impact of the pandemic on Solvency, Liquidity, Profitability and Asset-Liability Management
- Reviewing Covid-19 claims and maturity claims settlement, expenses of management review, etc.

The IRDAI also created a Committee on 'Alternatives to Physical Signatures on Proposal Papers and Benefit Illustrations' to address the limitations of physical solicitation and to facilitate remote face-to-face selling during pandemic times. The Committee recommended an SOP for remote face-to-face selling, which included digital suitability assessment, benefit disclosure, agent confidentiality report, and KYC, etc.

Following are the significant regulatory notifications issued by the IRDAI –

i) Notifications on Standardised products like Saral Jeevan Bima, Saral Pension, and Corona Kawach

ii) The IRDAI (Minimum Information required for Inspection) Regulations, 2020

iii) The IRDAI Master Circular on Unclaimed Amounts

iv) Guidance on Information and Cyber Security

v) Disclosure of Underwriting Philosophy by insurers on their websites, and

vi) The IRDAI Guidelines on Wellness and Preventive Features. The year also witnessed the roll-out of Consumer Protection (e-Commerce) Rules, 2020, by the Department of Consumer Affairs (Ministry of Consumer Affairs, Food and Public Distribution).

Risk Management – Prepared for Tomorrow

Max Life has a Risk Management Framework (RMF) that enables it to appropriately develop and implement strategies, policies, procedures and controls to manage different types of material risks. The RMF is Max Life's totality of systems, structures, policies, processes and people that identify, measure, monitor, report and control or mitigate all internal and external sources of material risk. This framework provides reasonable assurance to the management that each material risk is being prudently and soundly managed, with regard to the size, business mix and complexity of Max Life's operations.

The RMF is maintained by the independent risk management function, headed by the Chief Risk Officer who reports directly to the Chief Executive Officer (CEO) of Max Life. He also has direct access to the Board and the Risk Committee of the Company to share his independent view of key risks affecting the Company. Under the RMF, the risk function is responsible for the supervision of all risk management activities in the Company, including:

1. Developing the Risk Appetite Statement (RAS), which states the material risk and the degree of risk that Max Life is prepared to accept.

2. Overlooking the appropriateness and adequacy of the Risk Management Strategy (RMS) that states Max Life's strategy to address the material risks and the policies and procedures supporting the management of the material risks in Max Life.

3. Monitoring the internal capital adequacy assessment process.

4. Ensuring through various management submissions that the Board is adequately informed on top risks and key emerging risk-related issues and, if necessary, provides supplementary advice to the Board through the Risk Committee.

The entire implementation is monitored both at the management level as well as the Board Committee levels, and the overall risk management framework and its effectiveness are subject to both internal and external assurance reviews.

Corporate Social Responsibility – Community Outreach with Responsibility

Max Life and its directors firmly believe that the ultimate objective of Max Life is to contribute to the well-being of the society it operates in. While the Company is focused on education, healthcare, environment protection, financial literacy & insurance awareness, greater efforts were also made towards employees volunteering in various CSR activities across the country.

During FY2021, Max Life supported 17 leading NGOs working in the field of Education. Through these NGOs, Max Life supported education of 27,284 children and also provided support

To facilitate financial literacy and insurance knowledge for young entrepreneurs and leaders, Max Life partnered with world-renowned leader and innovator, Sonam Wangchuk and his organization, the Himalayan Institute of Alternative Learning (HIAL). As a part of the project, 115 young students from the mountainous regions of the county were supported to become successful entrepreneurs, guided by optimum knowledge of risk management, insurance literacy, banking habits, government support to business, and financial decision-making tools.

Management Discussion & Analysis

During these difficult pandemic times, through various initiatives under Pehal, Max Life and its employees helped fight the pandemic by supporting the frontline workers and the affected communities impacting approximately 1 Lakh beneficiaries across the country.

for 2210 teachers and 40 fellows. In partnership with the SATH-E programme of the Madhya Pradesh government, the Company reached approximately 81 lakh students of local government schools (1 to 12 grade) through the initiative Hamara Ghar, Hamara Vidyalaya (a remote learning programme leveraging media like WA, TV, Radio, Community Classes and Textbooks / Workbooks, etc.) Additionally, Max Life helped set up 30 libraries in schools under the South Delhi Municipal Corporation.

During these difficult pandemic times, through various initiatives under Pehal, Max Life and its employees helped fight the pandemic by supporting the frontline workers and the affected communities impacting approximately 1 Lakh beneficiaries across the country. The organisation contributed 20,000 Personal Protective Equipment (PPE) kits to doctors and healthcare workers, 36,300 safety kits to police officials, 6000 safety kits to security guards of 120 RWAs of Delhi/ NCR, 5000 kits for recovering patients of Government hospitals and 5500 antigen testing kits to the Haryana Government.

Additionally, food and ration were provided to over 4350 affected underprivileged sections and a contribution of Rs. 13,27,000 was also made to the Prime Minister Cares Fund for fighting the pandemic. Over 1000 employees and agent advisors from across office locations came together to distribute these necessary safety kits to 73,000 frontline staff and police officials while following all social distancing norms. A virtual event for employees was also organised with the Deputy Commissioner and Chief Medical Officer of Gurugram to commemorate these contributions and create awareness.

The organisation has adopted nearly 4.25 km of high traffic road stretch for tree plantation, maintenance and sustainable solutions to preserve the environment. The stretch has been developed with plantation of more than 56,000 saplings, creation of a green park with 12 solar operated outdoor lamps, nine iron benches and outdoor gym equipment, and installation of 6 Tata EzyNest modular toilets for public sanitation. Under the Water Conservation drive, 70,000 numbers of the low-cost water nozzles were distributed to residents of condominiums and Government offices in FY2021. These nozzles maintain the flow of water, thereby resulting in reduction of water wastage.

To facilitate financial literacy and insurance knowledge for young entrepreneurs and leaders, Max Life partnered with world-renowned leader and innovator, Sonam Wangchuk and his organisation, the Himalayan Institute of Alternative Learning (HIAL). As a part of the project, 115 young students from the mountainous regions of the county were supported to become successful entrepreneurs with optimum knowledge of risk management, insurance literacy, banking habits, Government support to business, and financial decision-making tools. The Company contributed 10,100 Happiness Kits to Government school children and anganwadi beneficiaries (young mothers) in these aspirational districts. Max Life agent advisors from the local offices actively volunteered for the distribution drives

In line with the requirements under Section 135 of the Companies Act, 2013, Max Life has contributed Rs. 12.24 crore towards these CSR activities during FY2021 through its execution partner, Max India Foundation and through the Company directly. Out of the aforementioned total contribution by Max Life, Rs. 108.96 lakh remained unapplied due to the on-ground Covid-19 situation affecting some NGOs in Q4 FY2021 by Max India Foundation, which shall be applied in H1 FY2022. The detailed Annual Report on the CSR activities undertaken by the Company is placed at Annexure II.

Future Outlook

The global pandemic had disruptive effects on the global as well as the Indian economies. While the world has been reeling under the detrimental health and economic effects of Covid-19, the Indian life insurance industry has also not been immune to it. Max Life pivoted a Digital Operating Model for distribution focusing on simplified and 100% digitised sales process enabled by digital tools.

The Company continues to closely monitor the pandemic's impact on its financial strength and asset portfolio and will keep a focus on strengthening proprietary channels for predictable and sustainable growth. Max Life will maintain its focus on long term savings and protection products.

Business Responsibility **Review**

SEE activity with Student Council

> The children of today can benefit from imbibing the skills of kindness, resilience, and compassion to become global citizens of tomorrow.
>
> ~ Tara Singh Vachani

Max India Foundation's (MIF) journey is characterized by the ethos of "sevabhav" and giving with dignity. Since 2019, in a new approach, MIF has identified education as its new area of focus. Education is of paramount concern in India, not only due to the want of quality schooling but also due to the lack of focus on values such as empathy and compassion. To aid this cause, MIF aims to facilitate, monitor, and ensure quality and value-based education to primarily underprivileged children.

Quality education is not only a life-changing experience, but also a mind-crafting and character-building exercise. The government has expressed its grand vision in the **New Education Policy (NEP) 2020**. This document reminds us of a beautiful, flexible, free world where each student can reach their potential. The NEP lays emphasis on the principle that education must develop not only the cognitive capacities – both the 'foundational capacities' of literacy and numeracy and 'higher-order' cognitive capacities, such as critical thinking and problem solving – but also social, ethical, and emotional capacities and dispositions.

Exploring and navigating new realities require a new approach.

In an unprecedented crisis like the Covid-19 pandemic, the education system witnessed disruptions like never before. Many marginalized groups were left behind when their schools shut down. Extended periods of school closures caused loss of learning. To mitigate the impact of this disruption, the non-government organizations (NGO) partners supported by MIF showed resilience by incorporating plug and play into multiple programs for continued learning and training. There was a lot of reflection and experimentation to devise such ways and means of alternate learning opportunities, that were well supported by their parents and teachers.

Our NGO partners combined **holistic learning and well-being** of all stakeholders (teachers, principals, students, and parents) as their top priority to ensure continued education.

Business Responsibility Review

In the academic year 2021-22, MIF supported the education of 122,000 students, 3,597 teachers and 40 fellows (teacher leaders) through its partnership with 24 NGOs. Further, 8.1 million+ students at local government schools were impacted through a remote learning program – 'Humara Ghar, Humara Vidyalaya'.

Value-Based Education

> When educating the mind of our youths, we must not forget to educate their hearts.
>
> ~ His Holiness, The XIV Dalai Lama

Photo credit: Akanksha Foundation

SEE Learning™ India is a collaboration between MIF and Emory University, USA. SEE Learning™ India is the exclusive and nodal body for the dissemination of SEE Learning™ in India. In involves training and facilitation of educators embarking on the social, emotional and ethical learning journey, while forging and cultivating partnerships with schools and organizations across India.

Adapting to a new normal in a world impacted by the pandemic, SEE Learning India conducted online orientations for educators from various organizations such as Teach for India, Delhi Public Schools and Ekya schools to name a few. These training sessions were held digitally over Zoom and included offerings such as Taste of SEE Learning and Getting Started sessions – online orientations providing a glimpse and overview of SEE Learning for the educators. Some participants from these initial sessions progressed to undertake the next phase of the Getting Started SEE Learning online offering, allowing a deeper and immersive engagement with the SEE Learning curriculum. These sessions were much enjoyed by the enthusiastic group of educators and were excited about implementing the learnings in the classroom with their students.

Fostering this sense of community among educators encourages both their willingness to explore these practices within their classroom and a way of personal practice. To develop skills such as compassion, resilience and systems thinking in students, one must first begin with embodying it themselves. This thrust on development of a methodology and building teacher capacity is key to the successful implementation of SEE Learning in classrooms.

800+ Educators introduced to SEE learning

200+ hours invested in training educators

40000 Students recieving or have recieved SEE learning lessons or practices

SEE Learning India entered a **tripartite** research- focused collaboration between **SEE Learning India, SEE Learning Emory** and the **Akanksha Foundation**. Recognizing that most of the evidence in Social Emotional Learning (SEL) is based on data from the western world, SEE Learning India recognizes the urgent need for culture-specific evidence that would help make a case for SEE Learning in India. Along with supporting community buy-in and implementation fidelity, SEE Learning India aspires for this **three-year study** across 17 schools to create policies specific to the SEL landscape and reinforce a social return on investment.

Supporting Foundational Learning

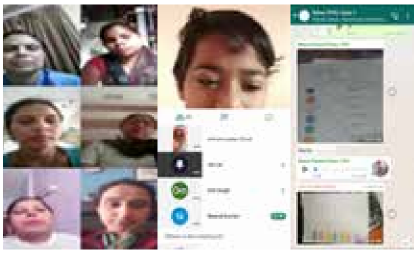
In its endeavor to support foundational learning, MIF collaborated with NGO partners in different states in India with programs in teacher education, enhancing child learning, whole school transformation, school management and governance, etc.

The highlights of some of the initiatives by MIF's implementing partners are:

Bridging the Learning Gap

While the schools were shut down, the NGO partners supported by MIF continued to bridge the learning gap by working on a range of contingency strategies to make up for the lost learning opportunities, learning and well-being of teachers, issues around governance and finance, among others.

The conventional 'chalk and talk' method of teaching or classroom learning was replaced by "At Home" digital learning solutions. This transferred the control of teaching from teachers to the students who took the control of learning – a progressive step towards lifelong learning. The teachers transitioned to the online medium by creating digital curricular content, activities, audio book. Besides this, they curated videos and delivered sessions through different digital media, such as WhatsApp, Zoom, Skype, Google Hangout, etc. Students shared their assignments via e-mails, WhatsApp, etc, for assessments.



Access to E-Learning

MIF enabled access to e-learning to ensure seamless education of children. Lack of devices and internet connectivity posed a huge challenge to the underprivileged. Hence, the most critical need was to provide children with a learning device that would enable them to access new learning material at home. MIF joined hands with Teach for India, iTeach, CanKids, Alohomora and Raphael to ensure that students had access to a tablet that would enable them to continue their education from the safety of their homes.

A Student learning alphabets on a tablet Photo credit: (Raphael Ryder Cheshire International Centre)

Virtual Summer Teacher Training Institute

Teach For India, inducted its new cohort of fellows through its first-ever, virtual Summer Teacher Training Institute. The restructured Teach For India Institute was different, yet highly effective in initiating the fellows into the program. The eight-weeks long training gave them additional skills to transform them into blended-learning teachers – a tool to help them navigate a post-Covid-19 world.

Armed with knowledge about educational inequity; teaching pedagogy and content; child development and socio-emotional learning; culture and values; the fellows were prepared to begin teaching virtually immediately, regardless of when schools open!

"Humara Ghar,
Humara Vidyalaya"

As part of the System Design and Delivery Unit with Education Department of Madhya Pradesh (SATH-E), The Education Alliance (TEA) launched the 'Hamara Ghar, Hamara Vidyalaya' program for all students in grades 1-12 aiding the learning of 8.1 million students in a structured and effective manner, even at home. The program provided a daily (in elementary) and a weekly (in secondary) timetable to students to study from home with clearly defined learning outcomes, categorized by subjects/grades.

Giving More Meaning to Education

MIF supports Foster and Forge Foundation's teaching fellowship to end educational inequity and make education meaningful for children. Foster and Forge was selected as Prernasarthi for 20 districts under the Uttar Pradesh government's Mission Prerna – a policy initiative to improve the quality of education in the state. The program was launched with a special focus on foundational learning skills which entail children's ability to read, comprehend and perform basic math calculations – identified as the basis of their future learning.

Mission Prerna Fellowship Program conducted by F & F in Uttar Pradesh

Business Responsibility Review

Community Outreach

Parents who were earlier resistant and unsupportive of education, were now interested in their child's education. MIFs NGO partners have supported the parents and caregivers in developing their skills by sharing tools, knowledge, facilitating sessions, etc, to provide minimum support at home.

Family champion leading session with parents Photo credit: (Kshamtalaya Foundation)

Strengthening the School Management Committees

To orient School Management Committee members on the better utilization of the funds available in schools, NGO partner Saajha conducted an online training in collaboration with (SCERT), Delhi, which was attended by members of 860 government schools.

Emotional Well-Being: A Priority for ALL

The delayed school reopening, staying indoors and limited in-person social interaction created a mental and emotional toll on the well-being of children, parents, care givers and the educator community. MIF's NGO partners undertook mental Health support initiatives such as conducting calls to check welfare, creating safe spaces to share, facilitating sessions to engage families in working together, conducting parent teacher meetings, organizing study circles for teachers. These initiatives played a key role in ensuring the well-being of all stakeholders.

Kshamtalaya organised workshop for its teachers to build body awareness

Special Education

MIF partnered with Raphael Ryder Cheshire International Centre to provide online education through mediums such as WhatsApp videos and messages. This was a great learning experience for both the special educators and the children who were never exposed to such teaching or learning before. Online sessions were conducted for children who needed physiotherapy and speech therapy, as well as counselling sessions for parents.

Co-Scholastic Endeavors

Avid Readers

In its efforts to encourage reading, Kshamtalaya Foundation facilitated 65 storytelling sessions in 16 community libraries on different themes (helping others, kindness, empathy, working in groups, confidence building and self-expression) through story-book making and anger management to strengthen children's interest in engaging with stories and books.

Students Building their story books Photo credit: (Kshamtalaya Foundation)

Integrating Arts into Academics

Storage basket and a Tribal Mask made by students as part of art integration project (iTeach)

To develop 21st century skills among students, and to drive academic learning outcomes, MIF supported its partner iTeach to integrate art with academics in regular lessons. Hence, The Sikkim Project was launched so that students could develop an understanding of the culture of another state and appreciate the diversity of our country.

#Coronameinrukona

MIF is committed to ensure an equal chance for further education and job opportunities. With MIF's support, Alohomora responded to the Covid-19 lockdown by launching an online "camp" for students. The idea was to keep them connected to their peers and gain exposure to various careers using digital medium such as WhatsApp, Zoom, Instagram, among others.

A student prepared a first-aid kit for her house

Camping at Home

A virtual summer camp was held by Samarpan Foundation (iPartner) to ensure continued student support during summers. Numerous activities such as riddles, sudoku, pictionary, quizzes on nutrition and food, storytelling, seed germination, story making from words were conducted during the camp.

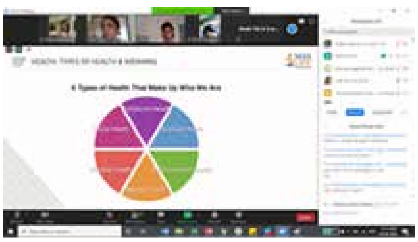
Germination activity conducted during the summer camp

Pledge to take care of the planet

With the support of MIF, students planted young saplings, recycled non-biodegradable material into decorative items, designed 3-D models, creative charts, posters, etc. Through their efforts, children portrayed that human society is embedded in an environment and it is our responsibility to save and preserve it!

Student of Sneha Doon Academy (AASRA Trust) planting saplings; Environmental awareness for RASTA students was stimulated by making cards and posters

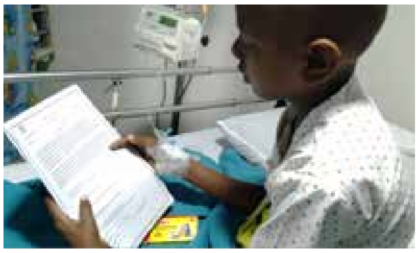
Virtual Volunteering



MIF enabled the volunteering program for Max Life Insurance employees to spread awareness on various issues such as Health Awareness, Environment Protection, Menstrual Hygiene, Career Planning amongst students. A virtual session was conducted to sensitize children about the importance of health, hygiene and general well-being considering today's times. The session was a big hit amongst the students as it was fun learning with various activities that also included a quiz competition.

The students were rewarded and given participation certificates to encourage their participation.

Health and Education go hand in hand



Studies continuing on Hospital Bed also

MIF's long-time partner, Cankids KisCan education team felt the need to provide a device to the children across India. This objective was to take online classes, to facilitate online Cankids' online tutoring and mentoring through the Personalized Education Program, and to a child suffering from cancer, provide knowledge about how to protect himself from existing vulnerabilities as well as from COVID19.

COVID Relief Response: #StayHomeIndia Challege

The Covid-19 crisis truly brought all of us together like never before. MIF took active steps to provide direct and indirect relief, through NGOs and social support groups.

Around 150,000 individuals, 8,000+ children and 1,596 families were

Business Responsibility Review

supported with large-scale distribution of 250,000 lakh food packets (cooked and uncooked) and 40,000+ masks. Significant support was provided through Gurudwaras and other members of the Sikh community.

Besides providing ongoing learning solutions for children, MIF supported the communities with cooked food, dry ration, medical and sanitary supplies, protection kids, N95 masks and other basic supplies. This support was made possible by launching #StayHomeIndia campaign in April 2020.

As part of the campaign, MIF surpassed its goal of 100,000 pledges in 10 days and promised to donate Rs. 500 per pledge, up to a sum of Rs. 5 crore for Covid-19 relief efforts.

Children express their gratitude as MIF facilitated transportation to bring the girl students back to school when the schools re-opened.

MIF will continue to work towards plugging the loopholes and bridging the gaps in India's education system through value-based education and quality schooling. Despite the challenging times, MIF looks forward to another gratifying year of making a difference.

Going forward, SEE Learning India plans to continue its efforts in capacity-building of educators across the subcontinent, while evaluating indicators that contribute towards transforming the education landscape in the country.

Stories of Transformational Learning Impact

A good education can change anyone; a good teacher can change everything.

"Shashi ma'am is a motivated teacher and always tries to bring new innovations in her classroom. She continued with the same spirit when she was engaging with children online. She made consistent efforts to reach out to maximum children through online mediums and ensure their learning continues in a fun and engaging manner. She created more opportunities for her students to explore their potential and showcase their skills. One of her students, Lavanya, created a storytelling video which got published on YouTube channel "Bacchon ki Rang Birangi Dunia" with more than 300,000 subscribers."

Link:https://www.facebook.com/shashi.kiran.503645/videos/1977471092396634/

Testimonial from the Principal, Kishangarh School

"Initially, it was difficult for us to imagine students from our school attending online classes. How would it even work? Will they have access to smartphones? Do they have internet connections? So many questions arose in our minds. Yet, we decided to try this with class V students. The response was amazing and their zeal to learn pushed us to take this initiative forward with the remaining classes, one at a time. After classes, we moved to online PTMs with parents through WhatsApp video calls, which also went well. Through these innovative methods, we are in touch with our students and able to engage them in different activities to ensure they do not feel isolated or lost during this pandemic. We have faced with several challenges but that has not stopped us from reaching out to our children. We are grateful for the support we have received to make it possible"

Testimonial of a Teach For India Fellow

"In the past few months, I pushed myself to increase my knowledge on inclusive education by participating in a Teach For India-led training program. Here, I acquired knowledge on differentiated and social emotional learning and have tried to implement it in my classroom as well. I realized that value degradation had been a major plague in my classroom. Therefore, social emotional learning became an important part of my classes and lesson plans. I could see a shift in student mindsets and actions post that."

04

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

OUR CORPORATE GOVERNANCE PHILOSOPHY

The Company continues to be committed towards maintaining the highest standards of Corporate Governance recognizing that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent, and optimizing capital sourcing and allocation.

To ensure strong discipline in capital management, robust performance management of its businesses and sustained value creation across all stakeholders, Max Financial Services embarked upon a journey, over a decade ago, to implement a comprehensive governance framework across the Group. This entailed implementation of various transformational initiatives across three key facets of governance:

- **Board Architecture**

  The Boards in each of the Group's operating companies were re-configured to create the right composition with an ideal number of Independent Directors, ensuring board diversity with respect to functional and industry expertise, having an active and engaged lead Director on each Board, and separating the role of the respective CEOs and the Chairmen. In addition, a clear role for the Board has been articulated in areas such as strategy formulation, monitoring financial health, leadership development, risk management and succession planning.

- **Board Processes**

  Various people processes of the Board have been optimized (viz. on-boarding of Directors, Board education and business engagement, enabling independence, adherence to the code of conduct etc.). Key operational aspects such as ensuring a comprehensive and well-balanced meeting agenda, timely and adequate flow of information to the Board, inviting external speakers to inform the Board on best practices, are in place to ensure that the Board time is spent optimally on all critical areas of the business. Further, it is ensured that the Board materials are comprehensive, crisp, and relevant for strategic discussions.

  All material matters to be considered by each Board are reviewed in specific Board sub-committees that are composed of the right balance between the executive, non-executive and independent Directors, who add value to, and are specifically qualified for the particular sub-committee. Detailed charters are published for every sub-committee of the Board.

- **Board Effectiveness**

  To enhance 'Board Effectiveness' and assess the Board's performance, an annual evaluation of Board Members is conducted and inter-Company Board movements are also effected, as may be required, to ensure that each Board is well-equipped and engaged to take the right decisions for the business. In addition, various mechanisms have been implemented to improve the performance of the Board, which involves establishing clear standards of conduct & behaviour, setting a calendar of key governance interventions (such as strategy-setting sessions, risk management sessions), consequence management etc.

BOARD OF DIRECTORS

As on March 31, 2021, the Board comprised of eleven members with one Executive Director and ten Non-executive Directors of which six were independent. Mr. Analjit Singh (DIN: 00029641), Promoter Director is the Chairman of the Board of Directors of the Company as on March 31, 2021.

None of the Directors is a member in more than ten committees or the Chairman of more than five committees, across all public companies in which he / she is a Director. Further, none of the Directors is a Director in not more than seven Listed entities and an Independent Director in not more than seven Listed entities.

During the year under review, the Company co-opted the following on the Board:

(i) Mr. Hideaki Nomura (DIN: 05304525) and Mr. Mitsuru Yasuda (DIN: 08785791) as Non-executive Non Independent Directors effective December 08, 2020; and

(ii) Mr. K. Narasimha Murthy (DIN: 00023046) as Non-Executive Independent Director effective March 30, 2021.

The details of the Directors and their attendance at the Board meeting during the year 2020-21 and at the last annual general meeting, including the details of their Directorships and Committee Memberships, as on March 31, 2021, are furnished hereunder:

Name of Director	Attendance at Board meetings during the year 2020-21		Attendance at last AGM held on December 30, 2020	Number of committee positions held in other public companies as on March 31, 2021*		Directorships in other Listed companies (category of Directorship)
	Held	Attended		Chairman	Member	
Mr. Analjit Singh *[Chairman & Non-Executive Non Independent Director]* DIN: 00029641 [Promoter Director]	5	5	Yes	--	--	Max India Limited (Non Executive Director & Chairman) Max Ventures and Industries Limited (Non Executive Director & Chairman)
Mrs. Naina Lal Kidwai *[Independent Director] DIN: 00017806*	5	5	Yes	1	2	Cipla Limited (Independent Director)
Mr. Mohit Talwar *[Managing Director] DIN: 02394694*	5	5	Yes	--	1	Max India Limited (Non Executive Director)
Mr. Aman Mehta *[Independent Director] DIN: 00009364*	5	5	Yes	1	3	Wockhardt Limited (Independent Director) Godrej Consumer Products Ltd (Independent Director) Vedanta Limited (Independent Director) Tata Steel Limited (Independent Director)
Mr. Dinesh Kumar Mittal *[Independent Director] DIN: 00040000*	5	5	Yes	--	4	Balrampur Chini Mills Ltd (Independent Director) Bharti Airtel Limited (Independent Director) Max Ventures And Industries Limited (Independent Director) Trident Limited (Independent Director)

Name of Director	Attendance at Board meetings during the year 2020-21		Attendance at last AGM held on December 30, 2020	Number of committee positions held in other public companies as on March 31, 2021*		Directorships in other Listed companies (category of Directorship)
	Held	Attended		Chairman	Member	
Mr. Sahil Vachani *[Non-Executive Director]* DIN: 00761695 [Promoter Director]	5	5	Yes	--	3	Max Ventures and Industries Limited (Managing Director)
Mr. Jai Arya *[Independent Director]* DIN: 08270093	5	5	Yes	--	--	--
Sir Charles Richard Vernon Stagg *[Independent Director]* DIN: 07176980	5	5	Yes	--	--	--
Mr. Hideaki Nomura # *[Non-Executive Director]* DIN: 05304525	1	1	Yes	--	--	--
Mr. Mitsuru Yasuda # *[Non-ExecutiveDirector]* DIN: 08785791	1	1	Yes	--	1	--
Mr. K. Narasimha Murthy ## *[Independent Director]* DIN: 00023046	Nil	Nil	NA	3	2	Max Healthcare Institute Limited (Independent Director) Max Ventures & Industries Limited (Independent Director) Nelco Ltd. (Director)

* Represents Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies, other than companies formed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956

\# Appointed on the Board of Directors with effect from December 8, 2020

\## Appointed on the Board of Directors with effect from March 30, 2021

Core skills / expertise / competencies identified by the Board of Directors as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations]

In terms of the requirement of the SEBI (LODR) Listing Regulations, the Board has identified the following core skills/expertise/ competencies of the Directors for effective functioning of the Company in the context of the company's business.

1. Industry and sector experience or knowledge: understand the Company's business, policies, and culture and knowledge of the industry in which the Company operates;
2. Leadership and governance: Board experience, responsibility for taking decisions keeping in mind the interest of all stakeholders;
3. Strategic thinking and decision making: Having experience in decision making keeping in mind the interest of shareholders;
4. Experience in M&A, business restructuring and joint ventures; and
5. Financial Skills: Experience in financial management; risk assessment; treasury and fund raising initiatives.

Mr. Analjit Singh, Mrs. Naina Lal Kidwai, Mr. Aman

Mehta, Mr. Dinesh Kumar Mittal, Mr. Jai Arya, Mr. Mohit Talwar, Mr. Sahil Vachani, Mr. Hideaki Nomura, Mr. Mitsuru Yasuda and Mr. K. Narasimha Murthy possess all the aforementioned skills/expertise/ competencies. Sir Richard Stagg possesses the skillsets mentioned in serial no. 1 to 4 above. The brief profiles of Directors forming part of this Annual Report provide an insight into the education, expertise, skills and experience of the Directors, thus bringing in diversity to the Board's perspectives which enable them to make informed decision making at the Board.

Confirmation on the independence of the Independent Directors

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfil the conditions specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and Regulation 16(1)(b) SEBI (LODR) Regulations and are Independent of the Management.

Details of Board meetings held during the year ended March 31, 2021:

During the year ended March 31, 2021, the Board of Directors of your Company met 5 times. Dates of the board meetings along with the total number of directors associated as on the date of the meetings and directors attendance at the meetings are mentioned below: -

S.No.	Dates of Board meeting	Board Strength associated as on the date of the meeting	No. of Directors present in the meeting
1	April 27, 2020	8	8
2	May 26, 2020	8	8
3	July 30, 2020	8	8
4	Oct 30, 2020	8	8
5	Feb 9, 2021	10	10

INTER-SE RELATIONSHIP AMONG DIRECTORS

Mr. Sahil Vachani and Mr. Analjit Singh are related to each other; Mr. Sahil Vachani being the son-in-law of Mr. Analjit Singh.

The details of equity shares of Rs. 2/- each held by Non-Executive and Executive Directors of the Company as on March 31, 2021 are: (a) Mr. Analjit Singh – 1,10,000 shares, (b) Mr. Aman Mehta – 29,000 shares (held through his private trust), and (c) Mr. Mohit Talwar – 2,05,958 shares.

HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?

The calendar for the Board and Committee meetings is fixed in advance for the whole year, along with significant agenda items. At least one Board meeting is held within 45 days from the close of each quarter to review financial results and business performance and the gap between two Board meetings does not exceed the time gap as prescribed under the law from time to time.

Apart from the aforesaid four quarterly meetings, additional Board meetings are also convened to meet business exigencies, as required. Matters of exigency are approved by the Directors by resolutions passed by circulation as permissible under the provisions of the Companies Act, 2013.

Meetings of Committees of Board are generally held prior to the Board meeting. The Chairpersons of the respective Committees brief the Board about the proceedings of the Committee meetings and its recommendations on matters that the Board needs to consider and approve.

All Agenda items are accompanied by comprehensive notes on the related subject and in certain areas such as business plans / business reviews and financial results, detailed presentations are made to the Board members. The materials for the Board and committee meetings are generally circulated (electronically in a secure dedicated portal) seven days in advance. The Board is regularly updated on the key risks and the steps and process initiated for managing, reducing and, if feasible, eliminating various risks. Business risk evaluation and management is an ongoing process with the Company.

To enable the Board to discharge its responsibilities effectively, members of the Board are apprised on the overall performance of the Company and its subsidiary at every Board meeting. The Board has complete access to all the relevant information within the Company and all its employees. Senior Management is invited to attend the Board / Committee meetings to provide detailed insight into the items being discussed.

Further, the Company has made familiarization programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The detail of such familiarization programme is available at the following link of the website of the Company **www.maxfinancialservices.com/shareholder-information.**

CODE OF GOVERNANCE

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company had adopted a Code of Conduct for the Directors and senior management of the Company ('the Code'), a copy of which is available on the Company's website **www.maxfinancialservices.com.** All the members of the Board of Directors and senior management personnel had affirmed compliance with the above mentioned regulation including Code for the financial year ended March 31, 2021 and a declaration to this effect signed by the Managing Director forms part of this report as **Annexure- I.**

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders for prevention of insider trading, which is applicable to all the Directors, Promoters, Key Managerial Personnel and designated employees / persons.

COMMITTEES OF THE BOARD

Audit Committee:

As on March 31, 2021, this Committee comprised of Mr. Dinesh Kumar Mittal (Chairman), Mr. Aman Mehta, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar as members. All members of the Committee, except Mr. Mohit Talwar, are Independent Directors. The Company Secretary of the Company acts as the Secretary to this Committee.

The scope of the Audit Committee has been defined by the Board of Directors in accordance with Regulation 18 and Part C of Schedule II of the Listing Regulations and applicable provisions of the Companies Act, 2013. This Committee *inter alia*, recommends appointment and remuneration of statutory auditors, secretarial auditors, internal auditors; reviews Company's financial reporting processes and systems and internal financial controls, financial and risk management policies, Company's financial statements, including annual and quarterly financial results and financial accounting practices & policies and reviews the functioning of the whistle blower mechanism.

The representatives of Internal Auditors and Statutory Auditors are invited to the meetings of the Committee, as required. Mr. Dinesh Kumar Mittal, Chairman of the Audit Committee, was present at the last Annual General Meeting. All the recommendations made by the Committee to the Board during the year have been accepted by the Board.

Meetings & attendance during the year ended March 31, 2021:

During the year ended March 31, 2021, the Audit Committee met 4 times – on May 26, 2020, July 30, 2020, October 30, 2020 and February 09, 2021. Composition and attendance of the members at the meeting held during the FY 2020-21 are given below:

Name of Committee members	Number of meetings entitled to attend	Number of meetings attended
Mr. Dinesh Kumar Mittal	4	4
Mr. Aman Mehta	4	4
Mrs. Naina Lal Kidwai	4	4
Mr. Mohit Talwar	4	4

Nomination and Remuneration Committee:

As on March 31, 2021, this Committee comprised of Mrs. Naina Lal Kidwai (Chairman), Mr. Analjit Singh, Mr. Aman Mehta and Mr. Dinesh Kumar Mittal as members. All the members are Independent Directors, except Mr. Analjit Singh, who is a non-executive non-independent Director.

The scope of the Nomination and Remuneration Committee has been defined by the Board of Directors in accordance with Regulation 19 and Part D of Schedule II to the Listing Regulations and applicable provisions of the Companies Act, 2013. This Committee inter alia, evaluates the compensation and benefits for Executive Directors and Senior Executives at one level below the Board, recruitment of key managerial personnel and finalization of their compensation, induction of Executive and Non-Executive Directors and fixing the method, criteria and quantum of compensation to be paid to the Non-Executive Directors. It also administers the ESOP Scheme(s) of the Company including allotment of equity shares arising from the exercise of stock options. The remuneration policy of the Company is aimed at attracting and retaining the best talent to leverage performance in a significant manner. The strategy takes into account, the remuneration trends, talent market and competitive requirements. All the recommendations made by the Committee to the Board during the year have been accepted by the Board.

Meetings & attendance during the year ended March 31, 2021:

During the year ended March 31, 2021, the Nomination and Remuneration Committee met three times – on May 26, 2020 & October 30, 2020 and March 25, 2021. The composition and attendance of the members at the meeting held during the FY 2020-21 are given below:

Names of Committee members	Number of meetings entitled to attend	Number of meetings attended
Mrs. Naina Lal Kidwai	3	3
Mr. Aman Mehta	3	3
Mr. Analjit Singh	3	3
Mr. Dinesh Kumar Mittal	3	3

Remuneration paid to the Directors during 2020-21

During the year 2020-21, the Company paid a sitting fee of Rs.1,00,000/- per meeting to its non-executive/ Independent Directors for attending the meetings of Board and Committees of the Board and separate meeting(s) of Independent Directors. There were no pecuniary relationships between the Company and its Non-Executive / Independent Directors, except the payment of sitting fees and Commission to Independent Directors for the financial year 2020-21 as per details given below:

Sitting fees paid for 2020-21 are as under:

S.No.	Name of Director	Amount (In Rs.)
1	Mr. Analjit Singh	8,00,000/-
2	Mrs. Naina Lal Kidwai	15,00,000/-
3	Mr. Aman Mehta	15,00,000/-
4	Mr. Dinesh Kumar Mittal	16,00,000/-
5	Mr. Sahil Vachani	6,00,000/-
6	Mr. Jai Arya	8,00,000/-
7	Sir Charles Richard Vernon Stagg	5,00,000/-

Commission paid to Independent Directors during 2020-21 are as under:

Pursuant to applicable provisions of the Companies Act, 2013 rules made thereunder, payment of commission were made during the financial year to the Independent Directors of the Company for the previous financial year 2019-20, detailed as under:

Name of Director	Amount (in Rs.)
Mrs. Naina Lal Kidwai	20,00,000/-
Mr. Aman Mehta	20,00,000/-
Mr. Dinesh Kumar Mittal	20,00,000/-
Mr. Jai Arya	20,00,000/-
Sir Charles Richard Vernon Stagg	20,00,000/-

The remuneration payable to the Managing Director of the Company, including performance incentives and grant of ESOPs / PSPs, were determined from time to time by the Nomination and Remuneration Committee, within the limits approved by the Board of Directors and shareholders of the Company, in terms of applicable provisions of the Companies Act, 2013 read with the Company's remuneration policy.

The details of the remuneration policy form part of the Directors' Report attached as part of this Annual Report.

During FY2021, the Company paid remuneration to Mr. Mohit Talwar as Managing Director (MD) of the Company as provided in Form MGT-9 (extract of annual return), the details of which are accessible at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.**

The tenure of the MD is up to 14 January 2022 with a notice period of three months or salary in lieu thereof. During FY2021, the company has not granted any stock options to Mr. Mohit Talwar. MD is also entitled to other perquisites and benefits as approved by the shareholders earlier

The severance fee, if any, shall be payable as per the provisions of the Companies Act, 2013. The Variable Compensation / Performance Incentive shall be paid depending on the performance rating and the Company's performance within the limits approved by shareholders of the Company.

During the year 2020-21, 1,22,727 employee stock options has vested with Mr. Mohit Talwar entitling him equivalent shares, out of grants made in earlier years, and the same have since been exercised and allotted.

The performance evaluation procedure for Directors is detailed in the Directors' Report attached as part of this Annual Report.

Stakeholders' Relationship Committee:

As on March 31, 2021, this Committee comprised of Mr. Sahil Vachani (Chairman), Mr. Dinesh Kumar Mittal and Mr. Mohit Talwar as members. Key responsibilities of this Committee are the formulation of procedures, in line with the statutory guidelines, for ensuring speedy disposal of various requests received from shareholders from time to time and redressal of shareholders' and investors' complaints/ grievances. The Committee also approves the transfer and transmission of securities, and issuance of duplicate certificates etc.

The Committee has delegated the authority to effect the transfer and / or transmission of shares up to 1000 per folio to Company Secretary / Compliance Officer, and such transfers are subsequently ratified in next meeting of the Committee. The Company has normally attended to the Shareholders/Investors complaints within a period of 7 working days except in cases which were under legal proceedings / disputes. During the financial year ended March 31, 2021, five complaints were received and resolved by the Company, which were general in nature viz. issues relating to non-receipt of dividend, annual reports, share certificates etc., all of those were resolved to the satisfaction of the respective shareholders. Mr. V. Krishnan, Company Secretary of the Company is the designated Compliance Officer. The last meeting of the Committee was held on December 30, 2020 in the presence of all the aforesaid members of the Committee.

Corporate Social Responsibility Committee

As on March 31, 2021, this Committee comprised of Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Mr. Mohit Talwar. All members of the Committee are Independent Directors except Mr. Mohit Talwar. The responsibilities of this Committee are as enshrined in the Companies Act, 2013 read with Company's CSR Policy, as amended from time to time. The meeting of the Committee was held on May 26, 2020 in the presence of all the aforesaid members of the Committee. As the dividend income received from Max Life was not to be included for computation of profit for CSR activities as Max Life had already contributed for CSR activities, the Company is unlikely to exceed the threshold of Rs. 50 Lakhs per financial year for CSR contribution prescribed under extant regulations. Hence, this Committee has been disbanded effective June 8, 2021.

Risk Management Committee

As on March 31, 2021, this Committee comprised of Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Mr. Mohit Talwar. All members of the Committee are Independent

Directors except Mr. Mohit Talwar. The responsibilities of this Committee are as enshrined in the Companies Act, 2013, applicable listing regulations and as per the risk management framework of the Company. All the recommendations made by the Committee to the Board during the year have been accepted by the Board.

Meetings & attendance during the year ended March 31, 2021:

During the year ended March 31, 2021, the Risk Management Committee met two times – on May 26, 2020 and March 26, 2021. The composition and attendance of the members at the meeting held during the FY 2020-21 are given below: -

Director	Number of meetings held	Number of meetings attended
Mr. Aman Mehta	2	2
Mrs. Naina Lal Kidwai	2	2
Mr. Dinesh Kumar Mittal	2	2
Mr. Jai Arya	2	2
Mr. Mohit Talwar	2	2

Separate meeting of Independent Directors

A separate meeting of the Independent Directors was held on June 8, 2021 in the presence of all the six Independent directors of the Company whereat, inter alia, the following agenda items were considered on performance evaluation of the board/committees/ chairman for the financial year ended March 31, 2021, in terms of applicable regulations:

(a) Evaluation of the performance of Non-Independent Directors and the Board as a whole;

(b) Evaluation of the performance of Chairperson of the Company; and

(c) Assessment of the quality, quantity and timeliness of the flow of information between the Company management and the Board, that is necessary for the Directors to perform their duties effectively and reasonably.

ANNUAL GENERAL MEETING

The Annual General Meetings (AGMs) of the Company for the financial year 2018 and 2019 were held at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533. The last AGM was held through Video Conferencing / Audio Visual means on December 30, 2020 in Compliance with the provisions of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015 as permitted by the Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") through various circulars . The details of the last three AGMs held and special resolutions passed by the shareholders in the said AGMs are as under:

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2018	September 25, 2018 11:00 AM	➢ Approval for payment of a sum, as remuneration by way of commission, to be distributed amongst the Directors of the Company, other than the Managing Director or Whole-time Director(s), for each financial year effective from the financial year 2018-19 onwards, subject to the overall ceilings in terms of Section 197 of the Companies Act, 2013. ➢ Approval for payment of remuneration of Mr. Mohit Talwar (DIN: 02394694), Managing Director of the Company for the remaining period of his current tenure, i.e. from January 15, 2019 until January 14, 2021, within the existing limits approved by the shareholders of the Company earlier.

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2019	September 24, 2019 11:00 AM	➢ Re-Appointment of Mr. Aman Mehta (holding DIN: 00009364) as an Independent Director of the Company, not liable to retire by rotation. ➢ Re-Appointment of Mr. Dinesh Kumar Mittal (holding DIN: 00040000) as an Independent Director of the Company, not liable to retire by rotation. ➢ Approval accorded to the Board to permit Registered Foreign Portfolio Investors ("RFPIs") registered under the SEBI FPI Regulations and the Foreign Institutional Investors ("FIIs") (including their sub-accounts) registered with the Securities and Exchange Board of India ("SEBI") to acquire and hold on their own account and on behalf of each of their sub-accounts registered with SEBI, the Equity Shares of the Company upto an enhanced aggregate limit of 58% of the Paid-up Equity Share capital of the Company at the time of making such investments, provided that the individual shareholding of RFPIs/FIIs on its own account and on behalf of each of their sub-accounts, in the Company, shall not exceed 10% of the Paid-up Equity Share capital of the Company or such limits as specified from time to time under the applicable laws.
March 31, 2020	December 30, 2020 1200 hrs (IST) through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")	➢ Approval for re-appointment of Mrs. Naina Lal Kidwai (DIN: 00017806) for second and final term of 5 (five) consecutive years with effect from January 15, 2021 to January 14, 2026 and that she shall not be liable to retire by rotation, who was appointed as an Independent Director on the Board of Directors of the Company on January 15, 2016 and whose term of office expires on January 14, 2021 and who meets the criteria of Independence as provided under Section 149(6) of the Act and rules made thereunder read with the listing regulation. ➢ Approval for re-appointment of Mr. Mohit Talwar (DIN: 02394694) as the Managing Director of the Company for a further period of one year w.e.f January 15, 2021 to January 14, 2022 and that the remuneration payable to Mr. Mohit Talwar for the said period in the form of Salary including Basic, House Rent Allowance/Company owned or leased Accommodation, perquisites and allowances viz., leave travel allowance, children education allowance, management allowance and medical reimbursements shall not exceed Rs. 6.11 crore per annum for the aforesaid period. ➢ Approval for purchase of equity shares of Max Life Insurance Company Limited, from time to time in one or more tranches, from Axis Bank Limited, Axis Capital Limited and Axis Securities Limited and/or their affiliates, for an aggregate amount not exceeding Rs. 20,000 Crores (Rupees Twenty Thousand Crores only)."

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2020-21, the Company had passed the following resolutions through postal the ballot process.

1. As a strategic step to consolidate the Company's shareholding in Max Life Insurance Company Limited (**'Max Life'**), its sole subsidiary, approval of the members was sought by calling an Extraordinary General Meeting EGM) for the proposal to acquire 394,775,831 (Three Hundred Ninety Four Million Seven Hundred Seventy Five Thousand and Eight Hundred Thirty One) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life representing 20.57% of the Equity Share capital of Max Life through a share swap transaction from its joint venture partner, viz., Mitsui Sumitomo Insurance Company Limited, Japan ('**MSI'**) by the issuance of equity shares of the Company on a preferential issue basis to MSI. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at Rs. 85/- (Rupees Eighty Five only) for every Equity Share of Rs. 10/- (Rupees Ten) each held by MSI in Max Life. However, the EGM could not be convened due to nationwide lock down arising from COVID-19,

   Meanwhile the Ministry of Corporate Affairs ("**MCA**") has issued circulars on April 8, 2020 and April 13, 2020 ("**MCA Circulars**"), providing certain relaxations in the requirement of convening a physical shareholders' meetings and has permitted companies to hold shareholder meetings via video conferencing facilities and postal ballot, subject to certain terms and conditions being satisfied. The Company, therefore sought the approval of the members for the aforesaid proposals through the postal ballot process. The shareholders have approved aforesaid proposals by way of special resolutions with requisite majority. The results of the postal ballot were declared on May 27, 2020.

2. The Company sought approval of the shareholders of the Company by way of a postal ballot process for divestment of upto 29% equity stake, in one or more tranches, in Max Life Insurance Company Limited and approvals in terms of Sections 180(1)(a) and 186(3) of the Companies Act, 2013 for re-acquisition of shares in case of exercise of put options by Axis Bank Limited and/or its affiliates ("the Prospective Investors"). The shareholders have approved aforesaid proposals by way of special resolutions with requisite majority. The results of the postal ballot were declared on June 18, 2020.

The details of the said postal ballot processes are under:

Process followed for passing resolutions through postal ballot:

The Company appointed M/s Chandrasekaran Associates, Practicing Company Secretaries having an office at 11F, Pocket-IV, Mayur Vihar Phase-I, Delhi – 110091 as the Scrutinizer for conducting for both the Postal Ballot processes in a fair and transparent manner.

The Company issued the postal ballot notice dated April 23, 2020 and notice dated May 13, 2020 for matters 1 and 2 stated above and sent through electronically on April 24, 2020 and May 15, 2020, respectively.

In light of the COVID-19 crisis and in accordance with Section 110 of the Companies Act, 2013 and Rules 22 and 20 of the Companies (Management and Administration) Rules, 2014 read with the Circular no. 14/2020 dated April 8, 2020 read with Circular no. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs, Government of India ('MCA Circulars'), physical copy of the Notices have not been circulated to the members. However, it was clarified that all the persons who are members of the Company as on as on the respective cut off dates, i.e., April 16, 2020 and May 8, 2020 (including those members who may not have received this Notice due to non-registration of their email IDs with the Company or with the Depositories) were entitled to vote in relation to the resolutions specified in respective Notices.

The results of the postal ballots were declared on May 27, 2020 and June 18, 2020, respectively at the Registered Office of the Company at Punjab. The results were also informed to the BSE Limited (the

BSE) and National Stock Exchange of India Limited (the NSE), where the Company's shares are listed and made accessible on the Company's website at

(1) **https://www.maxfinancialservices.com/wp-content/uploads/2020/06/SEDISMAXFINANCIAL18062020.pdf.**

(2) **https://www.maxfinancialservices.com/wp-content/uploads/2020/06/SEDISMFSL27052020.pdf.**

No resolution requiring postal ballot process as required by the Companies (Management and Administration) Rules, 2014, is proposed to be placed for the shareholders' approval as on the date of issuance of this report.

MEANS OF COMMUNICATION

Timely disclosure of reliable information and corporate financial performance is at the core of good Corporate Governance. Towards this direction, the quarterly / annual results of the Company were announced within the prescribed period and published in Financial Express (English) and Desh Sewak (Punjabi). The results can also be accessed on the Company's website **www.maxfinancialservices.com.** The official news releases and the presentations made to the investors / analysts are also displayed on the Company's website. The Company made presentations to financial analysts and institutional investors after the quarterly/ annual financial results were approved by the Board.

DISCLOSURES

(a) **Related party transactions**

There are no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

The Company has formulated a policy for transacting with related parties, which is available at the following link on the website of the Company **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.**

Transactions entered with the related parties are disclosed in Note no. 31 under Notes to Accounts to the standalone financial statements in the Annual Report.

(b) **Compliance by the Company**

The Company has complied with all the mandatory requirements of the Listing Agreement entered into with the stock exchanges, Listing Regulations, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI, or any other statutory authorities on any matter relating to capital markets during the last three years, except the following:

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have at least half of the board of directors shall consists of independent directors in case the Company is having a promoter chairman.

The said requirement had arisen for the Company on the appointment of Mr. Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of the provision of Articles of the Company.

However, both BSE and NSE had levied a penalty of Rs 3,50,000/- (plus GST) for the period July 23, 2018 up to September 30, 2018 – which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. Subsequently, an additional penalty of Rs. 2,20,000/- had been levied by both the exchanges for the residual period i.e. October 1, 2018 up to November 13, 2018 also, which had also been paid UNDER PROTEST along with a request for waiver. NSE and BSE have formally communicated to the Company that such a waiver cannot be granted.

(c) **Vigil Mechanism - Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for directors / employees to report concerns about unethical behavior. The policy provides adequate safeguards against the victimization of directors / employees.

It is hereby affirmed that no person has been denied access to the Chairman of the Audit Committee on matters relating to Whistle Blower Policy of the Company.

(d) **Disclosure of the compliance with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except as disclosed in (b) above.

(e) **Disclosure of commodity price risk and commodity hedging activities**

As the Company is holding investments in a subsidiary company and provides management services to group entities that are all operating in India, there is no foreign exchange exposure. Hence, the said disclosure is not applicable to the Company.

(f) **Fees to the Statutory Auditors of the Company**

The total fees for all services paid by the Company to the Statutory Auditors of the Company is mentioned at Note No. 39 of Notes to standalone financial statements.

(g) **Dividend Distribution Policy**

The Board of Directors of the Company approved a Dividend Distribution Policy in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is enclosed as an annexure to the Directors' Report and is also available on the website of the Company at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.**

SUBSIDIARY COMPANY

The Company had one material unlisted subsidiary company viz., Max Life Insurance Company Limited ("Max Life") during the year 2020-21, which is the only subsidiary of the Company. Further, the Company has formulated a policy for determining 'material subsidiaries' which is disclosed at the following link on the website of the Company **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.**

Mr. K. Narasimha Murthy is the common Independent Director for the Company and Max Life as of March 31, 2021.

Further, Mr. Analjit Singh, Chairman, Mr. Mohit Talwar, Managing Director, Mr. Sahil Vachani, Non-executive Director and Mr. Mitsuru Yasuda, Non-executive Director of the Company are also on the Board of Max Life.

GENERAL SHAREHOLDER INFORMATION

A section on the 'General Shareholder Information' is annexed, and forms part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

A section on the 'Management Discussion & Analysis' is annexed and forms part of this Annual Report.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The certification by the Managing Director and Chief Financial Officer of the Company, in compliance of Regulation 17(8) read with Part B, Schedule II of the Listing Regulations, is enclosed as **Annexure II**.

M/s. Chandrasekaran Associates, Practicing Company Secretaries have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the Listing Regulations and the said certificate is annexed to the Directors report. Kindly refer to **Annexure 5** of the Director's report.

A certificate from M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority is annexed as **Annexure – III** to the Report.

DISCLOSURE ON NON-MANDATORY REQUIREMENTS

The Company has duly complied with all the mandatory requirements under Listing Regulations and the status of compliance with the non-mandatory recommendations under Part E of Schedule II of the Listing Regulations is given below:

a) Shareholders' Rights:

The quarterly, half-yearly and annual financial results of the Company are published in newspapers and also posted on the Company's website.

b) Audit Qualification:

It has always been the Company's endeavor to present unqualified financial statements. There is no audit qualification in respect of financial statements of the Company for the financial year 2020-21.

Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director, Mr. Analjit Singh, a Non Executive Promoter Director is the Chairman of the Company. Mr. Mohit Talwar is the Managing Director of the Company.

Reporting of Internal Auditor

The Internal Auditors report directly to the Audit Committee, which defines the scope of Internal Audit.

For Max Financial Services Limited

Place: Dubai
Date: June 8, 2021

Analjit Singh
Chairman
DIN: 00029641

Annexure-I

Declaration by the Managing Director on Code of Conduct as required by Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to declare and confirm that Max Financial Services Limited ("the Company") has received affirmations of compliance with the provisions of the Company's Code of Conduct for the financial year ended March 31, 2021, from all Board of Directors and Senior Management personnel of the Company.

For **Max Financial Services Limited**

Mohit Talwar
Managing Director
DIN: 02394694

Place: New Delhi
Date: June 8, 2021

Annexure- II

Certification by Managing Director and Chief Financial Officer

To,
The Board of Directors,
Max Financial Services Limited
Bhai Mohan Singh Nagar, Rail Majra,
Tehsil Balachaur, Distt. Nawanshahr,
Punjab-144533 India

We, Mohit Talwar, Managing Director and Jatin Khanna, Chief Financial Officer of Max Financial Services Limited ("the Company") certify that:

A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended March 31, 2021 and that to the best of our knowledge and belief:

   (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading; and

   (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware of, and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee, wherever applicable:

   (i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Max Financial Services Limited

Mohit Talwar	**Jatin Khanna**
Managing Director	Chief Financial Officer

Place: New Delhi
Date: June 8, 2021

Annexure- III

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members
Max Financial Services Limited
Bhai Mohan Singh Nagar, Rail Majra,
Tehsil Balachaur, Distt.
Nawanshahr Punjab-144533

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Max Financial Services Limited and having CIN L24223PB1988PLC008031 and having registered office at Bhai Mohan Singh Nagar, Rail Majra, Tehsil Balachaur, Distt. Nawanshahr Punjab-144533 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of Director	DIN	Date of appointment in Company
1	Aman Mehta	00009364	12/12/2008
2	Naina Lal Kidwai	00017806	15/01/2016
3	Analjit Singh	00029641	23/07/2018
4	Dinesh Kumar Mittal	00040000	01/01/2015
5	Sahil Vachani	00761695	25/05/2018
6	Mohit Talwar	02394694	14/02/2012
7	Charles Richard Vernon Stagg	07176980	11/02/2019

S. No.	Name of Director	DIN	Date of appointment in Company
8	Jai Arya	08270093	14/11/2018
9	Hideaki Nomura	05304525	08/12/2020
10	Mitsuru Yasuda	08785791	08/12/2020
11	K Narasimha Murthy	00023046	30/03/2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000411611

Date: June 2, 2021
Place : New Delhi

Note:

Due to restricted movement amid the COVID-19 pandemic, we have verified the disclosures and declarations received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct.

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GENERAL SHAREHOLDER INFORMATION

General Shareholder Information

Registered Office:

Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab- 144 533.

Investor Helpline:

L20M, Max Towers, Plot No. C-001/A/1,
Sector 16B, Noida 201301
Tel. No. : +91 120 4696000
e-mail: investorhelpline@maxindia.com

Share Transfer Agent:

Mas Services Limited,
T-34, 2nd Floor, Okhla Industrial Area, Phase - II
New Delhi–110 020
Tel–011 26387281/82/83, Fax–011 26387384
e-mail: info@masserv.com

Annual General Meeting:

Date and Time: Thursday, September 23, 2021 at 1100 hrs.

Venue: Through Video Conference ("VC") or Other Audio-Visual Means ("OAVM")

Book Closure :

Friday, September 17, 2021 to Thursday, September 23, 2021 (both days inclusive)

Financial Year

The financial year of the Company starts from April 1st of a year and ends on March 31st of the following year.

Financial Calendar – 2021-22:

1. First quarter results	-	By second week of August 2021
2. Second quarter & half yearly results	-	By second week of November 2021
3. Third quarter results	-	By second week of February 2022
4. Annual results	-	By May 30, 2022

Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Company confirms that it has paid annual listing fees due to BSE and NSE for the year 2021-22.

Connectivity with Depositories:

The Company's shares are in dematerialized mode through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code:

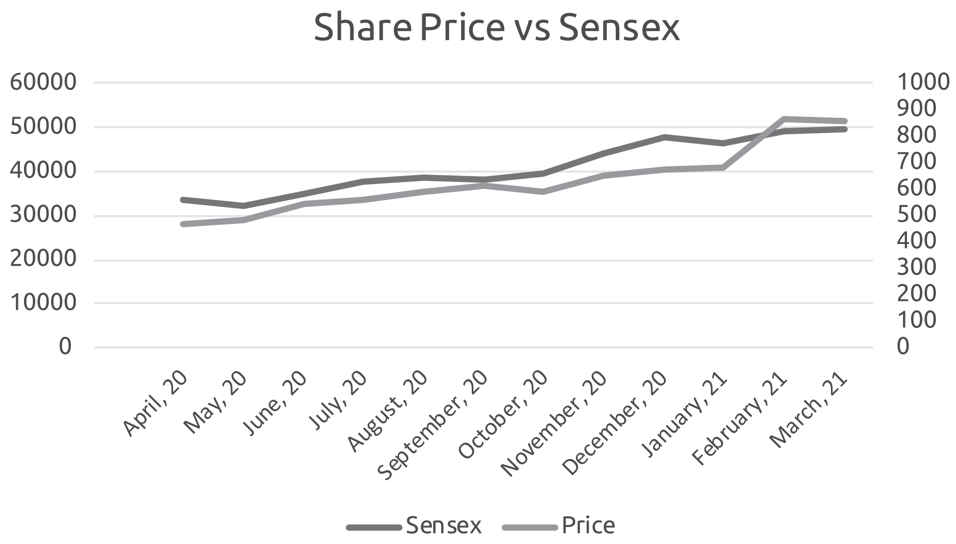
BSE	-	500271
NSE	-	MFSL

Demat ISIN No. for NSDL and CDSL - INE180A01020

	Reuters	Bloomberg
BSE	MAXI.BO	MAXF:IN
NSE	MAXI.NS	NMAX:IN

Share Price Data - Monthly high and low quotation on NSE and BSE

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 20	492.75	326.65	492.35	328.50
May, 20	491.35	407.15	491.00	407.45
June, 20	554.00	450.00	553.05	450.50
July, 20	594.00	519.00	593.95	519.05
August,20	641.75	514.90	641.90	515.00
September,20	632.80	567.30	633.00	568.00
October, 20	645.00	566.05	645.00	566.60
November, 20	665.00	588.80	664.75	589.00
December, 20	703.00	621.50	703.00	621.60
January, 21	751.80	670.00	751.85	669.00
February, 21	953.70	659.10	938.65	659.20
March, 21	944.55	831.15	978.00	830.15



Shareholding Pattern as on March 31, 2021:

Category	No. of shares held	% of shareholding
Promoters	58629470	16.99
Mutual Funds and UTI	86071736	24.94
Financial Institutions/Banks	14075	0.00
Insurance Companies	10920290	3.16
Foreign Institutional Investors	779793	0.23
Foreign Portfolio Investors	78864703	22.85
Foreign Direct Investment	75458088	21.87
Alternate Investment Funds	4867314	1.41
Bodies Corporate	2336419	0.67
Non-resident Indians/ Overseas Corporate Bodies	1864608	0.54
Clearing Members	409373	0.12
Directors and their relatives	205958	0.07
Employees	29150	0.01
Resident Individuals	23703083	6.87
Trusts	208554	0.06
Unclaimed Suspense Account	95705	0.03
IEPF	631983	0.18
Total	**345090302**	**100.00**

Distribution of shareholding as on March 31, 2021:

No. of Shareholders	Percentage to total	Shareholdings	No. of shares	Percentage to total
61845	97.77	1 to 5000	16110452	4.67
698	1.10	5001 to 10000	2484286	0.72
305	0.48	10001 to 20000	2146733	0.62
90	0.14	20001 to 30000	1093019	0.32
40	0.06	30001 to 40000	693274	0.20
36	0.06	40001 to 50000	816015	0.24
63	0.10	50001 to 100000	2268419	0.66
176	0.29	100001 and above	319478104	92.57
63253	**100.00**	**Total**	**345090302**	**100.00**

Dematerialisation status as on March 31, 2021:

(i) Shareholding in dematerialized mode 99.74%

(ii) Shareholding in physical mode 0.26%

Reconciliation of Share Capital Audit

As stipulated by the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, a practicing Company Secretary carries out the Reconciliation of Share Capital Audit, on a quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total listed and paid-up capital. The audit report, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form and total number of shares in physical form.

For shareholders holding shares in dematerialised mode

Shareholders holding shares in dematerialised mode are requested to intimate all changes with respect to bank details, mandate, nomination, power of attorney, change of address, change of name etc. to their depository participant (DP). These changes will be reflected in the Company's records on the downloading of information from Depositories, which will help the Company provide better service to its shareholders.

For Shareholders holding their equity shares in physical form

Your kind attention is drawn towards SEBI regulations which prescribe that with effect from April 1, 2019, the transfer of securities, in physical form, shall not be processed unless securities are held in dematerialized form with any of the depository and therefore, all members holding shares in physical form are further advised to convert their shareholding from Physical form to Demat form with a Depository Participant of their choice. Holding share(s) in Demat form has following advantages:

1. Freedom from physical storage
2. Elimination of chances of theft, mutilation, defacement etc.
3. Easy to sell and realize sale proceeds and/or dividend in the bank account linked with the Depository.
4. Contribution to the 'Green Initiative'
5. To make any change in your particulars, you can make single request with your DP, which will be applicable to all companies in your demat account.
6. Demat account can be operated from anywhere in the world

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfer of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Company Secretary is authorized by the Board severally to approve transmission or transposition of securities, which are noted at subsequent meetings.

Further, in respect of shares upto 1000 per folio, transmission or transposition of securities are effected on a weekly basis. For others, the transmission or transposition of securities are effected within limits prescribed by law. The average turnaround time for processing registration of transmission or transposition of securities is 15 days from the date of receipt of requests. The processing activities with respect to requests received for dematerialisation are generally completed within 7-10 days.

Dividend

The Company has not declared any dividend for the current financial year.

The Board of Directors approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended, from time to time

("Listing Regulations"). The said policy is enclosed as an annexure to the Directors' Report and is also available on the website of the Company **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/Annual Reports-Docs-MaxFinancial.zip.**

Unclaimed Dividends

In respect of any unpaid / unclaimed dividends, the shareholders are requested to write to the Registrar and Share Transfer Agent of the Company. Further, the Companies Act, 2013, mandates companies to transfer Dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Therefore, balance if any remaining unclaimed/ unpaid against the past dividend(s), will be transferred to IEPF within the statutory period prescribed under the Act.

Transfer of Unclaimed Dividend and Shares to the Investor Education and Protection Fund

The Company had paid Final Dividend in FY 2012-13 and Interim Dividend in FY 2013-14 and the unpaid dividends were transferred to a separate accounts in same year within prescribed time. In terms of the provisions of Section 124 (5) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the amount of dividend which remains unpaid/ unclaimed for more than 7 years, from the date of the payment of dividend shall be mandatorily transferred by the Company to the Investor Education and Protection Fund (IEPF).

Further as per Section 124(6) of the Companies Act 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred by the Company in the name of Investor Education and Protection Fund.

The Company had declared Final Dividend for the financial year 2012-13 and Interim Dividend for the financial year 2013-14 on May 30, 2013 and November 8, 2013, respectively. The unpaid/unclaimed dividend for the aforesaid Final Dividend for FY 2012-13 and Interim Dividend for FY 2013-14 were due for transfer to IEPF Authority as per MCA circular nos. 16 and 35 of 2020, due to COVID, relaxations have been given to companies to comply with these requirements.

Further, the equity shares on which dividend have not been claimed/encashed for a continuous period of last seven years i.e. from F.Y. 2012-13 and 2013-14 shall also be mandatorily transferred by the Company to IEPF as per the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

In this regard, the Company had given adequate notice on August 17, 2020 to the members of the Company, advising them to encash the said dividends intimated through advertisement in Business Standard, all editions and Desh Sewak, Chandigarh edition for the information of the members of the Company.

In view of the extraordinary circumstances due to COVID-19 pandemic, the bulk mailing services of the Indian Postal Department were yet to be fully resumed during account of nationwide lock-down during that period, the Company has not communicated individually to the concerned shareholders for claiming their aforesaid unclaimed dividends.

In this regard, (i) a sum of Rs. 21,97,774/- which was lying as unpaid/unclaimed dividend in the Dividend Account No. 000184400005693 viz., Final Dividend for FY 2012-13 of the Company with Yes Bank was remitted to IEPF on February 2, 2021 and 34,389 equity shares of Rs. 2/- each were also transferred by the Company in the name of Investor Education and Protection Fund on March 30, 2021 as per Section 124(6) of the Companies Act 2013, in respect of which dividend have not been paid or claimed for seven consecutive years or more and (ii) a sum of Rs. 18,25,872/- which was lying as unpaid/unclaimed dividend in the Dividend Account No. 000184400006212 viz., Interim Dividend for FY 2013-14 of the Company with Yes Bank was remitted to IEPF on February 4, 2021 and 19,684 equity shares of Rs. 2/- each were also transferred by the Company in the name of Investor Education and Protection Fund on March 30, 2021 as per Section 124(6) of the Companies Act 2013, in respect of which dividend have not been paid or claimed for seven consecutive years or more.

On transfer of the aforesaid equity shares to IEPF, the members will now have recourse to IEPF to reclaim the shares by providing documentary evidence to IEPF as provided under the Companies Act, 2013.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity: Not Applicable

Plant Locations: Not Applicable

Communication of Financial Results

The unaudited quarterly financial results and the audited annual accounts are normally published in the Financial Express / Desh Sewak. The financial results, press releases and presentations etc. are regularly displayed on the Company's website-www.maxfinancialservices.com.

Address for Correspondence with the Company

Investors and shareholders can correspond with the office of the share transfer agent of the Company or the Corporate Office of the Company at the following addresses:

Mas Services Limited (Registrar & Share Transfer Agent)

T-34, 2nd Floor
Okhla Industrial Area, Phase – II
New Delhi – 110 020

Contact Persons
Mr. Sharwan Mangla
Tel No.:-011-26387281/82/83
Fax No.:- 011 – 26387384
e-mail: info@masserv.com

Max Financial Services Limited

Secretarial Department
L20M, Max Towers, Plot No. C-001/A/1,
Sector 16B, Noida 201301
Tel. No. : +91 120 4696000
e-mail: investorhelpline@maxindia.com

Company Secretary and Compliance Officer

Mr. V. Krishnan
Tel. No.:- +91 120 4696000
e-mail:- vkrishnan@maxindia.com

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BOARD'S REPORT

Board's Report

Dear Members,

Your Directors have pleasure in presenting the Thirty-third Board's Report of Max Financial Services Limited ("MFSL" or "the Company") along with the audited Financial Statements for the financial year ended March 31, 2021.

Standalone Results

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

(Rs. in crore)

	Year ended 31.03.2021	Year ended 31.03.2020
Revenue from operations	**306.37**	494.94
Other income	**1.43**	0.08
Total income	**307.80**	495.02
Expenses		
Finance costs	**0.21**	0.20
Impairment loss on investment in subsidiary	**88.16**	-
Loss on sale of investment in subsidiary	**32.89**	-
Employee benefits expenses	**21.25**	22.86
Depreciation and amortization expense	**3.80**	9.89
Legal and professional expenses	**18.32**	44.39
Other expenses	**13.70**	21.36
Total expenses	**178.34**	98.70
Profit before tax	**129.46**	396.32
Tax expense	**30.24**	123.78
Profit after tax for the year	**99.22**	272.54
Other comprehensive income for the year	**0.02**	(0.12)
Total comprehensive income	**99.24**	272.42

Your Company is primarily engaged in the business of making and holding investments in its subsidiary, Max Life Insurance Company Limited ("Max Life") and providing management consultancy services to group companies and accordingly in terms of extant RBI guidelines, your Company is an Unregistered Core Investment Company (Unregistered CIC) as it does not meet the criteria stipulated by RBI for Systematically important CIC.

The net worth of your Company on a standalone basis grew by around 191% to Rs 6,645 crore as of March 31, 2021 as against Rs. 2,280 crore as of March 31, 2020. The increase in the net worth was on account of (i) issuance of Equity Shares to Mitsui Sumitomo Insurance Company Limited ("MSI") on a preferential basis with a face value of Rs. 15.09 crore and recognition of share premium of Rs 4,249 crore on swap transaction with MSI, (ii) recognition of share premium on allotment of shares on exercise of ESOPs and (iii) profits.

Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and applicable accounting standards, the audited consolidated financial statements are enclosed as part of this Annual Report.

In FY 2020-21, MFSL reported consolidated revenues of Rs. 31,288 crore, 72% higher compared to the previous year, due to mark-to-market gain on debt and equity portfolio. Excluding investment gains, consolidated revenues have grown by 18%. The Gross Premiums at Rs. 19,018 crore, grew at 18% compared to the previous year. The Company reported consolidated Profit after Tax of Rs. 560 crore, a jump of 105% compared to the previous year. The steep surge in the Consolidated Profit after Tax was aided by reversal of provision for impairment on financial assets, lower tax expense and a partial offset by new business strain due to shift in product mix towards Non-Par business

Max Life achieved a significant milestone this year with its Assets under Management (AUM) crossing the Rs. 90,000 crore mark in Q4FY21. The AUM as of March 31, 2021 stood at Rs. 90,407 crore, growing 32% over the previous year, owing to mark-to-market gain on debt and equity portfolio. Another benchmark set by Max Life was in the Claims Paid Ratio category. The claims paid ratio improved to 99.35% in FY21 from 99.22% in FY20, The Market Consistent Embedded value of Max Life as on March 31, 2021 was Rs.11,834 crore, with an Operating Return on Embedded Value (RoEV) of 18.5% and the value of a new business at Rs. 1,249 crore. has grown 39% with the margins at 25.2%, 360 bps improvement year-on-year.

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

(Rs. in crore)

	Year ended 31.03.2021	Year ended 31.03.2020
Revenue from operations	**31,273.91**	18,239.98
Other income	**14.11**	1.78
Total income	**31,288.02**	18,241.76
Expenses		
Finance costs	**0.27**	0.28
Impairment on financial instruments	**(55.24)**	71.43
Employee benefits expenses	**60.80**	35.95
Depreciation and amortization expense	**5.32**	11.37
Legal and professional expenses	**18.32**	44.39
Policyholders' Expenses of Life Insurance operations	**30,634.31**	17,595.24
Other expenses	**31.34**	39.32
Total expenses	**30,695.12**	17,799.28
Profit before tax	**592.90**	442.48
Tax expense	**33.14**	169.63
Profit after tax for the year (including non-controlling interests)	**559.75**	272.85
Other comprehensive income for the year	**(4.37)**	12.99
Total comprehensive income (after tax)	**555.38**	285.84
Total comprehensive income attributable to		
Owners of the company	**419.81**	154.38
Non-controlling interests	**135.58**	131.46

Material Changes affecting Financial Position

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e., March 31, 2021 and the date of the Directors' report i.e. June 8, 2021, other than divestment of a portion of shareholding in Max Life as detailed below:

Subsequent to the year end, the Company had transferred 172,731,531 equity shares of Rs. 10 each of Max Life to Axis Bank on April 6, 2021, fully paid up at a price of Rs. 32.12 per share for consideration aggregating to Rs. 554.81 crore. Post the Axis Bank stake sale transaction, Axis Bank together with its two subsidiaries hold 12.99% equity shares of Max Life and the Company's investment in equity shares of MLIC has decreased to 81.83%.

Share Swap transaction involving MSI

On December 8, 2020, the Company allotted 7,54,58,088 equity shares of Rs. 2/- each at a price of Rs. 565.11 per equity share amounting to 21.87% of the paid-up share capital of Max Financial Services Limited ("MFSL" or "Company"), to MSI, on a preferential allotment basis in consideration for the transfer of equity shares constituting 20.57% of the paid up share capital of Max Life held by MSI to MFSL ("Share Swap Transaction").

With this allotment, the paid-up equity share capital of the Company stood increased to Rs.69,00,65,184/- as of December 8, 2020.

Post the Share Swap transaction, MSI holds 21.87% equity shares of the Company and the Company's investment in equity shares of MLIC had increased from 72.52% to 93.10% as of December 8, 2020. Further, Mr. Hideaki Nomura and Mr. Mitsuru Yasuda, nominees of MSI, were appointed as non- executive non-independent additional directors of the Company.

Estimation of uncertainties relating to COVID-19 global health pandemic

The Company has assessed the impact of COVID-19 on its operations as well as its financial results, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as of March 31, 2021. In assessing the Carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of the financial statements for the year ended March 31, 2021 and based on current estimates, expects the net carrying amount of these assets to be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19.

The subsidiary company viz., Max Life had assessed the impact of COVID-19 on its operations as well as its financial statements, including valuation of investments, valuation of policy liabilities and solvency, for the year ended March 31, 2021. To the best of information available, Max Life has maintained a sufficient amount in policyholders reserve on account of COVID-19 related contingencies over and above the policy level liabilities calculated based on prescribed IRDAI Regulations. Max Life will continue to closely monitor any material changes to the business and financial statements due to COVID-19.

Subsidiaries, Associates & Joint Venture companies

As on March 31, 2021, your Company had only 1 (one) subsidiary vis., Max Life. There were no other associate or joint venture companies.

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

Further, a detailed update on the business achievements of Max Life, being an operating subsidiary, is furnished as part of the Management Discussion and Analysis section which forms part of this Annual Report.

As provided in Section 136 of the Act, the financial statements and other documents of Max Life are not attached with the financial statements of the Company. The complete set of financial statements including financial statements of the subsidiary of the Company is available on the website of the Company at www.maxfinancialservices.com. These documents will also be available for inspection during business hours at the registered office of the Company.

Material Unlisted Subsidiary

In terms of the provisions of the SEBI Listing Regulations, your Company has a policy for determining 'Material Subsidiary' and the said policy is available on the Company's website at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/Annual Reports-Docs-MaxFinancial.zip.**

Your Company has one material subsidiary, viz., Max Life Insurance Company Limited.

Dividend

Your Directors have not recommended any dividend for the financial year 2020-21.

The Board of Directors of your Company has approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said policy is available on the website of the Company at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/Annual Reports-Docs-MaxFinancial.zip.**

Transfer to Reserves

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

Share Capital

During the year under review, the Company allotted the following Equity shares of Rs. 2/- each:

(i) 1,22,727 equity shares of Rs.2/- each was allotted to the option-holders on the exercise of ESOPs under the Max Employee Stock Plan 2003 ("2003 Plan"); and

(ii) 7,54,58,088 equity shares of Rs. 2/- each to MSI on a preferential basis through Share Swap Transaction.

The Paid up capital of the Company as on March 31, 2021 was Rs. 69,01,80,604/- (Rupees Sixty-nine crore one lakh eighty thousand six hundred four only) comprising of 34,50,90,302 equity shares of Rs. 2/- each.

Further, after the end of the financial year on March 31, 2021 and till the date of this report i.e. June 8, 2021, your Company had allotted 16,466 equity shares of Rs.2/- each under the aforesaid 2003 Plan.

Employee Stock Option Plan

Your Company has an employee stock option plan viz. The 2003 Plan in place. The 2003 Plan provides for the grant of stock options aggregating not more than 5% of the number of issued equity shares of the Company to eligible employees and Directors of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Company. Details of options granted up to March 31, 2021 and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are enclosed in this report as **Annexure - 2**.

A certificate confirming that the 2003 Plan Scheme of the Company has been implemented in accordance with the applicable SEBI Regulations and the resolutions passed by the Members in this regard shall be placed before the members at the ensuing Annual General Meeting.

During the year under review, the Nomination and Remuneration Committee of Directors of the Company ("NRC") granted 33,855 Stock Options to Mr. Jatin Khanna, Chief Financial Officer of the Company with effect from April 3, 2020 which will vest with him in a graded manner.

Directors and Key Managerial Personnel

As on date of this report, the Board of Directors of your Company comprises 11 (Eleven) members with 1 (one) Executive Director and 10 (Ten) Non-Executive Directors of which 6 (Six) are Independent Directors. Mr. Analjit Singh (DIN: 00029641), Chairman of the Company is a Non-Executive, Non Independent Promoter Director.

Mr. Hideaki Nomura (DIN: 05304525) and Mr. Mitsuru Yasuda (DIN: 08785791), nominees of MSI were appointed as Non-Executive Non-Independent directors effective December 8, 2020.

Mr. K. Narasimha Murthy was appointed as an Independent Director of the Company for a period of five years with effect from March 30, 2021. Your directors recommend the appointment of Mr. K. Narasimha Murthy as an Independent Director on the Board of the Company for an aforesaid term of five years.

The Board of Directors have evaluated the Independent Directors appointed and re-appointed during the year 2020-21 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

Further, in terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Sahil Vachani is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Sahil Vachani, being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting.

Brief profiles of aforesaid directors are given in the Annual Report.

The Board met five times during the financial year 2020-21:

S.No.	Date	Board Strength	No. of Directors present
1	April 27, 2020	8	8
2	May 26, 2020	8	8
3	July 30, 2020	8	8
4	Oct 30, 2020	8	8
5	Feb 9, 2021	10	10

The details regarding the number of meetings attended by each Director during the year under review have been furnished in the Corporate Governance Report attached as part of this Annual Report.

As on the date of this Report, Mr. Mohit Talwar, Managing Director, Mr. Jatin Khanna, Chief Financial Officer and Mr. V. Krishnan, Company Secretary are the Key Managerial Personnel of the Company.

Statement of Declaration by Independent Directors

In terms of Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following Non-Executive Directors are categorized as Independent Directors of the Company: Mrs. Naina Lal Kidwai (DIN: 00017806), Mr. Aman Mehta (DIN: 00009364) Mr. Dinesh Kumar Mittal (DIN: 00040000), Mr. Jai Arya (DIN: 0008270093), Sir Charles Richard Vernon Stagg (DIN: 07176980) and Mr. K. Narasimha Murthy (DIN: 00023046).

The Company has received a declaration of independence from all the above-mentioned Independent Directors as per Section 149(7) of the Act, confirming that they continue to meet the criteria of independence. Further, pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have confirmed their registration with the Indian Institute of Corporate Affairs (IICA) data base.

Committees of the Board of Directors

The Company has the following committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. A detailed note on the same is provided under the Corporate Governance Report forming part of this Annual Report.

1. Audit Committee:

   The Audit Committee met four times during the financial year 2020-21, viz. on May 26, 2020, July 30, 2020, October 30, 2020 and February 9, 2021. As on the date of this report, the Committee comprises Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mrs. Naina Lal Kidwai and Mr. Mitsuru Yasuda. All the recommendations by the Audit Committee were accepted by the Board.

2. Nomination and Remuneration Committee:

   The Nomination and Remuneration Committee met thrice during the financial year 2020-21, viz. on May 26, 2020, October 30, 2020 and March 25, 2021. As on the date of this report, the Committee comprises of Mrs. Naina Lal Kidwai (Chairman), Mr. Analjit Singh, Mr. Aman Mehta, Mr. D.K. Mittal and Mr. Hideaki Nomura.

3. Corporate Social Responsibility Committee:

   As on March 31, 2021, this Committee comprised of Mr. Aman Mehta, Mr. D.K. Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Mr. Mohit Talwar. The Committee met on May 26, 2020. This Committee has since been disbanded basis amendments brought into Section 135 of the Companies Act, 2013 as the CSR funding for the Company is not expected to exceed Rs. 50 Lakhs per financial year and that CSR functions for the Company shall be discharged directly by its Board of Directors as and when required.

4. Stakeholders' Relationship Committee:

   The Committee met one time during the financial year 2020-21, viz. on December 30, 2020. As on the date of this report the Committee comprises of Mr. Sahil Vachani (Chairman), Mr. D.K. Mittal, Mr. Mohit Talwar and Mr. Mitsuru Yasuda.

5. Risk Management Committee:

   As on the date of this report, the Committee comprises Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya, Mr. Mohit Talwar and Mr. Mitsuru Yasuda. This Committee met twice during the year under review on May 26, 2020 and March 26, 2021.

6. Independent Directors:

   The Board of Directors includes 6 Independent Directors as on March 31, 2021 viz. Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya, Sir Charles Richard Vernon Stagg and Mr. K. Narasimha Murthy. Mr. K. Narasimha Murthy was appointed effective March 31, 2021. The Independent Directors had separate meetings on May 26, 2020 and on June 8, 2021. The meetings were conducted to:

   a) Review the performance of non-independent Directors and the Board as a whole;

   b) Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors; and

c) Assess the quality, quantity and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to perform their duties effectively and reasonably.

Performance Evaluation of the Board

As per the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a formal Annual Evaluation process has been carried out for evaluating the performance of the Board, the Committees of the Board and the Individual Directors including Chairperson.

The performance evaluation was carried out by obtaining feedback from all Directors through a confidential online survey mechanism through Diligent Boards, a secured electronic medium through which the Company interfaces with its Directors. The outcome of this performance evaluation was placed before the meetings of the Nomination and Remuneration Committee and Independent Directors' and the Board meeting for the consideration of the members.

The review concluded by affirming that the Board as a whole as well as its Chairman, all of its members, individually and the Committees of the Board continued to display a commitment to good governance by ensuring a constant improvement of processes and procedures and contributed their best in the overall growth of the organization.

Human Resources

We are primarily engaged in growing and nurturing business investment as a holding company in the business of life insurance and providing management advisory services to group companies. The remuneration of our employees is competitive with the market and rewards high performers across levels. The remuneration to Directors, Key Managerial Personnel and Senior Management are a balance between fixed, incentive pay, and long-term equity program based on the performance objectives appropriate to the working of the Company and its goals and is reviewed periodically and approved by the Nomination and Remuneration Committee of the Board.

Details pursuant to Section 197(12) of the Act, read with the Rule 5(1) and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this report as **Annexure - 3A** and **Annexure - 3B**.

As on March 31, 2021, there were 15 employees on the rolls of the Company.

Nomination and Remuneration Policy

In adherence to the provisions of Sections 134(3)(e) and 178(1) & (3) of the Act, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, had approved a policy on Directors' appointment and remuneration. The said policy includes terms of appointment, criteria for determining qualifications, performance evaluation and other matters. Copy of the same is available on the website of the Company at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/Annual Reports-Docs-MaxFinancial.zip.**

Corporate Social Responsibility ("CSR")

The Board of Directors of your Company had constituted a Corporate Social Responsibility Committee and adopted a CSR policy, as approved by the CSR Committee, copy of which is available on the website of the Company at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.** The CSR Policy comprises Vision and Mission Statement, philosophy and objectives. It also explains the governance structure along with clarity on roles and responsibilities.

In terms of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, all Companies meeting the prescribed threshold criteria, i.e., net worth of Rs. 500 crore or more or turnover of Rs. 1,000 crore or more or net profits of Rs. 5 crore or more during the immediately preceding financial year are required to spend at least 2% of the average net profits of the Company for immediately preceding 3 financial years.

As per rule 2(h) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, any dividend received from other companies in India which are already covered and complying with the provisions of the CSR, shall not be included for the purposes of computation of 'net profits' for a company.

As Max Life from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2020-21, the dividend income received by the Company will be excluded for the purposes of computation of its 'net profits'. After excluding the dividend income received from Max Life, the Company does not have net profits computed as per the CSR rules. Therefore, the Company is not mandatorily required to spend on Corporate Social Responsibility for the financial year 2020-21. However, the Company has voluntarily made certain donations.

This Committee has since been disbanded basis amendments brought in to Section 135 of the Companies Act, 2013 as the CSR funding for the Company is not expected to exceed Rs. 50 Lakhs per financial year and that CSR functions for the Company shall be discharged directly by its Board of Directors as and when required.

Business Responsibility Report

In terms of Clause 34(2)(f) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Business Responsibility Report, on various initiatives taken by the Company, is enclosed to this report as **Annexure - 4**. In addition to the statutory disclosures made in the said Annexure, the significant ESG initiatives taken by the Company and its subsidiary, Max Life are available at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/Annual Reports-Docs-MaxFinancial.zip.**

Policy for Prevention of Sexual Harassment

Your Company has a requisite policy for Prevention of Sexual Harassment, which is available on the website of the Company at www.maxfinancialservices.com/shareholder-information. The comprehensive policy ensures gender equality and the right to work with dignity to all employees (permanent, contractual, temporary and trainees) of the Company. Your company has complied with provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case was reported to the Committee during the year under review.

Loans, Guarantees or Investments in Securities

The details of loans given and investments made by the company pursuant to the provisions of Section 186 of the Act are provided in Note nos. 6 and 7 respectively, to the standalone financial statements of the Company for the FY 2020-21.

Management Discussion & Analysis

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a review of the performance of the Company, including those of your Company's subsidiary, is provided in the Management Discussion & Analysis section, which forms part of this Annual Report.

Report on Corporate Governance

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities and Exchange Board of India through Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required by the said Clause, a separate report on Corporate Governance forms part of the Annual Report of the Company.

A certificate from M/s Chandrasekaran Associates, Practicing Company Secretaries regarding compliance with the conditions of Corporate Governance pursuant to Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is Annexed to this Report as **Annexure – 5.** Further, a certificate from the Managing Director and Chief Financial Officer on compliance of Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Corporate Governance Report.

Copies of various policies adopted by the Company are available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

Statutory Auditors and Auditors' Report

Pursuant to Sections 139 & 142 of the Act, M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration Number: 117366W/W-100018), were appointed as the Statutory Auditors of the Company at the 32nd Annual General Meeting ("AGM") held on December 30, 2020 for a period of five years. They continue as the Statutory Auditors of the Company.

There are no audit qualifications, reservations, disclaimers or adverse remarks or reporting of fraud in the Statutory Auditors Report given by M/s Deloitte Haskins and Sells, LLP, Statutory Auditors of the Company for the financial year 2021-21 annexed in this Annual Report.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Act, your Company had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2020-21. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2020-21 is annexed to this report as **Annexure - 6.**

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

Your Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

Further, Max Life Insurance Company Limited, the material subsidiary of the Company has undergone Secretarial Audit for the year ended March 31, 2021. The Secretarial Audit report issued by M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi is enclosed as **Annexure-7.** The said report is self-explanatory and does not contain any qualifications, reservations, adverse remarks or disclaimers.

Internal Auditors

The Company follows a robust Internal Audit process and audits are conducted on a regular basis, throughout the year, as per the agreed audit plan. During the year under review, M/s MGC, Global Risk Advisory LLP were re-appointed as Internal Auditors for conducting the Internal Audit of key functions and assessment of Internal Financial Controls etc.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed. The Management has reviewed the existence of various risk-based controls in the Company and also tested the key controls towards assurance for compliance for the present fiscal.

In the opinion of the Board, the existing internal control framework is adequate and commensurate with the size and nature of the business of the Company. Further, the testing of the adequacy of internal financial controls over financial reporting has also been carried out independently by the Statutory Auditors as mandated under the provisions of the Act.

During the year under review, there were no instances of fraud reported by the auditors to the Audit Committee or the Board of Directors.

Risk Management

Your Company considers that risk is an integral part of its business and therefore, it takes proper steps to manage all risks in a proactive and efficient manner. The Board has formed a Risk Management Committee to identify the risks impacting the business, formulate strategies/ policies aimed at risk mitigation as part of risk management. Further, a core team of senior management has also been formed to identify and assess key risks, risk appetite, tolerance levels and formulate strategies for mitigation of risks identified in consultation with process owners.

The Company has adopted a Risk Management policy, whereby risks are broadly categorized into Strategic, Operational, Compliance and Financial &

Reporting Risks. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business performance.

There are no risks which, in the opinion of the Board, threaten the very existence of your Company. However, some of the challenges / risks faced by its subsidiary have been dealt with in detail in the Management Discussion and Analysis section, forming part of this Annual Report.

Vigil Mechanism

The Company has a vigil mechanism pursuant to which a Whistle Blower Policy has been adopted and is in place. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns raised and also that no discrimination will be meted out to any person for a genuinely raised concern in respect of any unethical and improper practices, fraud or violation of the Company's Code of Conduct.

The said Policy, covering all employees, Directors and other persons having association with the Company, is hosted on the Company's website at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/Annual Reports-Docs-MaxFinancial.zip.** A brief note on Vigil Mechanism / Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

Cost Records

Your Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

Public Deposits

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

Contracts or Arrangements with Related Parties

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis, except an ongoing transaction with Max Life Insurance Company Limited for allowing usage of trademarks without any consideration and an approval has already been obtained from shareholders of the Company in 2016 for the said transaction.

There is no material contract or arrangement in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Form AOC-2 furnishing particulars of contracts or arrangements entered by the Company with related parties referred in Section 188(1) of the Companies Act, 2013, is annexed to this report as **Annexure - 8.**

The details of all the Related Party Transactions form part of Note no. 31 to the standalone financial statements attached to this Annual Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.**

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo as stipulated under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is as follows:

a) Conservation of Energy

(i) the steps are taken or impact on the conservation of energy: Regular efforts are made to conserve the energy through various means such as the use of low energy consuming lightings, etc.

(ii) the steps taken by the Company for using alternate sources of energy: Since your Company is not an energy-intensive unit, utilization of alternate sources of energy may not be feasible.

(iii) capital investment on energy conservation equipment: Nil

b) Technology Absorption

Your Company is not engaged in manufacturing activities, therefore there is no specific information to be furnished in this regard.

There was no expenditure incurred on Research and Development during the period under review.

c) **Foreign Exchange Earnings and Outgo**

The foreign exchange earnings and outgo are given below:

Total Foreign Exchange earned	Nil
Total Foreign Exchange used	Rs. 437.23 Lacs

Annual Return

The extract of Annual Return as at March 31,2021 under Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, is available at **https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.**

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis;

e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Significant and material orders passed by the regulators or courts or tribunals

During the year under review, there were no such significant and material orders passed by the regulators or courts or tribunals which could impact the going concern status and company's operations in the future.

Transfer of Unclaimed Dividend and Shares to the Investor Education and Protection Fund

The Company had paid Final Dividend in FY 2012-13 and Interim Dividend in FY 2013-14 and the unpaid dividend were transferred to a separate account in the same year for the aforesaid two dividends. After completion of 7 years, the unpaid amounts still lying in the said account were transferred to the Investor Education and Protection Fund, along with respective shares on which such dividend remained unpaid.

Unclaimed Shares

Regulation 39(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 inter alia requires every listed company to comply with certain procedure in respect of shares issued by it in physical form, pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

The face value of the shares of the Company was split from Rs. 10/- each to Rs. 2/- each in the year 2007. Certain share certificates were returned undelivered and were lying unclaimed. The Company had sent necessary reminders to concerned shareholders, and subsequently such shares were transferred to the Unclaimed Suspense Account.

The voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account.

The concerned shareholder(s) are requested to write to the Registrar and Share Transfer Agent to claim the said equity shares. On receipt of such claim, additional documents may be called for and subject to its receipt and verification, the said shares lying in the said Unclaimed Suspense Account shall be transferred to the depository account provided by the concerned shareholder(s) or the physical share certificate shall be delivered to the registered address of the concerned shareholder(s).

The details of Equity Shares held in the Unclaimed Suspense Account are as follows:

S. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of shareholders and the outstanding shares originally lying in the Unclaimed Suspense Account (as at beginning of the financial year i.e. April 1, 2020)	496	1,19,510
2.	Number of shareholders who approached listed entity for transfer of shares from the Unclaimed Suspense Account during the year	*108	*23,805
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account, during the year	*108	*23,805
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account (as at end of the financial year i.e. March 31, 2021)	388	95,705

*This includes 23,755 equity shares which were transferred to 107 shareholders from Investor Education and Protection Fund

Till the date of this report, the Company had approved an overall 1,815 - such claims from shareholders, comprising 3,79,605 shares, for transfer back of their shareholding from the Unclaimed Suspense Account in demat / physical form.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

Acknowledgements

Your Directors would like to place on record their appreciation of the contribution made by its management and its employees who through their competence and commitment have enabled the Company to achieve impressive growth. Your Directors acknowledge with thanks the co-operation and assistance received from various agencies of the Central and State Governments, Financial Institutions and Banks, Shareholders, Joint Venture partner and all other business associates.

On behalf of the Board of Directors
Max Financial Services Limited

Place: Dubai
Date: June 8, 2021

Analjit Singh
Chairman
DIN: 00029641

Annexure 1

Form AOC-1

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the Financial Statement of subsidiaries / associate companies / joint ventures

Part "A" - Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs Lakhs)

Sl. No.	Name of Subsidiary Company	Date since when subsidiary was acquired	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation (refund)	Profit after taxation	Proposed Dividend	Extent of Shareholding (in %)
1	Max Life Insurance Company Limited	11 July, 2000	31 March, 2021	INR	191,881.29	105,890.85	9,417,419.12	9,119,646.98	9,040,664.49	31,19,426.78	50,991.82	(1,307.21)	52,299.03	-	90.83%

Part "B" - Associate Companies and Joint-Ventures

Not Applicable, as there are no Associates / Joint Ventures

Annexure 2

Details of Max Employees Stock Plan – 2003, pursuant to SEBI Regulations and Companies Act, 2013 for the year ended March 31, 2021

A. Relevant disclosures in terms of the 'Guidance on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Details provided in Note no. 29 of Standalone Financial Statements for the year ended March 31, 2021.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with INDAS-33 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Rs. 3.38 per share.

C. Summary of status of ESOS granted:

i. The description of Max Employee Stock Plan 2003 is summarised as under:

S. No.	Particulars	
1	Date of shareholders' approval	September 30, 2003
2	Total number of options approved under ESOS	1,33,48,642
3	Vesting requirements	Vesting may be time based or performance based as determined by the Nomination and Remuneration Committee ("NRC"), from time to time, under the relevant Option Agreement.
4	Exercise price or pricing formula	As determined by the NRC, under the relevant Option Agreement.
5	Maximum term of options granted	As determined by the NRC, subject to the compliance of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	Nil

ii. Method used to account for ESOS:

The Company has adopted an fair value method of Valuation.

iii. Option movement during the year:

Number of options outstanding at the beginning of the period	1,54,737
Number of options granted during the year	33,855
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	1,22,727
Number of options exercised during the year	1,22,727
Number of shares arising as a result of exercise of options	1,22,727
Money realized by exercise of options (INR), if scheme is implemented directly by the company	3,47,36,770
Loan repaid by the Trust during the year from exercise price received	Not Applicable. The ESOP Plan is not administered by any Trust.
Number of options outstanding at the end of the year	65,865
Number of options exercisable at the end of the year	8,003

iv. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock:

Weighted average exercise price for options exercised during FY2020-21 was Rs. 2/- Further, the weighted average fair value of the outstanding options as on 31st March 2021 was Rs.393.12 For details, please refer to Note no. 29 of Standalone Financial Statements.

v. Employee wise details of options granted - ESOPs were granted by the Company during the financial year 2020-21.

a) Senior Managerial Personnel – Mr. Jatin Khanna, Chief Financial Officer	33,855
b) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year; and	NA
c) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL

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

ESOPs were granted by the Company during the financial year 2020-21.

weighted-average values of share price (at time of grant)	33,855 options at the rate of Rs.382.40 per option
exercise price	33,855 options at the rate of Rs.382.40 per option
expected volatility	43.48% - 47.27%
expected option life (in years)	3 - 5.99 years
expected dividends	NIL
risk-free interest rate	5.51% -6.63%
any other inputs to the model	No
the method used and the assumptions made to incorporate the effects of expected early exercise	Black Scholes Option Pricing
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Historical volatility
whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	NA

Annexure 3A

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2021

A. The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is appended below:

Key Managerial Remuneration (including Whole–time Directors' Remuneration)

Sl. No.	Name	Designation	Remuneration for FY20 (INR Cr.)	Remuneration for FY21 (INR Cr.)	% Increase in Remuneration in FY21 vs. FY20
1	Mr. Mohit Talwar[1]	Managing Director	12.52	19.57	NA[1]
2	Mr. Jatin Khanna[3]	Chief Financial Officer	0.86	1.18	37%
3	Mr. V Krishnan[5]	Company Secretary	1.01	1.26	25%
4	Ms. Sujatha Ratnam[2]	Chief Financial Officer	3.32	NA	NA[6]
5	Mr. Sandeep Pathak[4]	Company Secretary (MFSL)	0.19	NA	NA[6]

1 Mr. Mohit Talwar's remuneration includes the perquisite value of Rs. 6.46 crores, being the value of ESOPs exercised during the year under review against the ESOPs granted earlier (corresponding value in FY20 was Rs. 2.76 crores) and also long-term incentive of Rs. 3.96 crores.

2 Ms. Sujatha Ratnam had left the Company on June 30, 2019. Her remuneration for FY20 includes a one-time special payment of Rs 2.17 Crores.

3 Mr. Jatin Khanna was appointed as the CFO in place of Ms. Sujatha Ratnam w.e.f. July 1, 2019.

4 Mr. Sandeep Pathak got transferred to Max India Limited on June 30, 2019.

5 Mr. Krishnan was appointed as the Company Secretary in place of Mr. Sandeep Pathak w.e.f. July 1, 2019.

6 Since the KMPs changed during the year FY 20, the increase in remuneration for them is indeterminable.

B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs. 25,45,875/- in FY 21 as against Rs. 50,47,311/- in FY20. The decrease in MRE in FY 21 as compared to FY20 is around -49.56%.

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2021) to the MRE for FY21 is around 76.9:1

C. The number of permanent employees on the rolls of the Company as on March 31, 2021 was 15, as against 9 permanent employees as on March 31, 2020.

D. The average increase in fixed remuneration (excluding WTD remuneration) in FY21 over FY20 was Nil as the increments did not happen because of COVID.

E. The increase in fixed remuneration for WTD was Nil over previous year. The total remuneration of Mr. Mohit Talwar, Managing Director for FY 21 included (i) long term incentive that was committed and paid and(ii) perquisite value of ESOPs that were exercised by him before end of his first term as the MD of January 14, 2021.

Managerial personnel's variable components are linked to assessment of individual performance with differentiation for high performers, potential, criticality of the role for the Company and relative market competitiveness. All long term variable components are linked to value creation for shareholders. The Company's Remuneration policy ensures that it attracts, motivates, and retains key talent by enabling differentiated rewards for high performers who live by the values of the Company. The remuneration policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for all stakeholders.

The Remuneration paid during the financial year under review was as per the remuneration policy of the Company.

During FY21, no employee received remuneration in excess of the remuneration paid to Executive Director and held 2% or more of the equity shares in the Company, along with spouse and / or dependent children.

Annexure 3B

DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION, AND INCLUDES ALL EMPLOYEES WHO WERE IN RECEIPT OF REMUNERATION OF (A) RS. 102,00,000/- PER ANNUM OR MORE, OR (B) RS. 8,50,000/- PER MONTH OR MORE, IF EMPLOYED FOR PART OF THE YEAR ENDED MARCH 31, 2021

Sr. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (In Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Held Organisation	Position held
A.	**Employed throughout the year**									
1	Ramsundar, K K	63	Admn. Assistant, Office of Founder & Chairman	Administration	5,229,665	B.Com (P), PGDBA, PGDMM	02.07.1979	45	Ranbaxy Labs Limited	Steno Typist
2	Rao, Anuradha	62	Executive Assistant, Office of Founder & Chairman	Executive Assistant	6,195,415	BA (Hons)	03.06.1987	42	Northern Engineering Industries (India) Limited	Assistant cum Secretary
3	Talwar, Mohit	61	Managing Director	General Management	195,686,865	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	42	Standard Chartered Bank	Director & Head Wholesale Bank, East India
4	Khanna Jatin	42	Chief Financial Officer	Finance	11,784,916	CA, PGPMAX-ISB	01.07.2019	21	Max India Ltd	Chief Financial Officer
5	Krishnan, V	57	Company Secretary	Company Secretary	12,567,825	B.Com, FCS	01.07.2019	36	Max India Ltd	Company Secretary
B.	**Employed for part of the year**									
6	Dilbagh Singh Narang	50	Director Taxation	Taxation	10,417,538	B.Com, FCA, INSEAD Alumni	01.05-2020	22	Max India Ltd	Director Taxation
7	Nishant Kumar Gehlawat	38	DGM- Finance	Finance	3,276,678	CA, PGPMAX-ISB	01.05-2020	16	Max India Ltd	DGM-Finance
8	Shri Raj	57	Sr. Manager - Finance	Finance	2,545,875	B.com	01.05-2020	36	Max India Ltd	Sr. Manager - Finance
9	P Dwarakanath	74	Head Group - Human Capital	Human Resources	12,941,157	BACHELOR OF SCIENCE & LAW, PGDM (PM & IR)	01.05-2020	50	Max India Ltd	Head Group - Human Capital
10	Sakshi Khosla	41	Associate Director - Human Capital	Human Resources	3,891,355	PGDMS (HR), Master in Applied Psychology	01.05-2020	17	Max India Ltd	Associate Director - Human Capital

Notes :

1. Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites, as applicable.
2. None of the above employees is a relative of any director of the Company.
3. Mr. Mohit Talwar holds 205958 equity shares constituting 0.06% of the equity share capital of the Company, as of the date of this report.
4. None of the above employees held 2% or more equity shares of the Company, by himself / herself or alongwith his / her spouse and dependent children .

Annexure 4

BUSINESS RESPONSIBILITY REPORT

Section A	General information about the Company	
1	Corporate Identification Number	L24223PB1988PLC008031
2	Name of the Company	Max Financial Services Limited
3	Registered address	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr Punjab 144533
4	Website	www.maxfinancialservices.com
5	Email address	investorhelpline@maxindia.com
6	Financial year reported	1 April 2020 – 31 March 2021
7	Sector(s) that the Company is engaged in	Investments and Consultancy services to group companies
8	Three key products/services manufactured/ provided by the Company	1. Investments in subsidiaries (NIC Code – 64200) 2. Management Consultancy (NIC Code – 70200)
9	Total number of locations where business activity is undertaken by the Company	Two locations: Registered office at Nawanshahr (Punjab) and corporate office at Noida, U.P.
10	Markets served by the Company	India
Section B	**Financial details of the Company**	
1	Paid-up capital	Rs. 69.02 crore
2	Total turnover	Rs. 307.80 crore (revenue from operations)
3	Total profit after tax	Rs. 99.22 crore
4	Total spending on CSR as percentage of profit after tax	N.A. (Refer Directors' Report)
5	List of the activities in which expenditure in 4 above has been incurred	N.A.
Section C	**Other details**	
1	Does the Company have any Subsidiary Company/Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Company's subsidiary Max Life Insurance Company Limited engages in BR initiatives for the group. For detailed information, please refer to Business Responsibility Review section of this Annual Report.
3	Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No

Section D	BR information	
1a	Details of Director(s) responsible for BR	Mr. Mohit Talwar (DIN: 02394694)
		Managing Director
1b	Details of the BR head	Name: Mr. Jatin Khanna
		Designation: CFO
		Telephone number: 0120-4696000
		Email ID: jkhanna@maxindia.com
2	Principle-wise BR policy/policies	Included in this BR Report
3	Governance related to BR	Included in this BR Report
Section E	**Principle-wise performance**	
1	Principle-wise performance	Included in this BR Report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 1000 listed entities based on market capitalisation on the BSE and NSE, are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report. Max Financial Services Limited (MFSL) presents its second BRR in line with the requirements of SEBI. This BRR provides information on key initiatives undertaken by the Company and / or its subsidiary.

MFSL is the holding company of Max Life Insurance Company Limited (an unlisted material subsidiary), which continued to work with Max India Foundation to implement its CSR programme which has a focus on healthcare, sanitation, safe drinking water, environment protection, financial literacy & insurance awareness and village adoption. It is committed to attaining the highest standards of service in protecting and enhancing the financial future of its customers by adhering to a set of values that is shared across the Group – Sevabhav (spirit of service), Excellence and Credibility.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

MFSL continues to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of life insurance business, MFSL considers ethics, transparency and accountability to be its top-most priority.

MFSL has a Code of Conduct for the Company's Directors and Senior Management. A declaration of the Directors and Senior Management's affirmation to this Code of Conduct is communicated to all stakeholders by the Managing Director in the Annual Report.

MFSL has established a Whistle Blower Policy, which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behaviour, or suspected fraud or violation of the Code of Conduct. Adequate measures are in place to ensure safeguards against victimization of employees who report any unethical behaviour. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated, and action is initiated, wherever required.

No complaints linked to the Code of Conduct adherence were received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

MFSL endeavors to contribute to sustainability and conservation of resources in all possible manners. All Board level meetings have been paperless for more than 5 years, with Directors and other participants accessing relevant material electronically.

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

As of March 31, 2021, MFSL had a total of 15 employees, which included 2 women employees. There were no temporary or contractual employees in the reporting year. As a holding company with limited areas of operations, the Company's staffing is adequate and commensurate with the scale of its business. The Company believes its employees are its greatest strength and invests in the growth and development of all its employees and engages with them on a regular basis including providing requisite training. Employees are also given opportunities to move across other Group companies to get wider exposure.

MFSL has policies and procedures in place to prevent any kind of discrimination. It has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2020-21 and none were pending as of 31 March 2021. The Company does not have any employee association.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

MFSL is an equal opportunity employer. Remuneration practices are based on merit, without regard to the person's ethnic background or gender, and are periodically updated based on market benchmarks. The Company ensures there is no discrimination of any type against socially disadvantaged sections in the workplace.

MFSL regularly undertakes initiatives to engage with its internal and external stakeholders. The Company has robust mechanisms in place which ensure full, fair, accurate, timely and understandable disclosures to all our shareholders and investors.

Principle 5: Businesses should respect and promote human rights

MFSL is dedicated to upholding the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights. All policies of the Company comply with conventionally understood provisions of human rights. There is no discrimination whatsoever in the Company on the basis of cast, creed, race, gender, religion or physical handicap. The Company did not receive any complaint relating to violation of human rights in 2020-21.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

MFSL is committed to conducting its business in a manner that protects the natural environment. Given that MFSL is a holding company with no manufacturing operations and small number of employees, the Company does not have any significant direct environmental impacts. However, regular efforts are made to conserve the energy through various means.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

MFSL is a holding company with no direct business operations however its subsidiary Max Life actively engages in policy advocacy to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

For detailed information on steps taken towards inclusive growth and equitable development through Max India Foundation, a CSR arm of the Max Group, please refer to the Business Responsibility Review section of this Annual Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

MFSL, being a holding company, is having investments in its subsidiary and primarily engaged in growing and nurturing the business investments and providing management consultancy services to group companies. Accordingly, it does not have any direct customers or consumers under the scope of this BRR.

In addition to the statutory information as stated above, the members are requested to access various initiatives taken by the Company and its subsidiary, Max Life on ESG which are more fully captured on the website of the Company at https://www.maxfinancialservices.com/AnnualReport/doc/2020-21/AnnualReports-Docs-MaxFinancial.zip.

On behalf of the Board of Directors
Max Financial Services Limited

Place: Dubai
Date: June 8, 2021

Analjit Singh
Chairman
DIN: 00029641

Annexure 5

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

The Members
Max Financial Services Limited
Bhai Mohan Singh Nagar, Rail Majra,
Tehsil Balachaur, Distt. Nawanshahr,
Punjab-144533 India

We have examined all relevant records of Max Financial Services Limited (the Company) for the purpose of certifying all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2021. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. ACS 16302
Certificate of Practice No. 5673
UDIN: A016302C000411631

Date: June 8, 2021
Place: Delhi

Annexure 6

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

The Members,
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Max Financial Services Limited (hereinafter called the "Company''). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021("during the period under review") according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the period under review.

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable during the period under review and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. Not Applicable during the period under review.

(vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on the Sectors / Businesses. Further, the management confirmed that the Company is an Unregistered Core Investment Company in terms of The Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as updated from time to time and hence does not require registration as a NBFC.

We have also examined compliance with the applicable clauses and Regulations of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent least seven days in advance (except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

(i) During the period under review, pursuant to the approval of the members of the company, the board of directors approved the issuance and allotment of 75,458,088 equity shares of Rs. 2/- each of the Company on preferential allotment basis to Mitsui Sumitomo Insurance Company Limited ("MSI") for consideration other than cash, i.e., by way of transfer of 394,775,831 equity shares of Rs. 10/- each of Max Life Insurance Company Limited ("MLIC") to the Company.

(ii) During the period under review, pursuant to the approval of the members of the company, the board of directors approved the acquisition of 394,775,831 equity shares of Rs. 10/- each of MLIC from MSI for consideration other than cash and acquisition of remaining equity shares of Rs. 10/- each of MLIC, held by MSI, from time to time at a consideration of Rs. 85/- per equity share of MLIC, payable in cash.

(iii) During the period under review, pursuant to the approval of the members of the company, the board of directors divested the stake of the company in MLIC by way of transfer of 3,83,76,257 and 1,91,88,128 equity shares bearing face value of Rs. 10/- each of MLIC held by the Company to Axis Capital Limited and Axis Securities Limited respectively, on March 26, 2021; and Transfer of 172,731,531 equity shares bearing face value of Rs. 10/-

each of MLIC held by the Company to Axis Bank Limited on April 6, 2021. Post transfer of said shares, the Company currently holds 81.84% equity stake in MLIC.

We further report that the Company received a demand notice dated February 18, 2020 from the Office of Enforcement Directorate, New Delhi ("ED Office"). The said notice referred to an adjudication order dated June 30, 2004 issued by Office of the Additional Commissioner of Customs, New Delhi imposing a penalty of Rs. 8 crores on the Company (erstwhile Max India Limited) for alleged non-submission of documentary evidence in respect of import of goods against foreign exchange remitted. The Company, had vide its reply dated February 28, 2020, sought time from the ED Office to submit detailed response and also sought assistance in retrieval of facts and relevant background papers involving the adjudication proceedings against the Company. The Company had submitted applications under the Right to Information Act, 2005 on June 9, 2020 with the Customs Department, Delhi Zone for seeking the background papers to this case. The Company had represented before the Directorate of Enforcement authorities to drop the proceedings on the above matter as Various officials of the Customs Department had responded stating that no records were available in this regard with the Department. The Company has not paid any penalty on this matter as the matter is currently pending with the Directorate of Enforcement.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000411576

Date: June 2, 2021
Place: Delhi

Notes:

(i) This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.

(ii) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/ expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

Annexure-A to the Secretarial Audit Report

The Members,
Max Financial Services Limited
Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

Our Report of even date is to be read with along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000411576

Date: June 2, 2021
Place: Delhi

Annexure 7

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
Max Life Insurance Company Limited
419, Bhai Mohan Singh Nagar, Railmajra, Tehsil
Balachaur Nawan Shehar, Punjab – 144533

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Max Life Insurance Company Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; Not Applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; applicable only to the extent of dematerialization of shares of the Company

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"): Not Applicable

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India

(Buyback of Securities) Regulations, 1998;

(vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/ industry are:

1. Insurance Regulatory and Development Authority of India Act, 1999,

2. Insurance Act, 1938 and various Rules, Regulations & Guidelines issued thereunder, including circulars issued from time to time Insurance Regulatory and Development Authority of India (IRDAI) has issued a show cause notice (Ref. No. IRDAI/ ENFORCEMENT/2019/447/SCN) dated March 16, 2021 levying 2 (two) nos. of charges on the Company basis onsite Inspection conducted in 2019. The said charges are pertaining to concerns/ violations of certain provisions of the IRDAI's Regulations as applicable to the Company.

The Company has submitted its response in respect of both the charges contained in the said show cause notice through a letter dated April 16, 2021, requesting IRDAI to drop the said charges. The matter is still under consideration by the IRDAI and no final order has been issued in this regard.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Not Applicable

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Transfer of 394,775,831 number of equity shares bearing face value of Rs. 10/- each of the Company held by Mitsui Sumitomo Insurance Company Limited to Max Financial Services Limited noted vide Circular Resolution dated 08.12.2020.

2. Transfer of 14,170,817 and 4,978,935 number of equity shares bearing face value of Rs. 10/- each of the Company held by Axis Bank Limited to Max Financial Services Limited and Mitsui Sumitomo Insurance Company Limited on March 15 and 16, 2021 respectively noted at the 95th meeting of the Board of Directors held on April 6, 2021.

3. Transfer of 3,83,76,257 and 1,91,88,128 number of equity shares bearing face value of Rs. 10/- each of the Company held by Max Financial Services Limited to Axis Capital Limited and Axis Securities Limited respectively on March 26, 2021 noted vide Circular Resolution dated March 27, 2021.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000247478

Date: 05.05.2021
Place: Delhi

Note:

(i) This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

(ii) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/ expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

Annexure A

The Members
Max Life Insurance Company Limited
419, Bhai Mohan Singh Nagar, Railmajra,
Tehsil Balachaur Nawan Shehar, Punjab – 144533

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000247478

Date: 05.05.2021
Place: Delhi

Annexure 8

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

    a) Name(s) of the related party and nature of relationship: Max Life Insurance Company Limited (Subsidiary company)

    b) Nature of contracts/arrangements/transactions: Sub-licensing of trademarks

    c) Duration of the contracts/arrangements/transactions: 10 years

    d) Salient terms of the contracts or arrangements or transactions including the value, if any: The contract for sub-licensing of trademarks has been entered into with subsidiary company, pursuant to a Scheme of Demerger approved by Hon'ble High Court of Punjab at Chandigarh, which allows usage of trademarks without any consideration.

    e) Justification for entering into such contracts or arrangements or transactions: The trademarks have been licensed to the Company for limited usage. Prior to the Scheme of Demerger, Max Life Insurance Company Limited had been using such trademarks. It was contemplated to allow usage of such trademarks by Max Life, without impacting the ownership of such trademarks.

    f) Date(s) of approval by the Board: August 8, 2016

    g) Amount paid as advances, if any: NIL

    h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: September 27, 2016

2. Details of material contracts or arrangement or transactions at arm's length basis: N.A.

    a) Name(s) of the related party and nature of relationship:
    b) Nature of contracts/arrangements/transactions:
    c) Duration of the contracts/arrangements/transactions:
    d) Salient terms of the contracts or arrangements or transactions including the value, if any:
    e) Date(s) of approval by the Board, if any:
    f) Amount paid as advances, if any:

For Max Financial Services Limited

Place: Dubai
Date: June 8, 2021

Analjit Singh
Chairman
DIN: 00029641

08

STANDALONE FINANCIAL STATEMENTS

In this Section

Independent Auditor's Report

To The Members of Max Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Max Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Emphasis of Matter

We draw attention to Note 44 to the standalone financial statements, which describes transaction relating to sale of shares held by the Company in its subsidiary to Axis Bank Limited and its subsidiaries, pursuant to approval of the shareholders and other regulatory authorities, and resultant loss on sale of investment in subsidiary amounting to Rs. 3,289.17 lakhs and impairment loss on investment in subsidiary amounting to Rs. 8,816.05 lakhs recorded during the year ended March 31, 2021.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 25 of the forming part of 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 36 of the notes forming part of 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 37 of the notes forming part of standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" or "CARO 2016") 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. 098564)
(UDIN : 21098564AAAABF1636)

Place: New Delhi
Date: June 8, 2021

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** ("the Company") as of March 31, 2021 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 of the Company 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 standalone 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 March 31, 2021, based on the criteria for internal financial control over financial reporting 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. 098564)
(UDIN : 21098564AAAABF1636)

Place: New Delhi
Date: June 8, 2021

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) In respect of its property, plant and equipment:

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

(b) The property, plant and equipment 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 property, plant and equipment at reasonable intervals and 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 copy of registered conveyance deed provided to us, we report that, the registered conveyance deed, comprising the immovable property of the building which is freehold, is held in the name of the Company as at balance sheet date. According to the information and explanations given to us and the records examined by us, no other immovable properties of land and buildings have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements.

(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) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(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 and the records of the Company examined by us, in respect of statutory dues :

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Service Tax and Customs Duty which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues (Refer note 25 of the standalone financial statements)	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. in Lakhs)	Amount unpaid (Rs. in Lakhs)
Customs Act, 1962	Customs Duty Demand on non-fulfilment of export obligation	Directorate General of Foreign Trade	FY 1994-95	576.77	576.77
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

There are no dues of Income Tax and Goods and Services Tax as on March 31, 2021 on account of disputes.

The provisions of Employees State Insurance Act, 1948 are not applicable to the Company and 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 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 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 standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) no amounts have been raised from the preferential allotment of shares during the year as the allotment was made for consideration other than cash, i.e. through swap of equity shares of Max Life Insurance Company Limited ('Subsidiary Company') (Refer Note 43).

(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 directors of its subsidiary or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) As per section 45-IA of the Reserve Bank of India Act, 1934 read with RBI / 2006-07 / 158 DNBS (PD) C.C. No. 81 / 03.05.002 / 2006-07 dated 19 October, 2006, a Company whose 50% of total assets and 50% of total income is from financial activity, as at the last audited balance sheet, is said to carry on financial activity as its principal business and hence is required to obtain registration as a Non-Banking Finance Company (NBFC).

As indicated in note 38 of standalone financial statements, the Company is of the view supported by legal opinion that the Company is an 'Unregistered Core Investment Company' ('Unregistered CIC') as laid down in the "Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016", as amended 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. 098564)
(UDIN : 21098564AAAABF1636)

Place: New Delhi
Date: June 8,2021

Standalone Balance Sheet

as at 31 March, 2021

(Rs. in lakhs)

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
A. ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	3	22.34	28.74
(b) Bank balances other than (a) above	4	124.22	164.79
(c) Receivables - Trade receivables	5	1,917.75	1,924.60
(d) Loans	6	-	1.36
(e) Investments	7	661,637.07	246,839.98
(f) Other financial assets	8	53.64	68.24
Total financial assets		**663,755.02**	**249,027.71**
2. Non financial assets			
(a) Current tax assets (Net)	9	387.85	812.96
(b) Deferred tax assets (net)	24	884.26	-
(c) Property, plant and equipment	10A	2,172.17	2,213.63
(d) Intangible assets	10B	-	-
(e) Right-of-Use asset	10C	339.89	336.61
(f) Other non-financial assets	11	115.97	164.90
Total non-financial assets		**3,900.14**	**3,528.10**
Total assets		**667,655.16**	**252,555.81**
B. LIABILITIES AND EQUITY			
I LIABILITIES			
1. Financial liabilities			
(a) Derivative financial instruments	12	-	9,146.70
(b) Trade payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		7.68	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,016.98	1,005.05
(c) Lease liability	30	345.95	272.75
(d) Other financial liabilities	14	125.88	287.98
Total financial liabilities		**1,496.49**	**10,712.48**
2. Non financial liabilities			
(a) Current tax liabilities	15	109.41	12,378.21
(b) Provisions	16	1,315.53	1,191.35
(c) Other non-financial liabilities	17	187.27	241.63
Total non-financial liabilities		**1,612.21**	**13,811.19**
Total liabilities		**3,108.70**	**24,523.67**
II EQUITY			
(a) Equity share capital	18	6,901.81	5,390.19
(b) Other equity	19	657,644.65	222,641.95
Total equity		**664,546.46**	**228,032.14**
Total liabilities and equity		**667,655.16**	**252,555.81**

See accompanying notes to the standalone financial statements 1 to 48

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Standalone Statement of Profit and Loss

for the year ended 31 March, 2021

(Rs. in lakhs)

Particulars			Note No.	Year ended 31.03.2021	Year ended 31.03.2020
1.	**Revenue from operations**				
	(a)	Interest income		0.89	46.72
	(b)	Dividend income		18,578.09	46,369.92
	(c)	Rental income		42.00	42.00
	(d)	Gain on fair value changes			
		- on derivative financial instruments	42	9,146.70	133.05
		- on investments in mutual funds		806.96	888.92
	(e)	Sale of services		2,062.64	2,013.00
2.	**Total revenue from operations**			**30,637.28**	**49,493.61**
3.	Other income		20	143.06	8.35
4.	**Total Income (2+3)**			**30,780.34**	**49,501.96**
5.	**Expenses**				
	(a)	Finance costs	30	21.50	19.57
	(b)	Impairment loss on investment in subsidiary	44	8,816.05	-
	(c)	Loss on sale of investment in subsidiary	44	3,289.17	-
	(d)	Employee benefits expense	21	2,125.42	2,285.94
	(e)	Depreciation, amortisation and impairment	22	379.90	989.17
	(f)	Legal and professional expenses		1,831.62	4,438.63
	(g)	Other expenses	23	1,370.17	2,135.64
6.	**Total expenses**			**17,833.33**	**9,868.95**
7.	**Profit before tax (5-6)**			**12,946.51**	**39,633.01**
8.	**Tax expense**				
	(a)	Current tax	24	3,908.75	12,378.21
	(b)	Deferred tax charge/(credit)	24	(884.89)	-
9.	**Total tax expense**			**3,023.86**	**12,378.21**
10.	**Profit after tax (7-9)**			**9,922.65**	**27,254.80**
11.	**Other comprehensive income/(loss)**				
	Items that will not be reclassified to Profit and Loss				
		- Remeasurement of defined benefit obligations		2.18	(12.45)
	Income tax relating to items that will not be reclassified to profit or loss			(0.63)	-
12.	**Total other comprehensive income/(loss)**			**1.55**	**(12.45)**
13.	**Total comprehensive income for the year (10+12)**			**9,924.20**	**27,242.35**
14.	**Earnings per equity share (EPS)**		28		
	(Face value of Rs. 2 per share)				
	Basic (in Rs.)			3.38	10.12
	Diluted (in Rs.)			3.38	10.11

See accompanying notes to the standalone financial statements 1 to 48

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Standalone Statement of Changes in Equity

for the year ended 31 March, 2021

a. Equity share capital

(Rs. in lakhs)

Particulars	Amount
Balance at April 1, 2019	**5,387.72**
Changes in equity share capital during the year	
Issue of equity shares (See note 18)	2.47
Balance at March 31, 2020	**5,390.19**
Changes in equity share capital during the year	
Issue of equity shares (See note 18)	1,511.62
Balance at March 31, 2021	**6,901.81**

b. Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus				Total
	Securities premium	General reserve	Share options outstanding account	Retained earnings	
Balance at April 1, 2019	**41,870.90**	**16,418.22**	**251.72**	**136,073.75**	**194,614.59**
Profit for the year	-	-	-	27,254.80	27,254.80
Other comprehensive income/(loss) for the year (net of income tax)	-	-	-	(12.45)	(12.45)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**27,242.35**	**27,242.35**
Premium on shares issued during the year (See note 19)	612.68	-	(270.24)	-	342.44
Recognition of share-based payments (See note 19)	-	-	442.57	-	442.57
Balance at March 31, 2020	**42,483.58**	**16,418.22**	**424.05**	**163,316.10**	**222,641.95**
Profit/(Loss) for the year	-	-	-	9,922.65	9,922.65
Other comprehensive income/(loss) for the year (net of income tax)	-	-	-	1.55	1.55
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**9,924.20**	**9,924.20**
Premium on issue of shares in MSI swap transaction (See note 43)	424,912.04	-	-	-	424,912.04
Premium on shares issued during the year (other than above)	509.61	-	(509.61)	-	-
Recognition of share-based payments (See note 19)	-	-	166.46	-	166.46
Balance at March 31, 2021	**467,905.23**	**16,418.22**	**80.90**	**173,240.20**	**657,644.65**

See accompanying notes to the standalone financial statements 1 to 48

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Standalone Cash Flow Statement

for the year ended 31 March, 2021

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
A. Cash flow from operating activities			
Profit before tax		12,946.51	39,633.01
Adjustments for :			
Depreciation, amortisation and impairment		379.90	989.17
Finance cost		21.50	19.57
Net loss / (profit) on sale / disposal of property, plant and equipment		10.82	(2.33)
Loss on sale of investment in subsidiary		3,289.17	-
Impairment loss on investment in subsidiary		8,816.05	-
Net loss/ (gain) on fair value changes			
- on derivative financial instruments		(9,146.70)	(133.05)
- on investments in mutual funds		(806.96)	(888.92)
Liabilities/provisions no longer required written back		(78.33)	-
Allowance for doubtful input tax credit receivable		-	60.00
Provision for rates and taxes		2.74	802.75
Expense on employee stock option scheme		166.46	442.57
Operating profit/ (Loss) before working capital changes		**15,601.16**	**40,922.77**
Changes in working capital:			
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables		6.85	254.95
Loans		1.36	6.01
Other financial assets		14.60	46.11
Other non-financial assets		118.93	(60.74)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		27.94	(414.81)
Other financial liabilities		(162.10)	(816.65)
Provisions		123.62	(19.39)
Other non-financial liabilities		(54.36)	(381.39)
Cash generated from operations		**15,678.00**	**39,536.86**
Net income tax (paid) / refunds		(15,752.44)	(206.72)
Net cash flow from / (used in) operating activities	**(A)**	**(74.44)**	**39,330.14**

(Rs. in lakhs)

Particulars			Year ended 31.03.2021	Year ended 31.03.2020
B.	**Cash flow from investing activities**			
	Capital expenditure on property, plant and equipment including capital advances		(152.70)	(11.39)
	Proceeds from sale of property, plant and equipment		26.49	6.24
	Bank balances not considered as cash and cash equivalents (net)		40.57	102.43
	Investments in mutual funds			
	- Purchased		(40,936.79)	(53,998.48)
	- Proceeds from sale		46,647.65	33,434.42
	Investments in equity shares of subsidiary company			
	- Purchased		(23,523.56)	(18,988.90)
	- Sale		18,138.55	-
	Net cash flow from / (used in) investing activities	**(B)**	**240.21**	**(39,455.68)**
C.	**Cash flow from financing activities**			
	Proceeds from ESOPs exercised (including share premium)		2.46	344.90
	Payments of lease liabilities		(174.63)	(233.39)
	Net cash flow from / (used in) financing activities	**(C)**	**(172.17)**	**111.51**
	Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	(6.40)	(14.03)
	Cash and cash equivalents as at the beginning of the year		28.74	42.77
	Cash and cash equivalents as at the end of the year (See note 3)*		**22.34**	**28.74**
*	Comprises:			
	a. Cash on hand		0.32	0.65
	b. Balance with banks			
	- in current accounts		22.02	28.09
			22.34	**28.74**

See accompanying notes to the standalone financial statements 1 to 48

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Notes forming part of the standalone financial statements

1. Corporate information

Max Financial Services Limited ("the Company") is a public limited company domiciled in India and incorporated on 24 February, 1988 under the provisions of the Companies Act, 1956. The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company is primarily engaged in the business of growing and nurturing business investments and providing management advisory services to group companies in India. The registered address of the Company is Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533

2. Significant accounting policies

2.1 Basis of preparation

(i) Statement of Compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

(ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

2.2 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-

Notes forming part of the standalone financial statements

term balances (with an original maturity of three months or less from the date of acquisition) and 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 indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss 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 available information.

2.5 Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2017 (transition date) measured as per the previous GAAP as their deemed cost as of the transition date.

All the items of property, plant and equipment are stated at historical cost net of cenvat credit less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken in accordance with Schedule II to the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes forming part of the standalone financial statements

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 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.

Dividend

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

2.9 Share-based payment arrangements

The Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are measured at the fair value of the equity instruments at the grant date. The Scheme provides for grant

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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.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investment in subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Investments in subsidiary are carried at cost less

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impairment. Cost comprises price paid to acquire the investment and directly attributable cost.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-

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instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This

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expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.11 Financial liabilities and equity instruments (including derivative contracts)

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly

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in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-

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trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.12 Employee benefit costs

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

Retirement benefits costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in

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profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Contributions from employees to defined benefit plans

Discretionary contributions made by employees reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

2.13 Segment information

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the

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purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

2.14 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. As a result, the comparative information has not been restated.

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

The Company as lessor :

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of

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ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on accrual basis over the term of the relevant lease.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional 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 exceptional 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 employee share options and bonus shares, if any, as appropriate.

2.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax (refer note 24)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not recognised if the temporary difference arises

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from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 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. The Company reviews the input tax credit at each balance sheet date to assess the recoverability of these balances.

2.19 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote. (See note 25)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the

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reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes (See note 34)

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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.

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3. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
(i) Cash in hand	0.32	0.65
(ii) Balance with banks		
- in current accounts	22.02	28.09
Total	**22.34**	**28.74**

4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Balances in earmarked accounts		
- Unpaid dividend accounts (See note 14)	113.02	153.59
- Balances held as margin money against guarantee	11.20	11.20
Total	**124.22**	**164.79**

5. Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Unsecured, considered good		
- Trade receivables	1,917.75	1,924.60
Total	**1,917.75**	**1,924.60**

Note:

Trade receivables are related to the amounts recoverable from group companies. The management based on confirmations from the group companies believes that no expected credit allowance is required to be recognised on these trade receivables (refer note 31).

6. Loans (carried at amortised cost)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
- Loans to employees - Unsecured, considered good	-	1.36
Total	**-**	**1.36**

Notes forming part of the standalone financial statements

7. Investments

Particulars	As at		As at	
	Quantity (in number)	31.03.2021 (Rs. in lakhs)	Quantity (in number)	31.03.2020 (Rs. in lakhs)
A. Unquoted investments in equity shares (all fully paid) of subsidiary company (Carried at cost)				
Max Life Insurance Company Limited (face value of Rs 10 per share)	**1,742,961,644**	**648,798.36**	1,391,579,381	220,281.31
Less: Provision for impairment loss		**8,816.05**		-
(See note 42, 43 and 44)				
Total (A)		**639,982.31**		**220,281.31**
B. Investment in mutual funds (unquoted)				
Carried at FVTPL				
(a) Kotak Money Market Scheme - (Growth) - Direct - Face value Rs. 1000 per unit	**114,429.86**	**3,986.50**	157,809.89	5,228.37
(b) Aditya Birla Sun Life Money Manager Fund - Growth - Direct Plan - Face value Rs. 100 per unit	**1,393,593.77**	**4,002.00**	1,904,428.41	5,159.53
(c) ICICI Prudential Money Market Fund Option - Direct Plan - Growth - Face value Rs. 100 per unit	**1,340,595.52**	**3,958.49**	1,030,301.31	2,877.27
(d) HDFC Money Market Fund - Direct Plan - Growth Option - Face value Rs. 1000 per unit	**89,217.09**	**3,991.50**	116,880.99	4,932.19
(e) Axis Money Market Fund - Direct Plan Growth- Face value Rs. 1000 per unit	**160,091.54**	**1,772.03**	-	-
(f) Nippon India Money Market Fund - Direct Plan - Growth - Face value Rs. 1000 per unit	**122,463.24**	**3,944.24**	-	-
(g) Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	**-**	**-**	23,892.12	76.35
(h) Axis Liquid Fund - Direct Plan Growth- Face value Rs. 1000 per unit	**-**	**-**	53,664.91	1,182.96
(i) Sundram Money fund (G) - Direct Growth- Face value Rs. 10 per unit	**-**	**-**	2,764,944.63	1,157.68
(j) HDFC Liquid Fund - Direct Plan - Face value Rs. 1000 per unit	**-**	**-**	7,106.09	277.61

Notes forming part of the standalone financial statements

Particulars		As at		As at	
		Quantity (in number)	31.03.2021 (Rs. in lakhs)	Quantity (in number)	31.03.2020 (Rs. in lakhs)
(k)	SBI Liquid Fund - DIRECT PLAN -Growth - Face value Rs. 1000 per unit	-	-	17,567.71	546.18
(l)	UTI Liquid Cash Fund Institutional - Direct Plan - Face value Rs. 1000 per unit	-	-	24,576.73	799.10
(m)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	-	-	190,560.15	4,321.43
	Total (B)		**21,654.76**		**26,558.67**
Total aggregate unquoted investments (A+B)			**661,637.07**		**246,839.98**
Aggregate carrying value of unquoted investments			**661,637.07**		**246,839.98**

8. Other financial assets

(Rs. in lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
(i)	Security deposits	52.06	47.44
(ii)	Interest accured on deposits	1.58	0.76
(iii)	Other receivables	-	20.04
	Total	**53.64**	**68.24**

9. Current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Advance income tax (net of provision)	**387.85**	**812.96**

Note 10
10A. Property, plant and equipment

(Rs. in lakhs)

		As at 31.03.2021	As at 31.03.2020
Carrying amounts of :			
a)	Buildings	1,792.62	1,836.67
b)	Office equipment	45.62	49.67
c)	Computers	11.45	12.90
d)	Leasehold improvements	110.09	14.11
e)	Furniture and fixtures	89.11	154.27
f)	Vehicles	123.28	146.01
		2,172.17	**2,213.63**

(Rs. in lakhs)

Notes forming part of the standalone financial statements

	Buildings [See note (i) and (ii) below]	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross carrying value							
Balance at April 1, 2019	**2,640.81**	**117.17**	**28.96**	**45.99**	**257.99**	**273.59**	**3,364.51**
Additions	-	3.78	2.12	-	1.21	4.28	11.39
Disposals	-	0.93	3.56	-	-	4.19	8.68
Balance at March 31, 2020	**2,640.81**	**120.02**	**27.52**	**45.99**	**259.20**	**273.68**	**3,367.22**
Additions	-	8.58	2.00	118.03	1.01	23.08	152.70
Disposals	-	16.04	2.57	45.99	94.67	94.98	254.25
Balance at March 31, 2021	**2,640.81**	**112.56**	**26.95**	**118.03**	**165.54**	**201.78**	**3,265.67**
Accumulated depreciation							
Balance at April 1, 2019	**88.10**	**54.86**	**12.70**	**10.97**	**68.11**	**93.30**	**328.04**
Depreciation expense	44.05	16.18	4.29	20.91	36.82	36.08	158.33
Impairment allowance [See note (ii) below]	671.99	-	-	-	-	-	671.99
Elimination on disposals of assets	-	0.69	2.37	-	-	1.71	4.77
Balance at March 31, 2020	**804.14**	**70.35**	**14.62**	**31.88**	**104.93**	**127.67**	**1,153.59**
Depreciation expense	44.05	11.07	3.32	22.05	35.57	40.79	156.85
Elimination on disposals of assets	-	14.48	2.44	45.99	64.07	89.96	216.94
Balance at March 31, 2021	**848.19**	**66.94**	**15.50**	**7.94**	**76.43**	**78.50**	**1,093.50**
Net carrying value as at March 31, 2020	**1,836.67**	**49.67**	**12.90**	**14.11**	**154.27**	**146.01**	**2,213.63**
Net carrying value as at March 31, 2021	**1,792.62**	**45.62**	**11.45**	**110.09**	**89.11**	**123.28**	**2,172.17**

Notes :

(i) Buildings include property owned by the Company, given to a former employee on an operating lease. The former employee has a right to purchase the property at an amount equivalent to the cost of acquisition for the Company. Such right will be settled by way of transfer of property at a future date. Considering the current market value, the management believes that exercising of such right cannot be concluded at the current date.

(ii) During the previous year, the Company had recognised impairment loss of Rs. 671.99 lakhs due to decline in value of the property held by the Company, as determined based on the valuation reports obtained by the Company from external certified valuer.

Notes forming part of the standalone financial statements

10B. Intangible assets

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Carrying amounts of :		
Computer software	-	-
	-	**-**

(Rs. in lakhs)

	As at 31.03.2021 Computer Software	As at 31.03.2020 Total
Gross carrying value		
Balance at April 1, 2019	**33.88**	**33.88**
Additions	-	-
Disposals	33.88	**33.88**
Balance at March 31, 2020	**-**	**-**
Additions	-	-
Disposals	-	**-**
Balance at March 31, 2021	**-**	**-**
Accumulated amortisation		
Balance at April 1, 2019	**24.99**	**24.99**
Amortisation expense	8.89	**8.89**
Disposals	33.88	**33.88**
Balance at March 31, 2020	**-**	**-**
Amortisation expense	-	**-**
Disposals	-	**-**
Balance at March 31, 2021	**-**	**-**
Net carrying value as at March 31, 2020	**-**	**-**
Net carrying value as at March 31, 2021	**-**	**-**

10C. Right-of-use assets

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Carrying amount of :		
Right-of-use assets (See note 30)	339.89	336.61
	339.89	**336.61**

Notes forming part of the standalone financial statements

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
	Right-of-use assets	Total
Gross carrying value		
Balance at April 1, 2019	-	-
Impact on account of adoption of Ind AS 116	207.22	207.22
Additions	279.35	279.35
Disposals	-	-
Balance at March 31, 2020	**486.57**	**486.57**
Additions	226.33	226.33
Disposals	-	-
Balance at March 31, 2021	**712.90**	**712.90**
Accumulated depreciation		
Balance at April 1, 2019	-	-
Depreciation expense	149.96	**149.96**
Disposals	-	-
Balance at March 31, 2020	**149.96**	**149.96**
Depreciation expense	223.05	223.05
Disposals	-	-
Balance at March 31, 2021	**373.01**	**373.01**
Net carrying value as at March 31, 2020	**336.61**	**336.61**
Net carrying value as at March 31, 2021	**339.89**	**339.89**

11. Other non financial assets

(Rs. in lakhs)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Prepaid expenses	99.02	47.67
(ii)	Deposits under protest (see note 25)	12.00	23.40
(iii)	Advances recoverable in cash or kind		
	- Unsecured, considered good	0.58	14.74
	- Unsecured, considered doubtful	303.00	303.00
		303.58	**317.74**
	Less: Impairment allowance for doubtful advances	(303.00)	(303.00)
		0.58	**14.74**
(iv)	Balances with government authorities - input tax credit receivable		
	- Unsecured, considered good	4.37	79.09
	- Unsecured, considered doubtful	192.98	262.98
		197.35	342.07
	Less: Impairment allowance for doubtful balances	(192.98)	(262.98)
		4.37	**79.09**
		115.97	**164.90**

Notes forming part of the standalone financial statements

12. Derivative financial instruments

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
- Derivative financial liabilities (See note 42)	-	9,146.70
Total	-	9,146.70

13. Trade payables

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Trade payables - Other than acceptances		
- total outstanding dues of micro enterprises and small enterprises (See note 40)	7.68	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,016.98	1,005.05
	1,024.66	**1,005.05**

14. Other financial liabilities

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
(i) Security deposits received	3.84	0.90
(ii) Unclaimed/unpaid dividends (See note 4)	113.02	153.59
(iii) Retention money	9.02	-
(iv) Liability for employee stock appreciation rights (See note 29.2)	-	133.49
Total	**125.88**	**287.98**

15. Current tax liabilities

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Provision for income tax (net of avance tax) (See note 25 c)	109.41	12,378.21
Total	**109.41**	**12,378.21**

16. Provisions

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
(i) Provision for compensated absences	102.51	70.18
(ii) Provision for gratuity (See note 27)	299.10	209.99
(iii) Other provisions (See note below)	913.92	911.18
Total	**1,315.53**	**1,191.35**

Notes forming part of the standalone financial statements

Note: Provision for contingencies (See note below)

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Opening balance	911.18	108.43
Add: Provisions made during the year	2.74	802.75
Closing balance	**913.92**	**911.18**

The Company had created a provision for claims received in earlier years with respect to interest and penalties under custom duty and related regulations, which is contested by the Company. The provision will be settled on conclusion of the matter.

17. Other non-financial liabilities

(Rs. in lakhs)

		As at 31.03.2021	As at 31.03.2020
(i)	Statutory remittances (Contribution to PF, GST, TDS, withholding taxes)	145.27	241.63
(ii)	Rental income received in advance	42.00	-
	Total	**187.27**	**241.63**

18. Equity share capital

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Equity share capital	6,901.81	5,390.19
	6,901.81	**5,390.19**
Authorised share capital:		
350,000,000 (As at March 31, 2020 : 350,000,000) equity shares of Rs. 2 each with voting rights	7,000.00	7,000.00
Issued and subscribed capital comprises:		
345,090,302 (As at 31 March, 2020, 269,509,487) equity shares of Rs. 2 each fully paid up with voting rights	6,901.81	5,390.19

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Fully paid equity shares:	**Number of shares**	**Share capital**
Balance as at April 1, 2019	269,385,779	5,387.72
Add: Issue of shares (refer note 29)	123,708	2.47
Balance as at March 31, 2020	**269,509,487**	**5,390.19**
Add: Issue of shares (refer note 29 and 43)	75,580,815	1,511.62
Balance as at March 31, 2021	**345,090,302**	**6,901.81**

Refer notes (i) to (iv) below

(i) 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.

Notes forming part of the standalone financial statements

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

Name of Shareholder	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	% Holding	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Mitsui Sumitomo Insurance Company Limited (MSI)	75,458,088	21.87%	-	-
- Max Ventures Investment Holdings Private Limited	58,209,137	16.87%	75,883,275	28.16%
- Moneyline Portfolio Investments Limited	-	-	18,070,048	6.70%
- Mirae Assets Equity Savings fund	12,811,533	3.71%	13,982,331	5.19%

(iii) Shares reserved for issuance

As at March 31, 2021 - 65,865 (As at March 31, 2020 : 154,737) equity shares of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (See note 29.1).

(iv) The Company has issued 2,648,215 equity shares (As at 31 March, 2020 : 3,006,714) 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.

In addition, on December 8, 2020, the Company has issued and allotted 75,458,088 equity shares of face value of Rs. 2 each, fully paid up at a price of Rs. 565.11 per share on a preferential basis to MSI for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited at a price of Rs. 108.02 per share. (See note 43)

19. Other equity

(Rs. in lakhs)

		As at 31.03.2021	As at 31.03.2020
(i)	Securities premium	467,905.23	42,483.58
(ii)	Share options outstanding account	80.90	424.05
(iii)	General reserve	16,418.22	16,418.22
(iv)	Surplus in Statement of Profit and Loss	173,240.30	163,316.10
	Total	**657,644.65**	**222,641.95**

a. Securities premium

(Rs. in lakhs)

			As at 31.03.2021	As at 31.03.2020
i.	Opening balance		42,483.58	41,870.90
ii.	Add : Premium on issue of shares in MSI swap transaction (See note 43)		424,912.04	
iii.	Add : Premium on shares issued during the year (other than 'ii' above)		509.61	612.68
iv.	Closing balance	(A)	**467,905.23**	**42,483.58**

Notes forming part of the standalone financial statements

b. Share options outstanding account

(Rs. in lakhs)

			As at 31.03.2021	As at 31.03.2020
i.	Employees stock option outstanding (ESOP)		424.05	251.72
ii.	Add : Recognition of share based payments		166.46	442.57
iii.	Less : Transferred to securities premium account on excercise		(509.61)	(270.24)
iv.	Closing balance	(B)	**80.90**	**424.05**

c. General reserve

(Rs. in lakhs)

			As at 31.03.2021	As at 31.03.2020
i.	Opening balance		16,418.22	16,418.22
ii.	Add : Addition		-	-
iii.	Closing balance	(C)	**16,418.22**	**16,418.22**

d. Surplus in Statement of Profit and Loss

(Rs. in lakhs)

			As at 31.03.2021	As at 31.03.2020
i.	Opening balance		163,316.10	136,073.75
ii.	Add: Profit for the year		9,922.65	27,254.80
iii.	Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)		1.55	(12.45)
iv.	Closing balance	(D)	**173,240.30**	**163,316.10**
		(A+B+C+D)	**657,644.65**	**222,641.95**

20. Other income

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
(a)	Interest on income tax refund	57.02	-
(b)	Interest on loan to employees	0.02	0.18
(c)	Interest on security deposit	4.24	0.40
(d)	Net profit on sale of property, plant and equipment	-	2.33
(e)	Rental income	3.45	4.68
(f)	Liabilities / provisions no longer required written back	78.33	-
(g)	Miscellaneous Income	-	0.76
		143.06	**8.35**

Notes forming part of the standalone financial statements

21. Employee benefits expense

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
(a)	Salaries and wages*	1,846.72	1,640.59
(b)	Contribution to provident and other funds (See note 27B)	44.31	36.55
(c)	Gratuity expense (See note 27A)	35.03	31.72
(d)	Expense on employee stock option scheme (See note 29)	187.60	554.79
(e)	Staff welfare expenses	11.76	22.29
	Total	**2,125.42**	**2,285.94**
	*Includes severance pay	**-**	**274.92**

22. Depreciation, amortisation and impairment

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
(a)	Depreciation of property, plant and equipment (See note 10A)	156.85	158.33
(b)	Amortisation of intangible assets (See note 10B)	-	8.89
(c)	Depreciation of right-of-use assets (See note 10C)	223.05	149.96
(d)	Impairment of property, plant and equipment (See note 10A)	-	671.99
	Total	**379.90**	**989.17**

23. Other expenses

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
(a)	Recruitment and training expenses	0.23	0.62
(b)	Rent including lease rentals (See note 30)	149.62	230.18
(c)	Insurance	32.25	35.16
(d)	Rates and taxes	58.11	6.04
(e)	Repairs and maintenance - others	228.47	259.69
(f)	Power and fuel	3.93	9.71
(g)	Printing and stationary	7.43	23.38
(h)	Travelling and conveyance	235.92	314.39
(i)	Communication	34.55	32.02
(j)	Director's sitting fees	82.67	61.36
(k)	Commission to directors (See note 31)	400.00	100.00
(l)	Business promotion	10.27	53.49
(m)	Advertisement expenses	6.14	5.64
(n)	Net loss on sale / disposal of property, plant and equipment	10.82	-
(o)	Allowance on doubtful input tax credit receivable	-	60.00
(p)	Charity and donation	-	85.22
(q)	Net loss on foreign currency transactions and translation	7.89	7.06
(r)	Provision for contingencies (See note 16)	2.74	802.75
(s)	Miscellaneous expenses	99.13	48.93
	Total	**1,370.17**	**2,135.64**

Notes forming part of the standalone financial statements

24. Income taxes

A. Income tax recognised in Statement of Profit and Loss

(Rs. in lakhs)

	Particulars	**Year ended 31.03.2021**	**Year ended 31.03.2020**
(a)	**Current tax**		
	In respect of current year [See note (e) below]	3,660.96	-
	Adjustments recognised in the year for current tax of prior periods (See note 25 c)	247.79	12,378.21
		3,908.75	**12,378.21**
(b)	**Deferred tax [See note (e) below and note 24B]**		
	Change/(Credit) in current year	(884.89)	-
	Total tax expense charged/(credited) in Statement of Profit and Loss	**3,023.86**	**12,378.21**
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit/(Loss) before tax	12,946.51	39,633.01
	Applicable tax rate	29.12%	29.12%
	Income tax expense calculated	3,770.02	11,541.13
	Adjustments recognised in the year for deferred tax of prior periods (See note 'e' below)	(2,113.35)	-
	Effect of expenses that are not deductible in determining taxable profit	1,138.33	-
	Effect on account of transfer of employees from group	(18.93)	-
	Effect of income that is exempt from taxation	-	(11,541.13)
	Adjustments recognised in the period for current tax of prior periods (See note 25 c)	247.79	12,378.21
	Total tax expense charged/(credited) in Statement of Profit and Loss	**3,023.86**	**12,378.21**
(d)	**Income tax recognised in Other Comprehensive Income**		
	Deferred tax [See note (e) below and note 24B]		
	Arising on income and expenses recognised in other comprehensive income		
	- Remeasurement of defined benefit obligation	0.63	-
		0.63	**-**

(e) During the current year, the Company has received dividend aggregating to Rs. 18,578.09 lakhs from its subsidiary, Max Life Insurance Company Limited. Finance Act, 2020, made amendment in Section 10(34) in the Income Tax Act, 1961, due to which dividend income is not exempt for the Company. Pursuant to such amendment, dividend received by the Company is taxable and accordingly, the Company has recorded provision for current tax of Rs. 3,660.96 lakhs (net of deferred tax adjustment) in the current year. The Company has not opted for reduced new tax regime (reduced corporate tax rate) introduced by the taxation laws (Amendment) Ordinance 2019.

Notes forming part of the standalone financial statements

B Movement in deferred tax

(i) Movement of deferred tax for the year ended March 31, 2021 [See note 24A(e)]

(Rs. in lakhs)

Particulars	Opening balance as on April 1, 2020	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as on March 31, 2021
Tax effect of items constituting deferred tax liabilities				
Fair value of Financial Instruments measured at FVTPL	(65.34)	21.99	-	(43.35)
	(65.34)	**21.99**		**(43.35)**
Tax effect of items constituting deferred tax assets				
Property, plant and equipment	65.34	81.34	-	146.68
Provision for employee benefit expenses	-	131.22	(0.63)	130.59
Accrued expenses deductible on deduction of TDS	-	123.49	-	123.49
MAT credit entitlement	-	444.27	-	444.27
Other items	-	82.58	-	82.58
	65.34	**862.90**	**(0.63)**	**927.61**
Deferred tax liabilities (net)	**-**	**884.89**	**(0.63)**	**884.26**

(ii) Movement of deferred tax for the year ended March 31, 2020

(Rs. in lakhs)

Particulars	Opening balance as on April 1, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as on March 31, 2020
Tax effect of items constituting deferred tax liabilities				
Fair value of Financial Instruments measured at FVTPL	-	(65.34)	-	(65.34)
Property, plant and equipment	(125.11)	125.11	-	-
	(125.11)	**59.77**	**-**	**(65.34)**
Tax effect of items constituting deferred tax assets				
Property, plant and equipment	-	65.34	-	65.34
Carry forward business loss to be adjusted in future years	125.11	(125.11)	-	-
	125.11	**(59.77)**	**-**	**65.34**
Deferred tax assets/ (liabilities) (net)	**-**	**-**	**-**	**-**

As at March 31, 2020, the Company had recognised deferred tax asset only to the extent of deferred tax liability of Rs. 65.34 Lakhs. The Company has carry forward losses and MAT Credit Entitlement (as per income tax returns of the past years), on which deferred tax asset was not

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recognised due to lack of reasonable certainty of future taxable profits against which such deferred tax asset could be realised. Pursuant to amendment in Finance Act, 2020, the Company has estimated the taxable profits available to allow all or part of the deferred tax assets to be recovered / adjusted and accordingly, accounted for deferred tax asset (including items on which deferred tax asset was not created uptill March 31, 2020) as at March 31, 2021.

25. Commitments and contingent liabilities

(Rs. in Lakhs)

		Particulars	As at 31.03.2021	As at 31.03.2020
A.	**Capital commitments**			
	(i)	Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	-	-
B.	**Contingent liabilities**			
	Claims against the Company not acknowledged as debts (Refer note 'a' below)			
	(i)	Demand raised by custom authorities	462.85	451.71
	(ii)	Demand raised by service tax authorities	352.58	352.58
	(iii)	Notice for non-compliance with corporate* governance requirements (Refer note 'b' below)	-	11.40
	(iv)	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 'c' below)		
	*Amout deposited under protest		12.00	12.00

C. Other commitments

(i) The Company through a call/put option has to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in Max Life ("MSI Put/Call Option") (See note 43).

(ii) Axis Entities have a right to acquire upto 7% of the equity share capital of Max Life held by the Company, in one or more tranches (See note 44).

Notes :

Notes :

a. Based on the discussions with the solicitor/ expert opinions taken/status of the case, the management believes that the Company has strong chances of success in above mentioned cases and hence no provision there against is considered necessary at this point in time as the likelihood of liability devolving on the Company is less than probable.

b. The Company had received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company had deposited Rs. 11.40 lakhs under protest and requested NSE and BSE for waivers. During the current year,

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both NSE and BSE has declined the waiver request of the Company and accordingly, the Company has accordingly expensed off the same.

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

S. No.	Assessment Year	Brief Description
1	AY 1998-1999 and AY 1999-2000	Gains arising from stake sale of shares held by MTVL in Hutchison Max telecom Limited ["HMTL'] during AY 1998-99 (1st stake sale) amounting to Rs. 47,493.09 Lakhs, were returned as capital gains and claimed as tax exempt under Section 10(23G) of the Act. The said exemption claim made by MTVL was denied to it by the Assessing Officer, but subsequently allowed in favour of MTVL by the CIT(A), which is currently being contested by the Department before the ITAT, Amritsar. Further, a Writ petition filed by MTVL, is also pending before the Hon'ble Punjab & Haryana High Court on the action of ITAT of recalling its own order passed in relation to appeal filed by MTVL on the issue of the year of taxability of the stake sale being AY 1999-2000 and not AY 1998-1999. In AY 1999-00, the above-mentioned stake sale transaction was once again brought to tax on a protective basis by the Assessing Officer, as MTVL had claimed that the transaction pertained to AY 1999-2000 and not AY 1998-1999. The issue was once again held in favour of MTVL by the CIT(A), against which the Department is into appeal before the ITAT, Amritsar, which is pending as on date.
2	AY 2006-2007	In AY 2006-2007, the Assessing Officer proceeded to tax the gains arising from sale of balance shares held by MTVL in HMTL (2nd stake sale) amounting to Rs. 41,153.88 lakhs as business income and denying the capital gains exemption u/s 10(23G) in the hands of MTVL, an entity which by that time had merged with the Company and hence, had ceased to exist. The issue of assessment being made in the name of non-existant entity has since been allowed in favour of the Company and is now pending as Department's appeal before the Hon'ble Punjab & Haryana High Court. Subsequently reassessment proceedings were again initiated under Section 147 r.w.s 148 of the Act by the Department and the assessment was framed on the Company, as successor of MTVL, denying the capital gains exemption u/s 10(23G). In further appeal, the CIT(A) decided the issue in favour of the Assessee and currently the matter is pending before the ITAT, Amritsar. Assessee has also filed cross objections on the technical issue of validity of reassessment proceedings initiated under Section 148 of the Act before ITAT, Amritsar.

Note :

In March 2020, the Company had filed application(s) with the income tax authorities under the 'The Direct Tax Vivad se Vishwas Act, 2020' ('the Scheme'), enacted vide the Gazette of India on March

Notes forming part of the standalone financial statements

17, 2020 regarding settlement of the ongoing tax litigation pertaining to Telecom stake sale made by its erstwhile subsidiary Max Telecom Ventures Limited (since merged with the Company w.e.f December 1, 2005). The said litigation was being contested both by the Company and the Income Tax Department for multiple years and pending before various Appellate Authorities, which were previously disclosed as contingent liabilities.

The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Years 1998-99, 1999-2000 and 2006-07. The Company had made a provision of Rs. 12,378.21 lakhs for the same disclosed as 'current tax' during the year ended March 31, 2020 and the same was paid in May 2020. During the year ended March 31, 2021, the Company has received final orders of settlement and an intimation to pay Rs. 247.79 lakhs towards full and final settlement for Assessment Year 2006-07. The same was paid in the month of September, 2020 and has been disclosed as 'current tax'.

26. Segment information

The Company is primarily engaged in the business of growing and nurturing business investments and providing management advisory services to group companies in India. The Board of Directors of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting', notified under the Companies (Indian Accounting Standard) Rules, 2015, as amended.

27. Employee benefit plans

Defined benefit plans

A Gratuity:

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 gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

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Interest risk
A decrease in the bond interest rate will increase the plan liability.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation was carried out as at March 31, 2021 by Manohar Lal Sodhi, Consulting Actuary, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Discount rate(s)	6.40%	6.50%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10.00%	10.00%
Retirement age	58-65 years	58-65 years
Mortality tables	IALM (2012 - 14)	IALM (2012 - 14)
Attrition (%) - All ages	5% p.a.	5% p.a.
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	83.57	79.33

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company's standalone financial statements as at March 31, 2021:

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Service cost		
- Current service cost	21.38	16.54
- Past service cost and (gain)/loss from settlements	-	-
Interest cost (net)	13.65	15.18

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(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Components of defined benefit costs recognised in profit or loss	**35.03**	**31.72**
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amounts included in net interest expense)	(0.08)	(0.04)
- Actuarial (gains) / losses arising from changes in demographic assumptions	-	0.06
- Actuarial (gains) / losses arising from changes in financial assumptions	1.63	5.78
- Actuarial (gains) / losses arising from experience adjustments	(3.73)	6.65
Components of defined benefit costs recognised in other comprehensive income	**(2.18)**	**12.45**
Total	**32.85**	**44.17**

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Present value of defined benefit obligation	(307.44)	(217.75)
Fair value of plan assets	8.34	7.76
Net liability arising from defined benefit obligation	**(299.10)**	**(209.99)**

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Opening defined benefit obligation	217.75	224.07
Current service cost	21.38	16.54
Interest cost	14.15	15.68
Liability transferred to Max India Limited from the enterprise	-	(4.53)
Liability transferred from Max India Limited to the enterprise.	85.71	59.72
Liability transferred from Max Skill First Limited to the enterprise.	2.14	-
Remeasurement (gains)/losses:		

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(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Actuarial gains and losses arising from changes in demographic assumptions	-	0.06
- Actuarial gains and losses arising from changes in financial assumptions	1.63	5.78
- Actuarial gains and losses arising from experience adjustments	(3.73)	6.65
Benefit paid - Paid by the Enterprise	(31.59)	(106.22)
Closing defined benefit obligation	**307.44**	**217.75**

(e) Movements in the present value of the plan assets are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Plan assets at beginning of the year	7.76	7.22
Interest Income	0.50	0.50
Return on plan assets (excluding amounts including in net interest expense)	0.08	0.04
Plan assets at the end of the year	**8.34**	**7.76**

(f) Disaggregation of plan assets into classes:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Assets Invested in Insurance Scheme with the insurer	100%	100%

(g) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 15.57 lakhs (increase by Rs. 17.23 lakhs) [as at 31 March, 2020: decrease by Rs. 11.29 lakhs (increase by Rs. 12.43 lakhs)].

ii) If the expected salary growth increases (decreases) by 1.00%, the defined benefit obligation would increase by Rs. 16.48 lakhs (decrease by Rs. 15.22 lakhs) [as at 31 March, 2020: increase by Rs. 11.90 lakhs (decrease by Rs. 11.04 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting

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period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(h) The average duration of the benefit obligation represents average duration for active members at March 31, 2021: 10.80 years (as at March 31, 2020: 11.33 years).

B Provident Fund:

The Company is contributing in a provident fund trust "Max Financial Services Limited Employees Provident Fund Trust" which is a common fund for Max Group companies. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan.

The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by employer. The actuary has accordingly provided a valuation for "Max Financial Services Limited Employees Provident Fund Trust" which is a common fund for the Group.

The details of fund and plan asset position as per the actuarial valuation of active members are as follows:

(Rs. in lakhs)

Particulars	**Year ended 31.03.2021**	**Year ended 31.03.2020**
Plan assets at year end at fair value	1,585.70	1,063.75
Present value of defined benefit obligation at year end	1,577.54	1,054.67
Surplus as per actuarial certificate	8.16	9.08
Shortfall recognised in balance sheet	**-**	**-**
Active members as at year end (Nos)	13	7

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

Particulars	**Year ended 31.03.2021**	**Year ended 31.03.2020**
Discount rate	5.18%	5.45%
Yield on existing funds	8.50%	8.50%
Expected guaranteed interest rate	8.50%	8.50%

Contribution to Defined benefit Plan, recognised as expense for the year is as under:

Particulars	**Year ended 31.03.2021**	**Year ended 31.03.2020**
Employer's Contribution towards Provident Fund (PF)	44.31	36.55
Total	**44.31**	**36.55**

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C. Compensated absences

Liability for compensated absence for employees is determined based on actuarial valuation which has been carried out using the projected accrued benefit method which is same as the projected unit credit method in respect of past service. The assumptions used for valuation are:

Actuarial Assumptions:	31.03.2021	31.03.2020
Discount Rate (per annum)*	6.40%	6.50%
Rate of increase in compensation levels**	10.00%	10.00%

* The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

** Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Basic EPS		
Profit attributable to shareholders (Rs. in lakhs)	9,922.65	27,254.80
Weighted average number of equity shares outstanding during the year (Nos.)	293,150,829	269,431,688
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**3.38**	**10.12**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	115,220	142,130
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	293,266,049	269,573,818
Diluted Earnings Per Share (Rs.)	**3.38**	**10.11**

29 Employee Stock Option Plan

29.1 Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors on August 25, 2003 and by the shareholders on September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved 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.

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The following share based arrangements were in existence during the current and previous year :

Options Series	Number of options	Grant date	Vesting date	Exercise Price (in Rs.)	Fair value of options at grant date (in Rs.)
Employee Stock Option Plan - 2003	7,307	1-Apr-16	1-Apr-20	2.00	332.46
	57,710	1-Apr-19	1-Apr-20	2.00	420.43
	57,710	1-Apr-19	14-Jan-21	2.00	420.53
	8,003	2-Jul-19	2-Jul-20	404.45	146.53
	8,003	2-Jul-19	30-Jun-21	404.45	175.33
	8,002	2-Jul-19	30-Jun-22	404.45	198.27
	8,002	2-Jul-19	30-Jun-23	404.45	218.10
	8,463	3-Apr-20	3-Apr-21	382.40	208.01
	8,464	3-Apr-20	1-Apr-22	382.40	229.37
	8,464	3-Apr-20	1-Apr-23	382.40	251.41
	8,464	3-Apr-20	1-Apr-24	382.40	270.95

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	March 31, 2021	March 31, 2020
Risk- free interest rate	5.51% - 6.63%	6.58% - 7.09%
Expected volatility (standard dev - annual)	43.48% - 47.27%	35.30% - 42.82%
Expected life (years)	3.00-5.99	3.00-6.00
Expected dividend yield	0%	0%

Particulars	March 31, 2021		March 31, 2020	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	154,737	85.25	131,015	333.37
Granted during the year	33,855	382.40	147,430	89.38
Forfeited during the year	-	-	-	-
Exercised during the year	(122,727)	2.00	(123,708)	352.94
Outstanding at the end of the year	65,865	393.12	154,737	85.25
Exercisable at the end of the year	8,003	404.45	-	-

For the current year, the weighted average share price at the exercise date was Rs. 525.56 (Previous year: Rs. 509.29).

The weighted average exercise price for stock options outstanding as at March 31, 2021 was Rs. 2.00 per share (March 31, 2020: Rs 352.94 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 1.40 years (March 31, 2020: 0.66 years). The range of exercise prices for options outstanding at the end of the year was 382.40 to 404.45 (March 31, 2020: 2.00 to 404.45).

The expected life of the stock is based on historical data and current expectations and is not necessarily

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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.

29.2 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. 21.13 lakhs (Previous year: Rs. 112.22 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, 2021		March 31, 2020	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	28,140	2.00	191,467	5.68
Granted during the Year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(28,140)	2.00	(163,327)	5.17
Outstanding at the end of the year	-	-	28,140	2.00
Exercisable at the end of the year	-	-	28,140	2.00

Options were priced using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	March 31, 2021	March 31, 2020
Risk- free interest rate	-	5.22%
Expected volatility (standard dev - annual)	-	53.58%
Expected life (years)	-	2.00
Expected dividend yield	-	0.00%

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is Nil year (March 31, 2020: Nil year).

30. Leases

Effective April 1, 2019, the Company had adopted Ind AS 116 ""Leases"", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-use assets (ROU) at an amount equal to the lease liabilities. The Company recorded the lease liabilities at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. Consequently, the nature of expenses in respect of Operating Leases had changed from lease rent to

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depreciation cost for the ROU assets and finance cost for the interest accrued on lease liabilities.

The Company has entered into short term lease arrangements for certian facilities and office premises. Rent expense of Rs. 149.62 lakhs (March 31, 2020: Rs. 230.18 lakhs) in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss for these short term lease arrangements.

Company as a Lessee

a. Following are the changes in the carrying value of right of use assets

(Rs. in lakhs)

Particulars	Category of ROU assets
	Building
Balance as on 1 April, 2019 (on adoption of Ind AS 116)	207.22
Additions	279.35
Depreciation	149.96
Balance as at March 31, 2020	**336.61**
Additions	226.33
Depreciation	223.05
Balance as at March 31, 2021	**339.89**

b. The following is the break-up of current and non-current lease liabilities:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current liabilities	184.45	123.10
Non-current liabilities	161.50	149.65
Total	**345.95**	**272.75**

c. The following is the movement in lease liabilities during the year:

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening balance	272.75	203.83
Additions	226.33	274.19
Finance cost accured	21.50	19.57
Repayment of lease liabilities	174.63	224.84
Closing balance	**345.95**	**272.75**

d. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	205.09	138.17
One to five years	158.31	159.28
More than five years	-	-
Total	**363.40**	**297.45**

e. The Company does not face significant liquidity risk with regard to its lease liabilities as the

Notes forming part of the standalone financial statements

current assets are sufficient to meet the lease liabilities as and when they fall due.

Company as a Lessor

The Company has entered into agreements of leasing out the properties. These are in the nature of operating leases and lease arrangements contain provisions for renewal. The total lease income in respect of such lease recognised in Statement of Profit and Loss for the year ended March 31, 2021 is Rs. 45.45 lakhs (March 31, 2020: Rs. 46.68 lakhs).

31. Related party disclosures

A. List of related parties

Subsidiary company	-	Max Life Insurance Company Limited
Names of other related parties with whom transactions have taken place during the year		
Entity/person having significant influence/ control upon the Company	-	Max Ventures Investment Holdings Private Limited
	-	Mitsui Sumitomo Insurance Company Limited, Japan (w.e.f. December 8, 2020)
	-	Mr. Analjit Singh
Key Management Personnel (KMP)	-	Mr. Analjit Singh (Chairman & Non-executive Director)
	-	Mr. Mohit Talwar (Managing Director)
	-	Mr. Aman Mehta (Director)
	-	Mr. D.K. Mittal (Director)
	-	Mrs. Naina lal Kidwai (Director)
	-	Mr. Sahil Vachani (Director)
	-	Mr. Jai Arya (Director)
	-	Mr. Charles Richard Vernon Stagg (Director)
	-	Mr. Hideaki Nomura (Director) (w.e.f. December 8, 2020)
	-	Mr. Mitsuru Yasuda (Director) (w.e.f. December 8, 2020)
	-	Mr. K Narasimha Murthy (Director) (w.e.f. March 30, 2021)
	-	Mr. Ashwani Windlass (Director) (till January 16, 2020)
	-	Mr. Sanjay Nayar (Director) (till February 6, 2020)
	-	Mr. Jatin Khanna (Chief Financial Officer) (w.e.f. July 1, 2019)
	-	Mr. V Krishnan (Company Secretary) (w.e.f. July 1, 2019)
	-	Mrs. Sujatha Ratnam (Chief Financial Officer) (till June 30, 2019)
	-	Mr. Sandeep Pathak (Company Secretary) (till June 30, 2019)
Enterprises owned or significantly influenced by key management personnel or their relatives (with whom transactions have taken place during the year)	-	Max India Foundation
	-	Max India Limited (formerly Advaita Allied Health Services Limited)
	-	Max Ventures and Industries Limited
	-	Max Bupa Health Insurance Company Limited (till December 16, 2019)
	-	Antara Purukul Senior Living Limited
	-	Max Skill First Limited
	-	Antara Senior Living Limited
	-	Max Assets Services Limited
	-	Max UK Limited
	-	Delhi Guest House Private Limited
	-	New Delhi House Services Limited
	-	Pharmax Corporation Limited
	-	Forum I Aviation Private Limited (w.e.f. July 1, 2019)
	-	SKA Diagnostic Private Limited (w.e.f. September 1, 2019)
	-	Max Healthcare Institute Limited (till May 31, 2020)
	-	ALPS Hospital Limited (till May 31, 2020)
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Note : The related parties have been identified by the management.

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B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(Rs. in lakhs)

Nature of transaction	Name of related party	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of services	Max Life Insurance Company Limited	1,500.00	1,500.00
	Max India Limited (formerly Advaita Allied Health Services Limited)	400.61	300.00
	Max Ventures and Industries Limited	162.03	153.00
	Max Healthcare Institute Limited	-	60.00
Reimbursement of expenses (received from)	Max Life Insurance Company Limited	3.99	3.46
	Max Bupa Health Insurance Company Limited	-	1.38
	Max Ventures and Industries Limited	3.19	3.46
	Max India Limited (formerly Advaita Allied Health Services Limited)	116.81	69.45
	Max Skill First Limited	5.24	1.38
	Antara Senior Living Limited	1.60	1.38
	Max Healthcare Institute Limited	-	1.80
Reimbursement of expenses (paid to)	Max Life Insurance Company Limited	8.48	11.00
	Max India Limited (formerly Advaita Allied Health Services Limited)	-	9.06
Repairs and maintenance - others	New Delhi House Services Limited	129.17	151.28
	Max Assets Services Limited	6.03	-
Miscellaneous expense	New Delhi House Services Limited	56.62	26.24
	Antara Senior Living Limited	10.98	-
	Antara Purukul Senior Living Limited	0.13	-
Contribution to provident fund	Max Financial Services Limited Employees' Provident Fund Trust	44.31	36.55
Insurance expense	Max Life Insurance Company Limited	5.71	3.89
	Max Bupa Health Insurance Company Limited	-	10.31
Legal and professional expenses	Max India Limited (formerly Advaita Allied Health Services Limited)	530.00	2,700.00
	Max UK Limited	80.00	74.70

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Nature of transaction	Name of related party	For the year ended March 31, 2021	For the year ended March 31, 2020
Lease rental payments	Delhi Guest House Private Limited	104.96	99.97
	Max India Limited (formerly Advaita Allied Health Services Limited)	184.40	214.82
	Pharmax Corporation Limited	-	3.80
	SKA Diagnostic Private Limited	100.00	58.33
Charity and donations	Max India Foundation	-	85.00
Travelling and conveyance	Forum I Aviation Private Limited	62.64	82.62
Security deposit received	Max India Limited (formerly Advaita Allied Health Services Limited)	-	0.90
	Max Healthcare Institute Limited	-	0.45
Transfer (in) of fixed assets	Max India Limited (formerly Advaita Allied Health Services Limited)	20.55	-
Purchase of investment in subsidiary	Max Life Insurance Company Limited	-	12,255.19
	Mitsui Sumitomo Insurance Company Limited (refer note 43)	426,421.20	-
Share capital issued	Mitsui Sumitomo Insurance Company Limited (refer note 43)	426,421.20	-

C. Transactions with the key management personnel during the year:

Name of key management personnel	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. Mohit Talwar	Remuneration	1,956.87	1,251.86
Mrs. Sujatha Ratnam	Remuneration (including severance pay)	-	332.17
Mr. Sandeep Pathak	Remuneration	-	19.48
Mr. Jatin Khanna	Remuneration	117.85	86.22
Mr. V Krishnan	Remuneration	125.68	100.93
Mr. Analjit Singh	Director sitting fees	8.00	4.00
Mr. Ashwani Windlass		-	10.00
Mr. Aman Mehta		15.00	10.00
Mr. D.K. Mittal		16.00	17.00
Mrs. Naina Lal Kidwai		15.00	5.00
Mr. Sahil Vachani		6.00	5.00
Mr. Jai Arya		8.00	3.00
Mr. Charles Richad Vernon Stagg		5.00	2.00

Notes forming part of the standalone financial statements

Name of key management personnel	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. Analjit Singh (see note 2 below)	Commission	300.00	-
Mr. Aman Mehta		20.00	20.00
Mr. D.K. Mittal		20.00	20.00
Mrs. Naina Lal Kidwai		20.00	20.00
Mr. Jai Arya		20.00	20.00
Mr. Charles Richad Vernon Stagg		20.00	20.00

Note 1 : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

Note 2 : Compensation is proposed and approved in the form of commission to Mr. Analjit Singh for his extensive involvement in the strategic developments of the Company during the current year.

D. The following table provides the year end balances with related parties for the relevant financial year:

Particulars	Name of related party	As at March 31, 2021	As at March 31, 2020
Trade receivables	Max Bupa Health Insurance Company Limited	-	1.63
	Max Life Insurance Company Limited	1,662.21	1,608.76
	Max Healthcare Institute Limited	-	149.02
	Max Ventures and Industries Limited	252.96	165.18
Other receivables	Pharmax Corporation Limited	-	19.56
	Max India Limited (formerly Advaita Allied Health Services Limited)	-	0.49
Security deposits receivable	Delhi Guest House Private Limited	22.82	22.82
	SKA Diagnostic Private Limited	25.00	25.00
Advance lease rental payments	SKA Diagnostic Private Limited	-	66.67
Trade payables	New Delhi House Services Limited	21.75	30.57
	Max India Limited (formerly Advaita Allied Health Services Limited)	261.33	448.15
	Max UK Limited	80.00	74.70
	Max Assets Services Limited	2.86	-
Investment in subsidiary	Max Life Insurance Company Limited	639,982.31	220,281.31

Notes forming part of the standalone financial statements

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

Name of the Investee	As at 01.04.2020	Investment made during the year (refer note 43)	Investment sold during the year (including loss on sale) (refer note 44)	As at 31.03.2021	Purpose
Investment in equity shares of					
Max Life Insurance Company Limited	220,281.31	449,944.76	21,427.71	648,798.36	Strategic investment
Provision for Impairment loss			(8,816.05)	(8,816.05)	

Name of the Investee	As at 01.04.2019	Investment made during the year	Investment sold during the year	As at 31.03.2020	Purpose
Investment in equity shares of					
Max Life Insurance Company Limited	208,026.12	12,255.19	-	220,281.31	Strategic investment

33. Financial Instruments

(a) Capital management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ability and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(b) Financial risk management objective and policies

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

Notes forming part of the standalone financial statements

As at March 31, 2021

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	22.34	-	-	22.34
Bank balances other than cash and cash equivalents	124.22	-	-	124.22
Trade receivables	1,917.75	-	-	1,917.75
Investments	-	-	21,654.76	21,654.76
Other financial assets	53.64	-	-	53.64
	2,117.95	**-**	**21,654.76**	**23,772.71**
Investment in equity shares of subsidiary carried at cost less impairment				639,982.31
Total financial assets				**663,755.02**

(Rs. in lakhs)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Trade payables	1,024.66	-	-	1,024.66
Lease liabilities	345.95	-	-	345.95
Other financial liabilities	125.88	-	-	125.88
	1,496.49	**-**	**-**	**1,496.49**

As at March 31, 2020

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	28.74	-	-	28.74
Bank balances other than cash and cash equivalents	164.79	-	-	164.79
Trade receivables	1,924.60	-	-	1,924.60
Loans	1.36	-	-	1.36
Investments	-	-	26,558.67	26,558.67
Other financial assets	68.24	-	-	68.24
	2,187.73	**-**	**26,558.67**	**28,746.40**
Investment in equity shares of subsidiary carried at cost less impairment				220,281.31
Total financial assets				**249,027.71**

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Financial liabilities	**Measured at amortised cost**	**Measured at FVTOCI**	**Measured at FVTPL**	**Total carrying value**
Derivative financial instruments	-	-	9,146.70	9,146.70
Trade payables	1,005.05	-	-	1,005.05
Lease liabilities	272.75	-	-	272.75
Other financial liabilities	287.98	-	-	287.98
	1,565.78	**-**	**9,146.70**	**10,712.48**

(c) Risk management framework

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Company's risk management framework is to manage the above risks and aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

(i) Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price.

The Company's activities expose it primarily to interest rate risk, currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes : Fixed deposits, current investments, borrowings and other current financial liabilities.

(ii) Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment needs.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company (other than derivative financial liability and lease liabilities).

Notes forming part of the standalone financial statements

(Rs. in lakhs)

	As at March 31, 2021				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Trade payables	1,024.66	-	-	-	1,024.66
Other financial liabilities	125.88	-	-	-	125.88
Total	**1,150.54**	**-**	**-**	**-**	**1,150.54**

(Rs. in lakhs)

	As at March 31, 2020				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Trade payables	1,005.05	-	-	-	1,005.05
Other financial liabilities	287.98	-	-	-	287.98
Total	**1,293.03**	**-**	**-**	**-**	**1,293.03**

(iii) Foreign currency risk

Foreign exchange risk comprises of risk that may arise to the Company because of fluctuations in foreign currency exchange rates. Fluctuations in foreign currency exchange rates may have an impact on the Statement of Profit and Loss. As at the year end, the Company was exposed to foreign exchange risk arising from foreign currency payables.

(iv) Interest rate risk

The Company is exposed to interest rate risk on fixed deposits outstanding as at the year end. The Company invests in fixed deposits to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

(v) Other price risk

The Company is exposed to price risks arising from fair valuation of Company's investment in mutual funds. The investments in mutual fund are held for short term purposes.

(vi) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. The Company's exposure and credit worthiness of its counterparties are continuously monitored.

Notes forming part of the standalone financial statements

34. Fair value measurement

i) Financial assets and financial liabilities that are not measured at fair value are as under:

(Rs. in lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	22.34	22.34	28.74	28.74
Bank balances other than cash and cash equivalents	124.22	124.22	164.79	164.79
Trade receivables	1,917.75	1,917.75	1,924.60	1,924.60
Loans	-	-	1.36	1.36
Other financial assets	53.64	53.64	68.24	68.24
Financial liabilities				
Trade payables	1,024.66	1,024.66	1,005.05	1,005.05
Lease liabilities	345.95	345.95	272.75	272.75
Other financial liabilities	125.88	125.88	287.98	287.98

Note :

The carrying value of the above financial assets and financial liabilities carried at amortised cost approximate these fair value.

ii) Fair value hierarchy of assets measured at fair value as at March 31, 2021 and March 31, 2020 is as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2021	Fair value measurement at end of the reporting period using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	21,654.76	21,654.76	-	-	Based on the NAV report issued by the fund manager
Total	**21,654.76**	**21,654.76**	**-**	**-**	

(Rs. in lakhs)

Particulars	As at 31.03.2020	Fair value measurement at end of the reporting period using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	26,558.67	26,558.67	-	-	Based on the NAV report issued by the fund manager
Total	**26,558.67**	**26,558.67**	**-**	**-**	
Financial liabilities					
Derivative financial instruments	9,146.70	-	-	9,146.70	Valuation based on black scholes option pricing model.
Total	**9,146.70**	**-**	**-**	**9,146.70**	

Notes forming part of the standalone financial statements

35. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in lakhs)

Particulars	As at 31.03.2021			As at 31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
A. ASSETS						
1. Financial Assets						
(a) Cash and cash equivalents	22.34	-	22.34	28.74	-	28.74
(b) Bank balance other than (a) above	113.02	11.20	124.22	153.59	11.20	164.79
(c) Receivables - Trade receivables	1,917.75	-	1,917.75	1,924.60	-	1,924.60
(d) Loans	-	-	-	1.36	-	1.36
(e) Investments	21,654.76	639,982.31	661,637.07	26,558.67	220,281.31	246,839.98
(f) Other financial assets	1.58	52.06	53.64	20.80	47.44	68.24
Total financial assets	**23,709.45**	**640,045.57**	**663,755.02**	**28,687.76**	**220,339.95**	**249,027.71**
2. Non financial Assets						
(a) Current tax assets (Net)	-	387.85	387.85	-	812.96	812.96
(b) Deferred tax assets (net)	-	884.26	884.26	-	-	-
(c) Property, plant and equipment	-	2,172.17	2,172.17	-	2,213.63	2,213.63
(d) Right-of-Use asset	-	339.89	339.89	336.61	-	336.61
(e) Other non-financial assets	103.97	12.00	115.97	141.50	23.40	164.90
Total non-financial assets	**103.97**	**3,796.17**	**3,900.14**	**478.11**	**3,049.99**	**3,528.10**
TOTAL Assets	**23,813.42**	**643,841.74**	**667,655.16**	**29,165.87**	**223,389.94**	**252,555.81**
B. LIABILITIES AND EQUITY						
1. Financial liabilities						
(a) Derivative financial instruments	-	-	-	9,146.70	-	9,146.70
(b) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	7.68	-	7.68	-	-	-

Notes forming part of the standalone financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2021			As at 31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,016.98	-	1,016.98	1,005.05	-	1,005.05
(c) Lease liabilities	184.45	161.50	345.95	123.10	149.65	272.75
(d) Other financial liabilities	125.88	-	125.88	287.98	-	287.98
Total financial liabilities	**1,334.99**	**161.50**	**1,496.49**	**10,562.83**	**149.65**	**10,712.48**
2. Non-financial liabilities						
(a) Current tax liability (Net)	109.41	-	109.41	12,378.21	-	12,378.21
(b) Provisions	97.16	1,218.37	1,315.53	86.20	1,105.15	1,191.35
(c) Other non-financial liabilities	187.27	-	187.27	241.63	-	241.63
Total non-financial liabilities	**393.84**	**1,218.37**	**1,612.21**	**12,706.04**	**1,105.15**	**13,811.19**
3. Equity						
(a) Equity share capital	-	6,901.81	6,901.81	-	5,390.19	5,390.19
(b) Other equity	-	657,644.65	657,644.65	-	222,641.95	222,641.95
Total equity	**-**	**664,546.46**	**664,546.46**	**-**	**228,032.14**	**228,032.14**
Total liabilities and equity	**1,728.83**	**665,926.33**	**667,655.16**	**23,268.87**	**229,286.94**	**252,555.81**

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

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

38. The Company is primarily engaged in the business of growing and nurturing business investments in its subsidiary. 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 management is of the view supported by legal opinion that the Company is an Unregistered Core Investment Company (Unregistered CIC) as laid down in the "Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016", as amended. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

Notes forming part of the standalone financial statements

39. Payment to auditor (excluding Goods and Services Tax) (included in legal and professional)

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
To statutory auditor:		
For audit (Including limited reviews)	28.00	41.00*
For certifications	5.00	7.00
Reimbursement of expenses	2.34	2.14
Total	**35.34**	**50.14**

*Including Rs. 13.00 lakhs pertaing to previous year ended March 31, 2019.

40. Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(Rs. in Lakhs)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Amounts payable to suppliers under MSME Development Act, 2006 (suppliers) as at year end		
	- Principal	7.68	-
	- Interest due thereon	-	-
(ii)	Payments made to suppliers beyond the appointed day during the year		
	- Principal	-	-
	- Interest paid thereon	-	-
(iii)	Amount of Interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSME Development Act, 2006	-	-
(iv)	Amount of interest accrued and remaining unpaid as on last day	-	-
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, 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.

41. The Code on Social Security, 2020 (“Code”) relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

42. Gain/(loss) on fair value changes on derivative financial instruments represents gain/(loss) arising out of the Option arrangements relating to equity shares of Max Life Insurance Company Limited (Max Life), executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui

Notes forming part of the standalone financial statements

Sumitomo Insurance Company Limited (MSI) and accounted for Fair Value Through Profit or Loss account (FVTPL) in standalone financial statements of the Company as per Ind AS 109.

On March 15, 2021, the Company has acquired 0.74% equity shares (previous year : 0.74% equity shares) of Max Life from Axis Bank Limited at a price of Rs. 166 per share (being fair value of Max Life determined on the date of transaction). Pursuant to such purchase and termination Letter to the Option Agreement entered among Axis Bank Limited, MSI, Max Life and the Company, balance equity share options of Max Life have been cancelled.

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

43. The Board of Directors of the Company in its meeting held on March 3, 2020, had considered and approved the issuance and allotment of up to 75,458,088 equity shares of the Company of face value of Rs. 2 each, fully paid up, on a preferential basis to Mitsui Sumitomo Insurance Company Limited (MSI) for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited ('Max Life')["MSI Swap"], based on the valuation report obtained by the Company in accordance with applicable laws. In addition, the Company through a call/put option has to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in Max Life ("MSI Put/Call Option"). The shareholders of the Company approved the said MSI Swap and MSI Put/Call Option on May 27, 2020.

The Company had received approvals from all requisite regulatory authorities for MSI Swap as of November 27, 2020, namely Competition Commission of India, the stock exchanges, Department of Economic Affairs ('DEA') and Insurance Regulatory and Development Authority of India ('IRDAI'). Pursuant to receipt of all the approvals, the Company has allotted 75,458,088 equity shares of face value of Rs. 2 each, fully paid up at a price of Rs. 565.11 per share on a preferential basis to MSI for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life at a price of Rs. 108.02 on December 8, 2020. Post the MSI Swap transaction, MSI holds 21.87% equity shares of the Company and the Company's investment in equity shares of Max Life has increased from 72.52% to 93.10%. Further, Mr. Hideaki Nomura and Mr. Mitsuru Yasuda, nominees of MSI, were appointed as non- executive non-independent additional directors of the Company.

In respect of MSI Put/Call Option, the Company had executed definitive agreement with the parties, which is subject to receipt of requisite regulatory approvals. Subsequent to the year end, the Company has filed an application for approval with IRDAI for acquisition of 99,136,573 equity shares of Max Life held by MSI constituting 5.17% equity stake in Max Life under MSI Put/Call option. Pending receipt of requisite approvals, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the standalone financial statements.

44. On February 20, 2020, the Company and Axis Bank Limited ('Axis Bank') executed Confidentiality and Exclusivity Agreement to explore a long-term strategic partnership. The Board of Directors of the Company in its meeting held on April 27, 2020 approved entering into definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life Insurance Company Limited ('Max Life'), a material subsidiary of the Company, to Axis Bank, subject to receipt of shareholders' approval and other requisite regulatory approval. The shareholders of the Company approved the transaction on June 16, 2020.

Notes forming part of the standalone financial statements

Application for approval of Insurance Regulatory and Development Authority of India ('IRDAI') was submitted on May 20, 2020. Based on correspondence with RBI and IRDAI, the Company, Max Life, and Axis Bank made certain changes to the agreements, subject to regulatory approvals and as maybe permitted under applicable laws. On August 24, 2020, the Company, Max Life, and Axis Bank executed revised agreements whereby the Axis Bank proposed to acquire 17.002% of the equity share capital of Max Life and submitted fresh proposal with the regulators. Further, in response to Axis Bank's application for directly acquiring 17.002% of the equity share capital of Max Life, the Reserve Bank of India has advised Axis Bank to be guided by Para 5(b) of Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 as updated from time to time ("Para 5(b)"). Pursuant to Para 5(b), Axis Bank and its subsidiaries (together "Axis Entities"), i.e. Axis Capital Limited and Axis Securities Limited ("Axis Bank subsidiaries"), on October 30, 2020 entered into revised agreements with the Company for acquisition of upto 19.002% of the equity share capital of Max Life ("Revised Agreements"). Under the Revised Agreements, Axis Bank will acquire upto 9.002% of the equity share capital of Max Life and Axis Bank subsidiaries will acquire upto 3% of the share capital of Max Life. In addition, Axis Entities will have a right to acquire upto 7% of the equity share capital of Max Life, in one or more tranches. The Revised Agreements supersedes the previous agreements entered between the parties.

In this regard, Max Life has received approval from IRDAI vide its letter dated February 24, 2021 granting approval for transfer of 12.002% equity shares of Max Life held by the Company to Axis Entities, as promoters. Pursuant to receipt of all the approvals, the Company has transferred 38,376,257 equity shares of Rs. 10 each of Max Life to Axis Capital Limited and 19,188,128 equity shares of Rs. 10 each of Max Life to Axis Securities Limited on March 26, 2021, fully paid up at a price of Rs. 31.51 per share for consideration aggregating to Rs. 18,138.54 lakhs. The weighted average carrying value of such investments was Rs. 37.22 per share and hence, a loss on sale of investments of Rs. 3,289.17 lakhs has been recorded in the current year.

On April 6, 2021, the Company has transferred 172,731,531 equity shares of Rs. 10 each of Max Life to Axis Bank, fully paid up at a price of Rs. 32.12 per share for consideration aggregating to Rs. 55,481.37 lakhs. Consequently, the Company has accounted for an impairment loss of Rs. 8,816.05 lakhs in the value of such investments in the current year, being the difference between weighted average carrying value of such investments i.e. Rs. 37.22 per share and the transaction price.

The transaction price of Rs. 31.51 and Rs. 32.12 per share is computed based on the valuation of Max Life conducted as per Rule 11 UA read with Rule 11 UAA of the Income-tax Rules, 1962 (herein referred to as 'Transaction Price'). The methodology of computation of transaction price was approved by 99.90% shareholders through postal ballot and also stated in the definitive agreements entered with Axis Entities.

Post the Axis Bank stake sale transaction, Axis Entities hold 13% equity shares of Max Life and the Company's investment in equity shares of Max Life has decreased from 90.83% to 81.83%.

In respect of right of Axis entities to acquire 7% of equity share capital of Max Life, the Company had executed definitive agreement with the parties, which is subject to receipt of requisite regulatory approvals. Pending receipt of requisite approvals, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the standalone financial statements.

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

The Company has considered the impact of COVID-19 on its operations as well as its standalone financial

Notes forming part of the standalone financial statements

statements, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2021. In assessing the carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these standalone financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19, wherever required.

46. Expenditure on Corporate Social Responsibility (CSR)

a. Gross amount required to be spent by the Company during the year ended March 31, 2021 is Rs. Nil (Previous year Rs. Nil).

b. Amount spent during the year ended March 31, 2021 is Rs. Nil (Previous year Rs. Nil)

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

48. The standalone financial statements were approved for issue by the Board of Directors on June 8, 2021.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida
Date : June 8, 2021

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

09

CONSOLIDATED FINANCIAL STATEMENTS

In this Section

Independent Auditor's Report

To The Members of Max Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Max Financial Services Limited** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matters

"Estimation of uncertainties relating to COVID-19 global health pandemic" of Max Life Insurance Company Limited, subsidiary company – Reported by auditors of subsidiary company

We draw attention to note 57(b) to the consolidated financial statements, which describes that the auditors of Max Life Insurance Company Limited, subsidiary company, in their auditor's report on the financial statements of that company for the year ended March 31, 2021, have reported under the above heading a matter regarding outbreak of COVID-19 pandemic and the assessment made by the management of the subsidiary company on its business and financial statements, including valuation of investments and valuation of policy liabilities as at and for the year ended March 31, 2021. This assessment and the outcome of the pandemic is as made by the management of the subsidiary company and is highly dependent on the circumstances as they evolve in the subsequent periods.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>1.</td><td> Policy liabilities (In respect of the subsidiary company) Provisions against life insurance contracts mainly comprise the provision for future policy benefits and the provision for outstanding claims. Valuation of the provision for future policy benefits is necessarily dependent on a number of assumptions. These refer in particular to discount rates, mortality and morbidity assumptions, acquisition and administration expenses, and calculated lapse rates. In accordance with applicable accounting regulations, these assumptions are determined at the start of a contract and are only adjusted if there is a significant deterioration. As the assumptions are generally not observable in the market, the determination or adjustment of these assumptions are subject to uncertainty and judgement. </td><td> Principal Audit Procedures performed in respect of subsidiary company: The auditors of subsidiary company have assessed the Appointed Actuary's calculation of the liabilities by performing the following procedures: Verified the underlying data to source documentation on a sample basis.
Reconciled the underlying data used by the Actuary with the trial balance and the data obtained from the policy administration system to ensure completeness.
Understood from the Appointed Actuary the assumptions used and the basis for the same to evaluate these assumptions with the available peer details.
Assessed the Company's methodology for calculating the policy liabilities against recognized actuarial practices.
Obtained and reconciled the provision amount with the Appointed Actuary's certificate in this regard. However, auditors of subsidiary company have not audited the actuarial process and computations. These are not covered by the audit opinion. </td></tr>
</table>

Sr. No.	Key Audit Matter	Auditor's Response
2.	**Multiple Information Technology Systems** **(In respect of the subsidiary company)** The subsidiary company is highly dependent on technology due to the significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit approach relies extensively on automated controls and therefore on the effectiveness of controls over IT systems. IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. Management is in the process of implementing several remediation activities that are expected to contribute to reducing the risk over IT applications in the financial reporting process. These included implementation by subsidiary company wide preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature, in preliminary risk assessment, the auditors of subsidiary company will begin by assessing the risk of a material misstatement arising from technology as significant for the audit.	**Principal Audit Procedures performed in respect of subsidiary company:** The auditors of subsidiary company performed a range of audit procedures, which included the following: Tested access rights over applications, operating systems and databases relied upon for financial reporting. Specifically, the tests were designed to cover the following: - New access requests for joiners are properly reviewed and authorised; - User access rights are removed on a timely basis when an individual has left or moved role; - Periodic monitoring of access rights to applications, operating systems and databases for appropriateness; and - Highly privileged access is restricted to appropriate personnel. Other areas that were assessed included password policies, security configurations, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. <u>Other procedures that were carried out are:</u> - Where inappropriate access was identified, the nature of the access was understood, and, where possible, obtain additional evidence on the appropriateness of the activities performed; - Obtained a list of users' access permissions and manually compared it to other access lists where segregation of duties was deemed to be of higher risk.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management discussion and analysis (MD&A) (collectively referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary company, is traced from their financial statements.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements, of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the joint auditors, such joint auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

In respect of Max Life Insurance Company Limited ("MLIC"), a subsidiary company, determination of the following as at year ended March 31, 2021 is the responsibility of the subsidiary's Appointed Actuary.

i. The Actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2021 in respect of the subsidiary. In the opinion of the Appointed Actuary, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDAI) and the Institute of Actuaries of India in concurrence with the IRDAI. The charge of "Net Change in Insurance and Investment Contract Liabilities" includes charge for actuarial valuation of liabilities for life policies in force and charge for the policies in respect of which premium has been discontinued but liability exists as at March 31, 2021. These charges have been actuarially determined, based on the liabilities duly certified by the subsidiary's Appointed Actuary; and

ii. Other adjustments for the purpose of preparation of the Statement, as confirmed by the Appointed Actuary of subsidiary are in accordance with Indian Accounting Standard 104 on Insurance Contracts:

    a. Assessment of contractual liabilities based on classification of contracts into insurance contracts and investment contracts;

    b. Valuation and Classification of Deferred Acquisition Cost and Deferred Origination Fees on Investment Contracts and Valuation of Embedded Derivatives;

    c. Grossing up and classification of the Reinsurance Assets; and

    d. Liability adequacy test as at the reporting dates.

    e. Disclosures as mentioned in note 42 of the consolidated financial statements.

The joint auditors of Max Life Insurance Company Limited ("MLIC"), subsidiary company have relied on the certificates of the Appointed Actuary in respect of above matters in forming their opinion on the financial information of the said subsidiary.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the auditors of the subsidiary company.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Parent and the report of the auditors of the subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 35 of consolidated financial statements.

ii. The liability for insurance contracts, is determined by the MLIC's Appointed Actuary, and is covered by the Appointed Actuary's certificate, referred to in Other Matters paragraph above, on which the auditors of the subsidiary company have placed reliance. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer Note 51 of consolidated financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company - Refer Note 52 of consolidated financial statements.

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

Satpal Singh Arora
(Partner)
(Membership No. 98564)
(UDIN : 21098564AAAABG6661)

Place: New Delhi
Date: June 8, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **Max Financial Services Limited** (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

In respect of Max Life Insurance Company Limited ('MLIC"), a subsidiary company, the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") and has been relied upon by the auditors of the subsidiary company, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements of the Group as at and for the year ended March 31, 2021. Accordingly, the auditors of the subsidiary company have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the joint auditors of the subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

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 Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Satpal Singh Arora
Partner
(Membership No. 098564)
(UDIN : 21098564AAAABG6661)

Place: New Delhi
Date: June 8, 2021

Consolidated Balance Sheet

as at March 31, 2021

(Rs. in lakhs)

Particulars		Note No.	As at 31.03.2021	As at 31.03.2020
A.	**ASSETS**			
1.	**Financial assets**			
	(a) Cash and cash equivalents	3	50,717.27	44,746.18
	(b) Bank balance other than (a) above	4	124.22	164.79
	(c) Receivables - Trade receivables	5	255.54	315.84
	(d) Loans	6	-	1.36
	(e) Investments	7	406,305.32	337,238.95
	(f) Other financial assets	8	4,709.80	1,676.61
	(g) Life Insurance Policyholders' Fund	9	9,053,653.67	6,749,785.66
	Total financial assets		**9,515,765.82**	**7,133,929.39**
2.	**Non-financial assets**			
	(a) Current tax assets (net)	10	595.82	1,005.55
	(b) Deferred tax assets (net)	24	884.26	993.74
	(c) Investment Property	11A	8,839.08	8,991.40
	(d) Property, plant and equipment	11B	2,172.17	2,213.61
	(e) Goodwill		52,525.44	52,525.44
	(f) Other Intangible assets	12A	-	-
	(g) Right of use assets	12B	339.89	336.61
	(h) Other non-financial assets	13	4,637.75	6,385.07
	(i) Life Insurance Policyholders' Fund	14	227,400.71	246,241.14
	Total non-financial assets		**297,395.12**	**318,692.56**
	Total Assets		**9,813,160.94**	**7,452,621.95**
B.	**LIABILITIES AND EQUITY**			
I.	**LIABILITIES**			
1.	**Financial liabilities**			
	(a) Trade Payables	15		
	(i) Total outstanding dues of micro enterprises and small enterprises		7.68	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,984.99	2,277.08
	(b) Lease liabilities	40	345.95	272.75
	(c) Other financial liabilities	16	172.59	35,102.44
	(d) Life Insurance Policyholders' Fund	17	9,355,614.90	7,059,446.68
	Total financial liabilities		**9,360,126.11**	**7,097,098.95**
2.	**Non-financial liabilities**			
	(a) Current tax liabilities (net)	18	109.41	12,378.21
	(b) Provisions	19	1,315.53	1,191.35
	(c) Deferred tax liabilities (net)	24	5,669.73	-
	(d) Other non-financial liabilities	20	222.11	241.63

(Rs. in lakhs)

	Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
	(e) Life Insurance Policyholders' Fund	21	85,214.12	59,826.41
	Total non-financial liabilities		**92,530.90**	**73,637.60**
	Total liabilities		**9,452,657.01**	**7,170,736.55**
II.	**EQUITY**			
	(a) Equity share capital	22	6,901.81	5,390.19
	(b) Other equity	23	327,394.38	209,261.80
	Equity attributable to owners of the Company		**334,296.19**	**214,651.99**
	Non Controlling Interest		26,207.74	67,233.41
	Total equity		**360,503.93**	**281,885.40**
	Total liabilities and equity		**9,813,160.94**	**7,452,621.95**

See accompanying notes to the consolidated financial statements 1 to 62

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(Rs. in lakhs)

	Particulars	Note No.	Year ended 31.03.2021	Year ended 31.03.2020
1.	**Revenue from operations**			
	(a) Interest Income	25	21,216.72	17,071.11
	(b) Dividend Income	26	245.67	306.69
	(c) Rental Income		55.68	42.00
	(d) Net gain on fair value changes	27	8,506.45	2,112.58
	(e) Policyholders' Income from Life Insurance operations	28	3,096,803.13	1,803,952.46
	(f) Sale of services		562.64	513.00
2.	**Total revenue from operations**		**3,127,390.29**	**1,823,997.84**
3.	Other income	29	1,410.96	178.38
4.	**Total income (2+3)**		**3,128,801.25**	**1,824,176.22**
5.	**Expenses**			
	(a) Finance costs	30	26.72	28.26
	(b) Impairment on financial instruments (including reversals)		(5,524.43)	7,143.17
	(c) Employee benefits expenses	31	6,079.89	3,594.82
	(d) Depreciation, amortisation and impairment	32	532.22	1,136.90
	(e) Legal and professional expenses		1,832.02	4,438.63
	(f) Policyholders' Expenses from Life Insurance operations	33	3,063,431.14	1,759,653.94
	(g) Other expenses	34	3,134.44	3,931.96
6.	**Total expenses**		**3,069,512.00**	**1,779,927.68**
7.	**Profit before tax (4-6)**		**59,289.25**	**44,248.54**
8.	**Tax expense**			
	Relating to other than revenue account of Life Insurance policyholders			
	Current tax	24	2,601.54	18,225.01
	Deferred tax charge / (credit)	24	712.68	(1,261.89)
	Relating to revenue account of Life Insurance policyholders			
	Current tax		-	-
9.	**Total tax expense**		**3,314.22**	**16,963.12**
10.	**Profit after tax (7-9)**		**55,975.03**	**27,285.42**
11.	**Other Comprehensive Income (OCI)**			
	Relating to revenue account of Life Insurance Policyholders'			
	(i) Items that will not be reclassified to profit or loss in subsequent periods			
	- Remeasurement of defined benefit obligations		237.00	(1,134.26)
	Less: Transferred to Policyholders' Fund in the Balance Sheet		(237.00)	1,134.26
	Subtotal (A)		**-**	**-**
	(ii) Items that will be reclassified to profit or loss in subsequent periods			
	- Changes in fair values of FVTOCI debt instruments		2,263.73	1,857.59

(Rs. in lakhs)

	Particulars	Note No.	Year ended 31.03.2021	Year ended 31.03.2020
	- Cash flow hedge		7,362.30	(1,684.37)
	- Impairment loss (including reversals)		(0.35)	(2.78)
	Less: Transferred to Policyholders' Fund in the Balance Sheet		(9,625.68)	(170.44)
	Subtotal (B)		**-**	**-**
	Relating to Others			
	(i) Items that will not be reclassified to profit or loss in subsequent periods			
	- Remeasurement of defined benefit obligations		2.18	(12.45)
	Income tax relating to items that will not be reclassified to profit or loss		(0.63)	-
	Subtotal (C)		**1.55**	**(12.45)**
	(ii) Items that will be reclassified to profit or loss in subsequent periods			
	- Changes in fair values of FVTOCI debt instruments		(512.82)	1,537.07
	- Impairment loss (including reversals)		(0.18)	(3.06)
	Income tax relating to items that will be reclassified to profit or loss		74.69	(223.35)
	Subtotal (D)		**(438.31)**	**1,310.66**
12.	**Other Comprehensive Income for the year (A+B+C+D)**		**(436.76)**	**1,298.21**
13.	**Total Comprehensive Income (10+12)**		**55,538.27**	**28,583.63**
	Profit for the year attributable to			
	Owners of the Company		42,539.40	14,499.36
	Non-controlling interests		13,435.63	12,786.06
	Other Comprehensive Income attributable to			
	Owners of the Company		(558.76)	938.08
	Non-controlling interests		122.00	360.13
	Total Comprehensive Income attributable to			
	Owners of the Company		41,980.64	15,437.44
	Non-controlling interests		13,557.63	13,146.19
14.	**Earnings per share (EPS) (Rs.)**	38		
	(a) Basic EPS		14.51	5.38
	(b) Diluted EPS		14.51	5.38

See accompanying notes to the consolidated financial statements 1 to 62

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Consolidated Statement of changes in equity

for the year ended March 31, 2021

a) Equity share capital

(Rs. in lakhs)

Particulars	Amount
Balance at April 1, 2019	**5,387.72**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	2.47
Balance at March 31, 2020	**5,390.19**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	1,511.62
Balance at March 31, 2021	**6,901.81**

b) Other equity

(Rs. in lakhs)

Particulars	Reserves and Surplus					Items of OCI	Attributable to owners of the Company	Attributable to Non controlling interest	Total other equity (including NCI)
	Securities premium	Capital Redemption Reserve	Share option outstanding account	Surplus in the statement of profit and loss	General Reserve	FVTOCI Reserve			
Balance as at April 1, 2019	**41,870.90**	**2,587.84**	**251.72**	**139,189.25**	**15,358.07**	**1,257.94**	**200,515.72**	**77,406.41**	**277,922.13**
Profit for the year	-	-	-	14,499.36	-	-	14,499.36	12,786.06	27,285.42
Other comprehensive income/ (loss)	-	-	-	(12.45)	-	950.53	938.08	360.13	1,298.21
Total comprehensive income	**-**	**-**	**-**	**14,486.91**	**-**	**950.53**	**15,437.44**	**13,146.19**	**28,583.63**
Premium on shares issued under ESOP	-	-	(270.24)	-	-	-	(270.24)	-	(270.24)
Interim Dividends	-	-	-	-	-	-	-	(10,438.93)	(10,438.93)
Final Dividends	-	-	-	-	-	-	-	(7,471.38)	(7,471.38)
Dividend Distribution Tax	-	-	-	(3,925.63)	-	-	(3,925.63)	(3,682.36)	(7,607.99)
Recognition of share-based payments (See note 23)	-	-	442.57	-	-	-	442.57	-	442.57
Transfer from non-controlling interest	-	-	-	-	-	-	-	(1,726.52)	(1,726.52)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 54)	-	-	-	(5,277.24)	-	-	(5,277.24)	-	(5,277.24)
Gain on stake change in subsidiary without loss of control	-	-	-	1,726.50	-	-	1,726.50	-	1,726.50
As at March 31, 2020	**42,483.58**	**2,587.84**	**424.05**	**146,199.79**	**15,358.07**	**2,208.47**	**209,261.80**	**67,233.41**	**276,495.21**
Profit for the year	-	-	-	42,539.40	-	-	42,539.40	13,435.63	55,975.03
Other comprehensive income/ (loss)	-	-	-	1.55	-	(560.31)	(558.76)	122.00	(436.76)
Total comprehensive income	**-**	**-**	**-**	**42,540.95**	**-**	**(560.31)**	**41,980.64**	**13,557.63**	**55,538.27**
Premium on shares issued (See note 55)	424,912.04	-	-	-	-	-	424,912.04	-	424,912.04
Premium on issue of shares under ESOP	509.61	-	(509.61)	-	-	-	-	-	-
Interim Dividends	-	-	-	-	-	-	-	(1,377.56)	(1,377.56)
Deferred tax on undistributed earnings	-	-	-	(5,140.58)	-	-	(5,140.58)	-	(5,140.58)
Recognition of share-based payments (See note 23)	-	-	166.46	-	-	-	166.46	-	166.46
Transfer from non-controlling interest	-	-	-	-	-	-	-	(53,205.74)	(53,205.74)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 54)	-	-	-	11,290.90	-	-	11,290.90	-	11,290.90
Gain/(Loss) on stake change in subsidiary without loss of control (See note 54, 55 and 56)	-	-	-	(355,076.88)	-	-	(355,076.88)	-	(355,076.88)
As at March 31, 2021	**467,905.23**	**2,587.84**	**80.90**	**(160,185.82)**	**15,358.07**	**1,648.16**	**327,394.38**	**26,207.74**	**353,602.12**

See accompanying notes to the consolidated financial statements 1 to 62

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Consolidated Cash Flow Statement
for the year ended March 31, 2021

(Rs. In lakhs)

	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**59,289.25**	**44,248.55**
	Adjustments for:		
	Depreciation, amortisation and impairment	16,165.93	16,122.09
	Interest Expense	2,242.42	2,590.54
	Interest and Dividend income from investments	(464,235.10)	(408,400.11)
	Rental income	(3,509.49)	(2,609.19)
	Net loss / (profit) on sale / disposal of property, plant and equipment	21.06	(454.04)
	Net (gain) / loss on fair value changes	(932,210.53)	296,925.46
	Restricted life insurance surplus retained in Policyholders' Fund (income)	146,473.60	(112,180.40)
	Restricted life insurance surplus retained in Policyholders' Fund (expense)	32,586.67	3,251.78
	Provision for diminution in value of long term investment	(8,272.78)	10,253.85
	Liabilities/provisions no longer required written back	(78.00)	-
	Allowance for doubtful input tax credit receivable	-	60.00
	Provision for doubtful debts and bad-debts written off	401.53	194.07
	Provision for rates and taxes	2.74	802.75
	Expense on employee stock option scheme	307.46	2,601.57
	Change in policyholder reserves (including funds for future appropriation)	1,939,721.85	764,622.25
	Operating Profit before working capital changes	**788,906.61**	**618,029.17**
	Changes in working capital:		
	<u>Adjustments for (increase)/ decrease in operating assets:</u>		
	Trade receivables	21,216.56	(18,869.80)
	Loans	1.36	6.01
	Other financial assets	(19,634.46)	3,159.80
	Other non financial assets	46,501.23	(92,049.88)
	<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
	Trade payables	41,903.48	(15,706.16)
	Other financial liabilities	4,064.02	(11,308.12)
	Provisions	(2,264.60)	(1,025.68)
	Insurance contract liabilities	(32,461.92)	69,804.23
	Other non financial liabilities	27,642.58	(483.06)
	Cash generated from operations	**875,874.86**	**551,556.51**
	Net income tax (paid) / refunds	(13,762.23)	(6,390.30)
	Net cash from operating activities (A)	**862,112.63**	**545,166.21**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure on property, plant and equipment including capital advances	(8,293.88)	(12,296.00)
	Proceeds from sale of property, plant and equipment	92.39	48.16
	Capital Advances towards Investment Property	-	6,710.00
	Bank balances not considered as Cash and cash equivalents (net)	40.57	102.43

(Rs. In lakhs)

	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Investments		
	- Purchased	(99,707,331.89)	(70,666,057.32)
	- Proceeds from sale	98,421,681.68	69,794,030.30
	Investments in equity shares of subsidiary company		
	- Purchased	(23,523.56)	(18,988.90)
	- Sale	18,138.55	-
	Proceeds from loan against policies	(10,577.62)	(9,994.35)
	Receivable from Unit Linked fund and advance for property	(1,474.95)	2,832.52
	Realised Hedge Fluctuation Reserve & Derivative Profit & Loss	5,285.81	4,355.50
	Interest, Rent and Dividend Received	447,907.76	400,186.18
	Net cash used in investing activities (B)	**(858,055.14)**	**(499,071.48)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from ESOPs exercised (including share premium)	2.46	344.90
	Dividend including distribution tax	(1,377.56)	(31,123.30)
	Payments of lease liabilities	(7,826.63)	(7,478.79)
	Net cash used in financing activities (C)	**(9,201.73)**	**(38,257.19)**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**(5,144.24)**	**7,837.54**
E	**Cash and cash equivalents as at the beginning of the year**	**76,701.57**	**68,864.03**
Cash and cash equivalents as at the end of the year *		**71,557.33**	**76,701.57**
* Components of Cash and Cash Equivalents:			
Cash on hand		6,278.80	4,334.75
Balances with banks			
- On current accounts		65,128.53	37,616.82
- Deposits with original maturity of less than three months		150.00	34,750.00
Total cash and cash equivalents (See note 3 and note 9A)		**71,557.33**	**76,701.57**

The above consolidated cash flow statement has been prepared under the “Indirect Method” as set out in Ind AS 7- Statement of Cash Flows.

See accompanying notes to the consolidated financial statements 1 to 62

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 : June 8, 2021

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

Notes forming part of the Consolidated financial statements

1. Corporate information

Max Financial Services Limited ('the Company'/'the Parent') is a public limited company domiciled in India and incorporated on February 24, 1988 under the provisions of the Companies Act, 1956. The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company is primarily engaged in the business of growing and nurturing business investments and providing management advisory services to group companies in India. The registered address of the Company is Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533

Max Life Insurance Company Limited ('the Subsidiary Company') was incorporated on July 11, 2000 as a public limited company under the Companies Act, 1956 to undertake and carry on the business of life insurance and annuity. The Subsidiary Company obtained a license from the Insurance Regulatory and Development Authority of India ('IRDAI') for carrying on life insurance business on November 15, 2000. The Subsidiary Company offers a range of participating, non-participating and linked products covering life insurance, pension and health benefits including riders for individual and group segments. These products are distributed by individual agents, corporate agents, banks, brokers and other channels.

2. Significant accounting policies

2.01 Basis of preparation

(i) Statement of compliance

The consolidated financial statements of the Company and the Subsidiary Company (collectively referred to as the 'Group') have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The Group presents its financial statements to comply with Division III of Schedule III to the Companies Act, 2013 which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS) and the requirements of Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

(ii) Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within

Notes forming part of the Consolidated financial statements

the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As permitted by Ind AS 104 Insurance Contracts, the Subsidiary Company continues to apply the existing accounting policies that were applied prior to the adoption of Ind AS, with certain modifications allowed by the standard subsequent to adoption for its insurance contracts and investment contracts with a discretionary participation feature (DPF).

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

As per the Insurance Act, 1938, (as amended by Insurance Laws (Amendment) Act, 2015) (the “Insurance Act”):

i. A life insurer is required to carry all receipts due in respect of such business, into a separate fund to be called the life insurance fund. The assets of the life insurance fund are required to be kept distinct and separate from all other assets of the insurer and the deposit made by the insurer in respect of life insurance business is deemed to be part of the assets of such fund. [Section 10(2)].

ii. The life insurance fund is absolutely the security of the life policyholders as though it belonged to an insurer carrying on no other business than life insurance business. The life insurance fund would not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance. Also, the life insurance fund is not to be applied directly or indirectly for any purposes other than those of the life insurance business of the insurer [Section 10(3)].

On account of the above regulatory restrictions on transfer of surplus / funds from the life insurance fund to shareholders, no proportion of the surplus relating to life insurance fund (including in respect of contracts without discretionary participating features) arising out of the adjustments due to application of Ind AS principles can be attributed to shareholders. Under the Previous GAAP fair valuation changes relating to the life insurance fund assets is accumulated within the liability group “Policyholders’ Funds” in a line item labelled “Credit / (Debit) Fair Value Change Account” separately from “Policy Liabilities”, “Insurance Reserves” and “Provision for

Notes forming part of the Consolidated financial statements

Linked Liabilities". Therefore the differences arising from the application of the Ind AS principles to the assets and liabilities of the life insurance fund be retained within the "Life Insurance Policyholders' Fund" liability group as "Fair Valuation Differences of Policyholders' Investments", "Measurement difference of Ind AS 104 Adjustments" and "Measurement difference – Other Adjustments".

Further all assets, liabilities, income and expenses pertaining to the life insurance fund have been grouped under "Assets of life insurance fund", "Liabilities of Life insurance fund", "Income from life insurance operations" and "Expense of the life insurance operations" respectively.

2.02 Principles of Consolidation

The Consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2021. The Company has one Subsidiary Company in India, Max Life Insurance Company Limited. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

b. Exposure, or rights, to variable returns from its involvement with the investee, and

c. The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The accounting policies of the subsidiary are, in all material respects, in line with accounting policies of the Company.

The financial statements of the Subsidiary Company for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on March 31, 2021.

Consolidation procedures:

a. The financial statements of the Company and its subsidiary company are consolidated on line-by-line basis adding together the book value of assets, liabilities, equity, income, expenses and cash flows of the parent with its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recongised in the consolidated financial statements as at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of

Notes forming part of the Consolidated financial statements

equity of each subsidiary.

c. Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recongised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a. Derecognises the assets (including goodwill) and liabilities of the subsidiary.

b. Derecognises the carrying amount of any non-controlling interests.

c. Derecognises the cumulative translation differences recorded in equity.

d. Recognises the fair value of the consideration received.

e. Recognises the fair value of any investment retained.

f. Recognises any surplus or deficit in profit or loss.

g. Reclassifies the parent's share of components previously recongised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

2.03 Product classification

Insurance contracts are those contracts when the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Group determines whether the contract has significant insurance risk, by comparing benefits payable on death is higher by at least 5% of the fund value at any time during the term of the contract for unit linked products or higher by at least 5% of the premium at any time during the term of the contract for other than unit linked products. Investment contracts are those contracts that transfer significant financial risk and which do not carry significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party

Notes forming part of the Consolidated financial statements

to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts are further classified as being either with or without discretionary participation features (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits,
- The amount or timing of which is contractually at the discretion of the issuer, and
- That are contractually based on the:
    - o performance of a specified pool of contracts or a specified type of contract,
    - o realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
    - o the profit or loss of the company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded financial derivatives separately at fair value through the income statement. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/ or investment contract itself is measured at fair value through the income statement. The Group has considered the probable embedded derivatives in the products offered and have calculated the value for embedded derivative separately for reporting under Ind AS 104 as at March 31, 2021.

2.04 Premium Income

The premium income for insurance contract and investment contract with discretionary participation feature (DPF) is recognised as revenue when due from policyholders. For linked business, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. Top-up premiums are recognised as single premium.

For investment contract without DPF, deposit accounting in accordance with Ind AS 104 and Ind AS 109 is followed. Consequently only to the extent of charges and fees collected from such investment contract is accounted as income in statement of profit and loss.

2.05 Income From Linked Policies

Income on linked policies including fund management charges, policy administration charges, surrender penalty charges, mortality charges, and other charges, wherever applicable, are recovered from the linked fund and recognised when due in accordance with the terms and conditions mentioned in the policies.

2.06 Reinsurance Premium Ceded

Reinsurance premium ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the reinsurer.

2.07 Income from services

Revenue from contracts with customers is recognised when the Company satisfies a performance obligation by transferring promised services to a its customer in accordance with terms of relevant contracts. Revenue is measured based on the consideration specified in a contract with a customer.

Notes forming part of the Consolidated financial statements

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The Company has assessed that it is primarily responsible for fulfilling the performance obligation and has no agency relationships. Accordingly the revenue has been recognized at the gross amount.

2.08 Acquisition Costs

Acquisition costs include expenses which are incurred to solicit and underwrite insurance contracts such as commission, medical fee, policy printing expenses, etc. These costs are expensed in the year in which they are incurred for insurance contract and investment contract with DPF. In case of investment contact without DPF, the acquisition costs are deferred as per policy mentioned in Note 2.13. Claw back of the commission paid, if any, is accounted for in the year in which it becomes recoverable.

2.09 Benefits and Claims

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the period including settlement of claims and policyholder bonuses declared. Death claims and surrenders are recorded on the basis of intimation received. Maturities and annuity payments are recorded when due.

2.10 Reinsurance Claims

Reinsurance claims is accounted for in the same period as the related claim and also in accordance with the treaty or in- principle arrangement with the reinsurer.

1.11 Life Insurance Contract Liability (including investment contract liabilities with DPF)

The actuarial liability for policies in-force as at the valuation date is determined using appropriate methods and assumptions that conform to the regulations issued by the IRDAI and the Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India (IAI). Specifically, the key principles considered for the valuation relate to the IRDA (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016 and the APS 1, APS 2 and APS 7 issued by the IAI.

The liability, valued on a policy by policy basis, is so calculated that together with future premium payments and investment income, the Group is able to meet all future claims (including bonus entitlements to policyholders, if applicable) and expenses, on the basis of actuarial estimates.

A brief description of the methodology used for valuing key categories of products is provided below:

1. The liability for individual non-linked business is valued using gross premium reserving methodology. For participating business, a reference is also made to the asset share of the policies as at the valuation date in order to appropriately allow for policyholders' reasonable expectations. The liability is floored to zero or the surrender value payable under the policies, if any.

2. The liability for individual (and group) unit linked business comprises of a unit reserve. Unit reserve represents the value of units using the net asset value at the valuation date.

3. The liability for group one year renewable term business is calculated using an unearned premium approach where the premium representing the unexpired policy term is held as a liability. For longer term group business, gross premium reserving methodology is used.

4. The liability for riders attached to a non-linked policy is calculated as higher of gross premium reserves and unearned premium reserves.

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The liabilities above also allow (either explicitly or implicitly) for any cost of guarantees/options inherent in the products.

The regulations also require the insurers to hold certain additional reserves. The key additional reserves cover the following sources of liability:

1. Additional source of liability for policies which are lapsed as at the valuation date but represent a potential source of future liability if they revive within their revival period (generally termed as lapse revival reserves). The reserves are calculated using an assumption of revival probability, based on Group experience.

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

3. Liability against policies for which the insured event has already occurred but the claim has not been reported to the Group (generally termed as Incurred but Not Reported reserves).

2.12 Valuation of Investment Contract Liabilities without DPF:

Unitised investment contract fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund.

2.13 Deferred Acquisition Cost (DAC)/ Deferment Origination Fees (DOF)

Certain incremental acquisition costs that are directly attributable to securing an investment contract without DPF are deferred and recorded in deferred expenses. These deferred costs are amortised over the period in which the service is provided. The DAC has following components:

I. Initial (1st, 2nd and 3rd year) commission is higher than the remaining year's commission for these products. The differences between these commissions are spread over the whole term of the policy and the commission for unexpired term of the policy as on Balance sheet date is considered.

II. First year distribution allowance is spread over the whole term of the policy and the allowance for the unexpired term of the policy as on Balance sheet date is considered.

DAC are derecognised when the related contracts are either settled or disposed off.

Similar to above calculation the Group has also calculated Deferment Origination Fees (DOF) to be taken as liability.

The DOF for the same products has following component:

I. Initial (1st, 2nd and 3rd year) allocation charges are higher than the remaining year's allocation charges for these products. The difference between these charges are spread over the whole term of the policy and the charges for the unexpired term of the policy as on Balance sheet date is considered.

DOF are derecognised when the related contracts are either settled or disposed off.

2.14 Reinsurance Asset

The reinsurance credit taken, i.e. difference between gross reserves and net reserves, while calculating statutory reserves is held as reinsurance asset.

The Group cedes insurance risk in the normal course of business for all of its businesses.

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2.15 Liability Adequacy Test (LAT)

For liability reporting as at 31 March 2021 under Ind AS 104, the gross liability would be same as gross liability used for statutory reporting. These liabilities as calculated on Gross Premium Valuation basis using Margin for Adverse Deviation (MAD) on best estimate assumptions which are equal to or on higher side than prescribed by the regulations/professional guidance hence there is no need to perform Liability Adequacy Test separately as at 31 March 2021.

The Group applies MAD for the following key assumptions in actuarial valuation of liabilities:

I. Mortality/Morbidity/Longevity
II. Lapse/Surrender/Paid-up/Partial-Withdrawal
III. Interest rate
IV. Expenses

2.16 Income from investments

Interest income on investments is recognized on accrual basis. Amortization of discount/ premium relating to the debt securities and money market securities is recognized over the remaining maturity period on an Effective Interest Rate (EIR) method. Dividend income is recognized on ex-date and when right to receive payment is established.

The realised profit/loss on debt/money market securities for amortised security is the difference between the net sale consideration and the amortised cost of securities.

Profit or loss on sale/redemption of securities classified as Fair value through other comprehensive income is recognized on trade date basis and includes effects of accumulated fair value changes, previously recognized and credited to other comprehensive income, for investments sold/redeemed during the period.

Profit or loss on sale/redemption of securities classified as Fair value through profit or loss is recognized on trade date basis and includes effects of accumulated fair value changes for investments sold/redeemed during the period.

2.17 Income earned on loans

Interest income on loans is recognised on an accrual basis are per Effective Interest Rate (EIR). Fees and charges also include policy reinstatement fees and loan processing fees which are recognised on receipt basis.

2.18 Income on Investment Property

Lease rentals on investment property is recognised on accrual basis and include only the realisable rent. Costs related to operating and maintenance of investment property are recognised as expense in the Profit and Loss

2.19 Financial Instrument - Investments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the

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amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. Expected Credit losses (ECL) are recognised in the statement of profit or loss when the investments are impaired.

ii. Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss. Interest earned on FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Financial instruments at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

a. items held for trading;

b. debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss is initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

De-recognition of Financial Assets

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity / "Non financial liabilities of the life insurance fund" is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial assets.

2.20 Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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a. Financial assets that are debt instruments, and are measured at amortised cost except for government security as no credit exposure is considered for such securities.

b. Financial assets that are debt instruments and are measured as at FVTOCI except for government security as no credit exposure is considered for such securities.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'Impairment on financial instruments' in the Statement of Profit and Loss.

2.21 Financial liabilities

a. **Gross obligation over written put options issued to the non-controlling interests:**

The Parent Company has issued written put option to non-controlling interests in it's subsidiary in accordance with the terms of underlying shareholders agreement. Should the option be exercised, the Parent Company has to settle such liability by payment of cash.

Initial recognition:

The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity.

Subsequent measurement:

In the absence of any mandatorily applicable accounting guidance, the Group has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

b. **Other financial liabilities**

Initial recognition and measurement

The Group's financial liabilities include investment contracts without DPF and trade and other payables. Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL or payables. All financial liabilities are recognised initially at fair value.

Subsequent measurement - Financial liabilities at FVTPL

Financial liabilities at FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Subsequent measurement - Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

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De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.22 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets, liabilities and equity items for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.24 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement includes cash in hand, bank balances, deposits with banks, other short-term highly liquid investments with original maturities of upto three months and which are subject to

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insignificant risk of change in value.

Receipts and Payments account is prepared and reported using the Indirect method in accordance with Indian Accounting Standard (Ind AS) 7, "Statements of Cash Flow".

2.25 Cash flow statement

Cash flows are reported using indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on available information.

2.26 Segment information

The Group determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

The Group allocates geographical revenue on the basis of location of the customers and non-current assets on the basis of the location of the assets.

2.27 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional 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 exceptional 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 employee share options and bonus shares, if any, as appropriate.

2.28 Leases

Group as a lessee

'The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Group has applied Ind AS 116 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. As a result, the comparative information has not been restated.

The Group's lease asset classes primarily consist of leases for buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

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The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

'The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs.

2.29 Property, plant and equipment and Intangible assets:

The Group has elected to consider values of Property, plant and equipment and Intangible assets as deemed cost as of the Previous GAAP. Accordingly, the Group has not revalued the Property, plant and equipment and Intangible assets at April 01, 2017 again. The Group consider the fair value as deemed cost at the transition date, viz., April 01, 2017.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on

Notes forming part of the Consolidated financial statements

their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets individually costing upto rupees five thousand and not as part of a composite contract are fully depreciated in the month of acquisition. Fixed assets at third party locations and not under direct physical control of the Group are fully depreciated over twelve months from the month of purchase.

Gains or losses arising from de-recognition of fixed assets and intangibles are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Depreciation on Property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 in respect of the following categories of assets

Assets	Estimated useful life
Furniture and Fixtures	10 years
Office Equipment	5 years

Depreciation on Property, plant and equipment, in respect of the following categories of assets, has been provided on the straight-line method as per the useful life of the assets which has been assessed taking into account the nature of the asset, the estimated usage of the assets the operating conditions of the asset, past history of replacement, etc.:

Leasehold land is amortised over the renewable period of respective leases subject to a maximum of 10 years.

Assets	Estimated useful life
Vehicles	5 years
Handheld devices	1 year
IT equipment including servers and networks	5 years
Laptops	3 - 4 years
Desktops	3 - 5 years

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

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

Assets	Estimated useful life
Software (excluding Policy Administration System and Satellite systems)	4 years
Policy Administration System and Satellite systems	6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangibles are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of Assets

The management assesses as at balance sheet date, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. After impairment, depreciation is provided on the revised carrying amount of the

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assets over its remaining useful life.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost. Such reversal is reflected in the statement of profit and loss.

2.30 Retirement and other employee benefits:

a. **Short Term Employee Benefits**

All employees' benefits payable within twelve months including salaries & bonuses, short term compensated absences and other benefits like insurance for employees are accounted on undiscounted basis during the accounting period in which the related services are rendered.

b. **Post-Employment Benefits**

Defined contribution plans

Employee's State Insurance:

The Group makes contribution to Employee's State Insurance, being defined contribution plans, is charged to the Statement of Profit and Loss in the year the contribution is made.

Defined benefit plans

Provident Fund:

The Group contributes to the employee provident trust "Max Financial Services Limited Employees' Provident Fund Trust" which is managed by the holding company and as per guidance on Ind AS–19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, which is a defined benefit plan. Both the employees and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Contributions and shortfall, if any, is charged to the Statement of Profit and Loss.

Gratuity:

The Group's liability towards Gratuity, Long Term Incentive Plan and Compensated Absences being defined benefit plans, is accounted for on the basis of independent actuarial valuations carried out as per 'Projected Unit Credit Method' at the balance sheet date. The discount rate used for actuarial valuation is based on the yield of Government Securities. The Company contributes the net ascertained liabilities under the plan to the Max Life Insurance Company Limited Employees Group Gratuity Plan.

The Group recognises the net defined benefit obligation of the gratuity plan, taking into consideration the defined benefit obligation using actuarial valuation and the fair value of plan assets at the Balance Sheet date, in accordance with Indian Accounting Standard (Ind AS) 19, "Employee Benefits". Actuarial gains or losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are recognized in the other comprehensive income (OCI).

c. **Other Long Term Employee Benefits**

Other long term employee benefits includes accumulated long term compensated absences and long term incentive plans. Accumulated long term compensated absences are entitled to be carried forward for future encashment or availment, at the option of the employee subject to Group's policies. Accumulated long term compensated absences are accounted for based on actuarial valuation determined using the projected unit credit method. Long term incentive plans are subject to fulfillment of criteria prescribed by the Group and is accounted for on the basis of

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independent actuarial valuations at the balance sheet date.

2.31 Share-based payment arrangements

The Parent Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are measured at the fair value of the equity instruments at the grant date. The Scheme provides for grant of options to employees (including directors) to acquire equity shares of the Parent Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Parent Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Parent Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Group had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Group is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Parent 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.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

1.32 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation

b. A present obligation arising from past events, when no reliable estimate is possible

c. A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Notes forming part of the Consolidated financial statements

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

2.33 Real Estate-Investment Property

The investment property is measured at historical cost. The Group assess at each balance sheet date whether any impairment of the investment property has occurred. Any impairment loss is recognised in the Statement of Profit and Loss.

Investment property is amortised over their estimated useful life on straight line method as follows:

Assets	Estimated useful life
Buildings	60 years

2.34 Valuation of Derivative Instrument

'Interest rate swaps are contractual agreements between two parties to exchange fixed rate and floating rate interest by means of periodic payments, calculated on a specified notional amount and defined interest rates. Interest payments are netted against each other, with the difference between the fixed and floating rate payments paid by one party.

Forward Rate Agreements (FRA) is an agreement between two parties to pay or receive the difference (called settlement money) between an agreed fixed rate (FRA rate) and the interest rate prevailing on stipulated future date (the fixing date) based on a notional amount for an agreed period (the contract period).

For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect Profit or loss.

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction. The Group also documents its assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item, both at inception and on an ongoing basis.

'Hedge effectiveness is the degree to which changes in cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The portion of fair value gain/loss on the Interest Rate Derivative that is determined to be an effective hedge is recognised in Other Comprehensive Income and the ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss in the period in which they arise. If the hedging relationship ceases to be effective or it becomes probable that the expected forecast transaction will no longer occur, hedge accounting is discontinued and accumulated gains or losses that were recognised directly in the Hedge Fluctuation Reserve are reclassified into Statement of Profit and Loss.

All derivatives are initially recognised in the Balance sheet at their fair value, which usually represents their cost. They are subsequently re-measured at their fair value, with the method of recognising movements in this value depending on whether they are designated as hedging instruments and, if so, the nature of the item being hedged. Fair values are computed using quoted market yields. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

2.35 Taxation

Income tax expense represents the sum of the

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tax currently payable and deferred tax.

Direct Taxes

Income Tax expense comprises of current tax and deferred tax charge or credit, as applicable. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a subsidiary company carrying on life insurance business.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value re-measurement of financial assets classified as FVOCI and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Group only off-sets its deferred tax assets against liabilities when there is both a legal enforceable right to offset and it is the Group's intention to settle on a net basis.

Indirect Taxes

The Group claims credit of Goods and Service Tax (GST) on input goods and services, which is set off against tax on output services/goods. As a matter of prudence, unutilized credits towards Goods and Service Tax/Service Tax on input services/goods are carried forward under Advances & Other Assets wherever there is reasonable certainty of utilization.

2.36 Loans

Loans against policies are valued at amortised cost i.e. aggregate of book values (net of repayments) plus capitalized interest, subject to provision for impairment, if any.

2.37 Foreign exchange transactions

At the time of Initial recognition, foreign currency transactions are recorded in Indian Rupees at the rate of exchange prevailing on the date of the transaction. Exchange gain & losses are recognised in the period in which they arise in the Profit & Loss Account.

2.38 Significant Accounting Judgment and Estimates

The preparation of the financial statements is in conformity with the Ind AS that requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances upto and as of the date of the financial statements. Actual results could differ from the estimates. Any revision to

Notes forming part of the Consolidated financial statements

accounting estimates is recognized prospectively in current and future periods.

In the process of applying the accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. **Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b. **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c. **Effective Interest Rate (EIR) method**

The Group's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments.

d. **Provisions and other contingent liabilities**

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the

Notes forming part of the Consolidated financial statements

outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the outflow of resources embodying economic benefits is not probable and the amount of obligation cannot be measured with sufficient reliability a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

e. **Subsequent measurement of gross obligations over written put options issued to the non-controlling interests**

The Parent Company has issued written put options to the non-controlling interests of it's subsidiary in accordance with the terms of underlying shareholders agreement. In respect of accounting for subsequent measurement of gross obligation on such written put options issued by the Parent Company, the Group has elected an accounting policy choice to recognize changes on subsequent measurement of the liability in shareholders' equity, in the absence of any mandatorily applicable accounting guidance under Ind AS.

f. **Lease Accounting**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

Notes forming part of the Consolidated financial statements

3. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Cash on hand	0.32	0.65
Balances with banks		
- Current accounts	50,566.95	35,495.53
- Deposits with original maturity of less than three months	150.00	9,250.00
Total	**50,717.27**	**44,746.18**

*Above does not include cash and cash equivalents pertaining to life insurance fund and disclosed in 9A.

4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Balances in earmarked accounts		
- Unpaid dividend accounts (see note 16)	113.02	153.59
- Balances held as margin money against guarantee*	11.20	11.20
Total	**124.22**	**164.79**

* Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date

5. Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Trade receivables - unsecured, considered good	255.54	315.84
Total	**255.54**	**315.84**

*Above does not include trade receivables pertaining to life insurance fund and disclosed in 9C.

Note: Trade receivables are related to the amounts recoverable from group companies. The management based on confirmations from the group companies believes that no expected credit allowance is required to be recognised on these trade receivables.

6. Loans (carried at amortised cost)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Loans to employees - unsecured, considered good	-	1.36
Total	**-**	**1.36**

*Above does not include loans pertaining to life insurance fund and disclosed in 9D.

Notes forming part of the Consolidated financial statements

7. Investments

(Rs. in lakhs)

Particulars	As at 31.03.2021				As at 31.03.2020			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss	
Debt Securities:								
Government securities	53,162.91	26,486.53	-	79,649.44	29,674.89	13,383.59	-	43,058.48
Debt securities	154,010.09	60,334.07	-	214,344.16	137,452.95	78,338.62	-	215,791.57
Fixed Deposits	-	4,977.46	-	4,977.46	-	994.82	-	994.82
Reverse Repo	-	69,163.91	-	69,163.91	-	6,121.42	-	6,121.42
Shares								
Equity instruments	-	-	17,294.53	17,294.53	-	-	10,101.97	10,101.97
Mutual Funds	-	-	21,654.76	21,654.76	-	-	68,553.88	68,553.88
Total	**207,173.00**	**160,961.97**	**38,949.29**	**407,084.26**	**167,127.84**	**98,838.45**	**78,655.85**	**344,622.14**
Less: Allowance for impairment	(778.94)	-	-	(778.94)	(7,383.19)	-	-	(7,383.19)
Total	**206,394.06**	**160,961.97**	**38,949.29**	**406,305.32**	**159,744.65**	**98,838.45**	**78,655.85**	**337,238.95**
Overseas Investments	-	-	-	-	-	-	-	-
Investments in India	207,173.00	160,961.97	38,949.29	407,084.26	167,127.84	98,838.45	78,655.85	344,622.14
Sub total	**207,173.00**	**160,961.97**	**38,949.29**	**407,084.26**	**167,127.84**	**98,838.45**	**78,655.85**	**344,622.14**
Less: Allowance for impairment	(778.94)	-	-	(778.94)	(7,383.19)	-	-	(7,383.19)
Total	**206,394.06**	**160,961.97**	**38,949.29**	**406,305.32**	**159,744.65**	**98,838.45**	**78,655.85**	**337,238.95**

*Above does not include investments pertaining to life insurance fund and disclosed in Note 9E.

8. Other financial assets

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Security deposits	51.55	47.44
Interest accrued on deposits	1.58	0.76
Outstanding trades investment	515.23	-
Derivative margin money investment	4,141.44	1,608.37
Other Receivables	-	20.04
Total	**4,709.80**	**1,676.61**

*Above does not include other financial assets pertaining to life insurance fund and disclosed in 9F.

Notes forming part of the Consolidated financial statements

9. Financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
Cash and cash equivalents	**Note 9A**	20,840.06	31,955.39
Derivative financial instruments	**Note 9B**	6,749.06	3,317.60
Trade receivables	**Note 9C**	60,801.18	82,010.89
Loans	**Note 9D**	53,222.46	42,644.84
Investments	**Note 9E**	8,770,269.51	6,519,320.59
Other financial assets	**Note 9F**	141,771.40	70,536.35
Total		**9,053,653.67**	**6,749,785.66**

Note 9A: Cash and cash equivalents (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Cash and cash equivalents		
Cash on hand	6,278.48	4,334.10
Balances with banks - Current accounts	14,561.58	2,121.29
Deposits with original maturity of less than three months	-	25,500.00
Total	**20,840.06**	**31,955.39**

Note 9B: Derivative financial instruments - Assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Carried at fair value through profit or loss		
Forward rate agreements (See note 44)*	6,749.06	3,317.60
Total	**6,749.06**	**3,317.60**

*Included in above are derivatives held for hedging and risk management purposes as follows:

- Cash flow hedging	6,749.06	3,317.60

Note 9C: Trade Receivables (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Unsecured, considered good	60,801.18	82,010.89
Total	**60,801.18**	**82,010.89**

Notes forming part of the Consolidated financial statements

Note 9D: Loans (carried at amortised cost) (policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Loans against policies	53,222.46	42,644.84
Total	**53,222.46**	**42,644.84**

Note 9E: Investments (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021				As at 31.03.2020			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Comprehensive Income	Through profit or loss			Through Other Comprehensive Income	Through profit or loss	
Investments of unit linked insurance contracts - Policyholders'								
Debt Securities:								
Government Securities	-	-	788,623.88	788,623.88	-	-	586,330.58	586,330.58
Debt Securities	-	-	302,452.21	302,452.21	-	-	363,511.78	363,511.78
Fixed Deposits	-	-	1,040.79	1,040.79	-	-	-	-
Reverse Repo	-	-	337,278.43	337,278.43	-	-	53,087.70	53,087.70
Shares:								
Equity Instruments	-	-	1,344,893.62	1,344,893.62	-	-	769,783.79	769,783.79
Mutual funds	-	-	144,097.20	144,097.20	-	-	108,388.98	108,388.98
Total (A)	**-**	**-**	**2,918,386.13**	**2,918,386.13**	**-**	**-**	**1,881,102.83**	**1,881,102.83**
Investments of other insurance contracts - Policyholders'								
Debt Securities:								
Government Securities	3,834,894.64	138,328.04	-	3,973,222.68	3,116,016.53	40,837.15	-	3,156,853.68
Debt Securities	979,511.96	91,818.22	-	1,071,330.18	927,860.60	103,279.94	-	1,031,140.54
Fixed Deposits	-	-	-	-		2,104.48	-	2,104.48
Reverse Repo	112,945.27	88,990.40	-	201,935.67	24,033.62	7,321.00	-	31,354.62
Shares:								
Equity Instruments	-	-	462,893.64	462,893.64	-	-	332,507.05	332,507.05
Mutual funds	-	-	124,008.78	124,008.78	-	-	61,142.97	61,142.97
Alternate Investment Fund	-	-	6,401.96	6,401.96	-	-	5,086.15	5,086.15
Additional Tier 1 Bonds	-	-	-	-	-	-	17,768.39	17,768.39
Infrastructure Investment Trusts	-	-	12,473.68	12,473.68	-	-	3,391.52	3,391.52
Total (B)	**4,927,351.87**	**319,136.66**	**605,778.06**	**5,852,266.59**	**4,067,910.75**	**153,542.57**	**419,896.08**	**4,641,349.40**
Total (C=A+B)	**4,927,351.87**	**319,136.66**	**3,524,164.19**	**8,770,652.72**	**4,067,910.75**	**153,542.57**	**2,300,998.91**	**6,522,452.23**
Less: Allowance for Impairment loss (D)	(383.21)	-	-	(383.21)	(3,131.64)	-	-	(3,131.64)
Total E = (C) - (D)	**4,926,968.66**	**319,136.66**	**3,524,164.19**	**8,770,269.51**	**4,064,779.11**	**153,542.57**	**2,300,998.91**	**6,519,320.59**
Overseas Investments	-	-	-	-	-	-	-	-
Investments in India	4,927,351.87	319,136.66	3,524,164.19	8,770,652.72	4,067,910.75	153,542.57	2,300,998.91	6,522,452.23
Total (E)	**4,927,351.87**	**319,136.66**	**3,524,164.19**	**8,770,652.72**	**4,067,910.75**	**153,542.57**	**2,300,998.91**	**6,522,452.23**
Less: Allowance for Impairment loss	(383.21)	-	-	(383.21)	(3,131.64)	-	-	(3,131.64)
Total	**4,926,968.66**	**319,136.66**	**3,524,164.19**	**8,770,269.51**	**4,064,779.11**	**153,542.57**	**2,300,998.91**	**6,519,320.59**

Notes forming part of the Consolidated financial statements

Note 9F: Other financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Dividend receivables	381.12	73.64
Lease rent receivables	48.00	220.05
Due from reinsurers	22,191.74	10,823.75
Security deposit	4,152.00	3,584.36
Outstanding trades - Investment	10,284.85	295.24
Derivative margin money investment	2,252.40	681.23
Others	102,209.31	54,627.26
Total (a)	**141,519.42**	**70,305.53**
Due from Insurance agents, Insurance Intermediaries	667.90	663.88
Less: Allowance for impairment loss	(515.41)	(535.96)
Employee advances	290.01	317.43
Less: Allowance for impairment loss	(190.52)	(214.53)
Total (b)	**251.98**	**230.82**
Total (a+b)	**141,771.40**	**70,536.35**

10. Current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Advance Income tax	**595.82**	**1,005.55**

11A Investment Property

(Rs. in lakhs)

Particulars	Investment Property	Total
Gross carrying value		
As at April 1, 2019	-	-
Additions	9,139.13	9,139.13
Disposals	-	-
As at March 31, 2020	9,139.13	9,139.13
Additions	-	-
Disposals	-	-
As at March 31, 2021	**9,139.13**	**9,139.13**
Accumulated Depreciation		
As at April 1, 2019	**-**	**-**
Depreciation expense	147.73	147.73
Disposals	-	-
As at March 31, 2020	**147.73**	**147.73**
Depreciation expense	152.32	152.32
Disposals	-	-
As at March 31, 2021	**300.05**	**300.05**
Carrying amount		
As at March 31, 2020	**8,991.40**	**8,991.40**
As at March 31, 2021	**8,839.08**	**8,839.08**

*Above does not include Investment property pertaining to life insurance fund and disclosed in Note 14A.

Notes forming part of the Consolidated financial statements

11B Property, plant and equipment

(Rs. in lakhs)

		As at 31.03.2021	As at 31.03.2020
Carrying amounts of :			
a)	Buildings	1,792.62	1,836.67
b)	Office equipment	45.62	49.67
c)	Computers	11.45	12.90
d)	Leasehold improvements	110.09	14.11
e)	Furniture and fixtures	89.11	154.27
f)	Vehicles	123.28	146.01
		2,172.17	**2,213.63**

	Buildings [See notes (i) and (ii) below]	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
Gross carrying value							
As at April 1, 2019	**2,640.81**	**117.17**	**28.96**	**45.99**	**257.99**	**273.59**	**3,364.51**
Additions	-	3.78	2.12	-	1.21	4.28	11.39
Disposals	-	0.93	3.56	-	-	4.19	8.68
As at March 31, 2020	**2,640.81**	**120.02**	**27.52**	**45.99**	**259.20**	**273.68**	**3,367.22**
Additions	-	8.58	2.00	118.03	1.01	23.08	152.70
Disposals	-	16.04	2.57	45.99	94.67	94.98	254.25
As at March 31, 2021	**2,640.81**	**112.56**	**26.95**	**118.03**	**165.54**	**201.78**	**3,265.67**
Accumulated depreciation							
As at April 1, 2019	**88.10**	**54.86**	**12.70**	**10.97**	**68.11**	**93.30**	**328.04**
Depreciation expense	44.05	16.18	4.29	20.91	36.82	36.08	158.33
Impairment loss [See note (ii) below]	671.99	-	-	-	-	-	671.99
Disposals	-	0.69	2.37	-	-	1.71	4.77
As at March 31, 2020	**804.14**	**70.35**	**14.62**	**31.88**	**104.93**	**127.67**	**1,153.59**
Depreciation expense	44.05	11.07	3.32	22.05	35.57	40.79	156.85
Disposals	-	14.48	2.44	45.99	64.07	89.96	216.94
As at March 31, 2021	**848.19**	**66.94**	**15.50**	**7.94**	**76.43**	**78.50**	**1,093.50**
Carrying amount							
As at March 31, 2020	**1,836.67**	**49.67**	**12.90**	**14.11**	**154.27**	**146.01**	**2,213.63**
As at March 31, 2021	**1,792.62**	**45.62**	**11.45**	**110.09**	**89.11**	**123.28**	**2,172.17**

*Above does not include property, plant and equipment pertaining to life insurance fund and disclosed in Note 14B.

Notes :

(i) Buildings include property owned by the Company, given to a former employee on an operating lease. The former employee has a right to purchase the property at an amount equivalent to the cost of acquisition for the Company. Such right will be settled by way of transfer of property at a future date. Considering the current market value, the management believes that exercising of such right cannot be concluded at the current date.

Notes forming part of the Consolidated financial statements

(ii) During the previous year the Company had recognised impairment loss of Rs. 671.99 lakhs due to decline in value of the building held by the Company, as determined based on the valuation report obtained by the Company from external certified valuer.

12A Other intangible assets

(Rs. in lakhs)

Particulars	Computer Software	Total
Gross carrying value		
As at April 1, 2019	**33.88**	**33.88**
Additions	-	-
Disposals	33.88	33.88
As at March 31, 2020	**-**	**-**
Additions	-	-
Disposals	-	-
As at March 31, 2021	**-**	**-**
Accumulated depreciation		
As at April 1, 2019	**24.99**	**24.99**
Amortisation expense	8.89	8.89
Disposals	33.88	33.88
As at March 31, 2020	**-**	**-**
Amortisation expense	-	-
Disposals	-	-
As at March 31, 2021	**-**	**-**
Carrying amount		
As at March 31, 2020	**-**	**-**
As at March 31, 2021	**-**	**-**

*Above does not intangible assets pertaining to life insurance fund and disclosed in Note 14C.

12B Right of use assets

(Rs. in lakhs)

Particulars	Right-of-use assets	Total
Gross carrying value		
As at April 1, 2019	**-**	**-**
Impact of adoption of Ind AS 116	**207.22**	**207.22**
Additions	279.35	279.35
Disposals	-	**-**
As at March 31, 2020	**486.57**	**486.57**
Additions	226.33	226.33
Disposals	-	-
As at March 31, 2021	**712.90**	**712.90**
Accumulated depreciation		
As at April 1, 2019	-	**-**
Depreciation expense	149.96	149.96
Disposals	-	-

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Right-of-use assets	Total
As at March 31, 2020	**149.96**	**149.96**
Depreciation expense	223.05	223.05
Disposals	-	-
As at March 31, 2021	**373.01**	**373.01**
Carrying amount		
As at March 31, 2020	**336.61**	**336.61**
As at March 31, 2021	**339.89**	**339.89**
*Above does not Right of use assets pertaining to life insurance fund and disclosed in Note 14D.		

13. Other non-financial assets

(Rs. in lakhs)

	As at 31.03.2021	As at 31.03.2020
Prepaid expenses	99.02	47.67
Deposits under protest	12.00	23.40
Advances recoverable in cash		
Unsecured, considered good	0.58	14.74
Unsecured, considered Doubtful	303.00	303.00
Less: Impairment loss allowance	(303.00)	(303.00)
	0.58	**14.74**
Balances with government authorities - input tax credit receivable		
Unsecured, considered good	4.37	79.09
Unsecured, considered doubtful	192.98	262.98
Less: Impairment loss allowance	(192.98)	(262.98)
	4.37	**79.09**
Advance tax paid and taxes deducted at source (Net of provision for taxation)	4,521.78	6,220.17
Total	**4,637.75**	**6,385.07**

*Above does not include other non financial assets pertaining to life insurance fund and disclosed in 14E.

14. Non-financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
Investment property	**Note 14A**	71,774.61	41,954.96
Property, plant and equipment	**Note 14B**	8,068.82	8,924.87
Capital work in progress	**Note 14B**	29.59	95.88
Intangible assets	**Note 14C**	11,805.79	11,747.22
Intangible assets under development	**Note 14C**	2,227.78	1,102.36
Right of use asset	**Note 14D**	23,977.38	28,866.66
Other non- financial assets	**Note 14E**	109,516.74	153,549.19
Total		**227,400.71**	**246,241.14**

Notes forming part of the Consolidated financial statements

14A : Investment property (Policyholders) (See note 46)

(Rs. in lakhs)

Particulars	Investment Property	Total
Gross carrying value		
As at April 1, 2019	**21,728.21**	**21,728.21**
Additions	21,247.62	21,247.62
Disposals	-	-
As at March 31, 2020	**42,975.83**	**42,975.83**
Additions	30,636.51	30,636.51
Disposals	-	-
As at March 31, 2021	**73,612.34**	**73,612.34**
Accumulated Depreciation		
As at April 1, 2019	**425.67**	**425.67**
Depreciation expense	595.20	595.20
Disposals	-	-
As at March 31, 2020	**1,020.87**	**1,020.87**
Depreciation expense	816.86	816.86
Disposals	-	-
As at March 31, 2021	**1,837.73**	**1,837.73**
Carrying amount		
As at March 31, 2020	**41,954.96**	**41,954.96**
As at March 31, 2021	**71,774.61**	**71,774.61**

14B: Property, plant & equipment (Policyholders)

(Rs. in lakhs)

Particulars	Leasehold Improve-ments	Computers	Office equip-ments	Furniture and Fixtures	Vehicles	Capital Work in progress	Total
Gross carrying value							
As at April 1, 2019	**3,307.79**	**4,573.62**	**1,927.39**	**1,269.93**	**160.47**	**547.46**	**11,786.66**
Additions	2,255.10	1,501.70	868.17	715.43	40.66	95.88	5,476.94
Disposals	0.18	1.94	3.64	2.82	7.81	547.46	563.85
As at March 31, 2020	**5,562.71**	**6,073.38**	**2,791.92**	**1,982.54**	**193.32**	**95.88**	**16,699.75**
Additions	503.94	769.10	180.94	85.82	42.03	29.59	1,611.42
Disposals	36.91	1.33	14.73	15.59	7.58	95.88	172.02
As at March 31, 2021	**6,029.74**	**6,841.15**	**2,958.13**	**2,052.77**	**227.77**	**29.59**	**18,139.15**
Accumulated Depreciation							
As at April 1, 2019	**811.42**	**2,511.60**	**785.35**	**489.33**	**109.69**	**-**	**4,707.39**
Depreciation expense	735.19	1,368.98	516.57	317.92	32.95	-	2,971.61
Disposals	-	-	-	-	-	-	-
As at March 31, 2020	**1,546.61**	**3,880.58**	**1,301.92**	**807.25**	**142.64**	**-**	**7,679.00**

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Leasehold Improve-ments	Computers	Office equip-ments	Furniture and Fixtures	Vehicles	Capital Work in progress	Total
Depreciation expense	780.82	836.16	508.60	218.18	17.98	-	2,361.74
Disposals	-	-	-	-	-	-	-
As at March 31, 2021	**2,327.43**	**4,716.74**	**1,810.52**	**1,025.43**	**160.62**		**10,040.74**
Carrying amount							
As at March 31, 2020	**4,016.10**	**2,192.80**	**1,490.00**	**1,175.29**	**50.68**	**95.88**	**9,020.75**
As at March 31, 2021	**3,702.31**	**2,124.41**	**1,147.61**	**1,027.34**	**67.15**	**29.59**	**8,098.41**

14C: Intangible assets (Policyholders)

(Rs. in lakhs)

	Software	Intangible assets under development	Total
Gross carrying value			
As at April 1, 2019	**18,576.28**	**2,004.70**	**20,580.98**
Additions	6,969.63	-	6,969.63
Disposals	-	902.34	902.34
As at March 31, 2020	**25,545.91**	**1,102.36**	**26,648.27**
Additions	6,250.92	1,125.42	7,376.34
Disposals	-	-	-
As at March 31, 2021	**31,796.83**	**2,227.78**	**34,024.61**
Accumulated Amortisation			
As at April 1, 2019	**8,448.42**	**-**	**8,448.42**
Amortisation expense	5,350.27	-	5,350.27
Disposals	-	-	-
As at March 31, 2020	**13,798.69**	**-**	**13,798.69**
Amortisation expense	6,192.35	-	6,192.35
Disposals	-	-	-
As at March 31, 2021	**19,991.04**	**-**	**19,991.04**
Carrying amount			
As at March 31, 2020	**11,747.22**	**1,102.36**	**12,849.58**
As at March 31, 2021	**11,805.79**	**2,227.78**	**14,033.57**

Notes forming part of the Consolidated financial statements

14D : Right of Use Assets (Policyholders)

(Rs. in lakhs)

Particulars	Right-of-use assets	Total
Gross carrying value		
As at April 1, 2019	**-**	**-**
Impact of adoption of Ind AS 116	29,110.01	29,110.01
Additions	5,824.50	5,824.50
Disposals	-	-
As at March 31, 2020	**34,934.51**	**34,934.51**
Additions	1,373.84	1,373.84
Disposals	-	-
As at March 31, 2021	**36,308.35**	**36,308.35**
Accumulated Depreciation		
As at April 1, 2019	-	-
Depreciation expense	6,067.85	6,067.85
Disposals	-	-
As at March 31, 2020	**6,067.85**	**6,067.85**
Depreciation expense	6,263.12	6,263.12
Disposals	-	-
As at March 31, 2021	**12,330.97**	**12,330.97**
Carrying amount		
As at March 31, 2020	**28,866.66**	**28,866.66**
As at March 31, 2021	**23,977.38**	**23,977.38**

14E: Other non-financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Prepaid expenses	2,620.72	3,163.44
Stamps in hand	476.01	155.50
Deferred Lease expenses	870.91	1,070.28
Deferred acquisition cost	64.50	86.59
Service Tax Deposits	445.27	445.27
Reinsurance assets	97,354.66	142,348.45
Receivable from Unit linked Fund	4,269.94	2,793.99
Total (a)	**106,102.01**	**150,063.52**
Advance to vendors		
Unsecured, considered good	3,414.73	3,485.67
Unsecured, considered doubtful	524.42	311.50
Less : Impairment loss allowance	(524.42)	(311.50)
Total (b)	**3,414.73**	**3,485.67**
Total (a) + (b)	**109,516.74**	**153,549.19**

Notes forming part of the Consolidated financial statements

15. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Trade payables - Other than acceptances		
- Total outstanding dues of Micro Enterprises and Small Enterprises (See note 47)	7.68	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,984.99	2,277.08
Total	**3,992.67**	**2,277.08**

*Above does not include trade payables pertaining to life insurance fund and disclosed in 17B.

16. Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Security deposit received	50.55	0.90
Liability on written put options (see note 54)	-	34,814.46
Retention money	9.02	-
Unclaimed/unpaid dividends (see note 4)	113.02	153.59
Liability for employee stock appreciation rights	-	133.49
Total	**172.59**	**35,102.44**

*Above does not include other financial liabilities pertaining to life insurance fund and disclosed in 17C.

17. Financial liabilities of the Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Contract liabilities for insurance contracts		
Insurance Contract	8,339,030.77	6,386,933.06
Investment Contract	87,694.41	77,557.50
	8,426,725.18	**6,464,490.56**
Ind AS 104 Adjustments (impacting contract liabilities of life insurance)		
Measurement adjustments	(61,349.66)	(29,749.85)
Grossing up reinsurance assets	97,354.66	142,348.45
	36,005.00	**112,598.60**
Fund for future appropriation	298,189.74	309,622.99
Restricted life insurance surplus retained in Policyholders' Fund		
Measurement difference of Ind AS 104 Adjustments	61,330.27	29,726.28
Fair value through profit or loss (FVTPL)	84,659.21	(61,582.47)

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
Fair value through other comprehensive income (FVTOCI)		19,829.65	10,203.62
Measurement difference - Other Ind AS Adjustments		(4,754.74)	(6,202.01)
Realised Hedge Fluctuation Reserves (Policyholders)		12,321.31	6,832.22
Derivative financial instruments	Note 17A	5,470.74	3,802.22
Trade Payables	Note 17B	119,539.56	78,667.17
Lease Liabilities (See note 40)		27,493.27	31,648.90
Other financial liabilities	Note 17C	268,805.71	79,638.60
Total		**9,355,614.90**	**7,059,446.68**

17A: Derivative financial instruments - Liability (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Carried at fair value through profit or loss		
Forward rate agreements (See note 44)	5,470.74	3,802.22
Total	**5,470.74**	**3,802.22**

17B: Trade payables (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Total outstanding dues of micro enterprises and small enterprises (See note 47)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	119,539.56	78,667.17
Total	**119,539.56**	**78,667.17**

17C: Other financial liabilities (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Security deposit received	1,499.05	886.44
Derivative margin money	2,238.30	643.93
Payables on purchase of investments	213,666.29	30,728.20
Claims outstanding	42,017.36	15,487.43
Unclaimed amount of policyholders	5,683.85	5,791.53
Payable to policyholders	-	23,017.67
Other payables	3,700.86	3,083.40
Total	**268,805.71**	**79,638.60**

Notes forming part of the Consolidated financial statements

18. Current tax liabilities (net)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for income tax (net of advance tax)	109.41	12,378.21
Total	**109.41**	**12,378.21**

19. Provisions

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for employee benefits		
Provision for compensated absences	102.51	70.18
Provision for gratuity (See note 37)	299.10	209.99
Other provisions (See note below)	913.92	911.18
Total	**1,315.53**	**1,191.35**

*Above does not include provisions pertaining to life insurance fund and disclosed in 21A.

Note:

Provision for contingencies		
Opening balance	108.43	108.43
Add: Provisions made during the year	805.49	802.75
Closing balance	**913.92**	**911.18**

The Company had created a provision for claims received in earlier years with respect to interest and penalties under custom duty and related regulations, which is contested by the Company. The provision will be settled on conclusion of the matter.

20. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Statutory Dues Payable	145.27	241.63
Rented income received in advance	42.00	-
Other payables	34.84	-
Total	**222.11**	**241.63**

***Above does not include other non financial liabilities pertaining to life insurance fund and disclosed in 21B.**

21. Non-financial liabilities of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
Provisions	**Note 21A**	4,126.60	6,373.82
Other non-financial liabilities	**Note 21B**	81,087.52	53,452.59
Total		**85,214.12**	**59,826.41**

Notes forming part of the Consolidated financial statements

21A: Provisions (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for employee benefits		
Provision for compensated absences	3,272.44	2,730.56
Provision for gratuity (See note 37)	854.16	3,643.26
Total	**4,126.60**	**6,373.82**

21B: Other non-financial liabilities (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Statutory Dues Payable	12,381.06	8,237.86
Unallocated premium	38,264.57	17,143.81
Accrued Legal Claims	1,857.95	1,640.63
Proposal/ Policyholder deposits	25,846.01	24,654.04
Unearned Revenue-Premium received in advance	1,757.37	1,023.93
Deferred operating fee	83.89	110.06
Deferred lease liabilities	896.67	637.10
Other liabilities	-	5.16
Total	**81,087.52**	**53,452.59**

22. Equity share capital

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Equity share capital	6,901.81	5,390.19
	6,901.81	**5,390.19**
Authorised share capital:		
350,000,000 (As at March 31, 2020 : 350,000,000) equity shares of Rs. 2 each with voting rights		
	7,000.00	7,000.00
Issued and subscribed capital comprises:		
345,090,302 (As at 31 March, 2020, 269,509,487) equity shares of Rs. 2 each fully paid up with voting rights		
	6,901.81	5,390.19

Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
Balance as at 1 April, 2019	269,385,779	5,387.72
Add: Issue of shares	123,708	2.47
Balance as at 31 March, 2020	**269,509,487**	**5,390.19**
Add: Issue of shares	75,580,815	1,511.62
Balance as at 31 March, 2021	**345,090,302**	**6,901.81**

Notes forming part of the Consolidated financial statements

Refer notes (i) to (iv) below

(i) 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.

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

Name of Shareholder	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	% Holding	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Mitsui Sumitomo Insurance Company Limited (MSI)	75,458,088	21.87%	-	-
- Max Ventures Investment Holdings Private Limited	58,209,137	16.87%	75,883,275	28.16%
- Moneyline Portfolio Investments Limited	-	-	18,070,048	6.70%
- Mirae Assets Equity Savings fund	12,811,533	3.71%	13,982,331	5.19%

(iii) Shares reserved for issuance

As at March 31, 2021 - 65,865 (As at March 31, 2020 : 154,737) equity shares of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (See note 39)

(iv) The Company has issued total 2,648,215 shares (As at 31 March, 2020 : 3,006,714) 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.

In addition, during the current year, the Company has allotted 75,458,088 equity shares of Rs. 2 each, fully paid up at a price of Rs. 565.11 per share on a preferential basis to MSI for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life at a price of Rs. 108.02 per share of Max Life on December 8, 2020. (See note 55)

Notes forming part of the Consolidated financial statements

23. Other equity

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Capital redemption reserve	2,587.84	2,587.84
Securities premium	467,905.23	42,483.58
Share options outstanding account	80.90	424.05
General Reserve	15,358.07	15,358.07
Surplus in the statement of profit and loss	(160,185.82)	146,199.79
FVTOCI Reserve	1,648.16	2,208.47
Total	**327,394.38**	**209,261.80**
Capital redemption reserve		
Opening balance	2,587.84	2,587.84
Addition during the year	-	-
Closing Balance	**2,587.84**	**2,587.84**
Securities premium		
Opening balance	42,483.58	41,870.90
Premium on issue of shares in MSI swap transaction (See note 55)	424,912.04	612.68
Premium on shares issued during the year (other than above)	509.61	-
Closing Balance	**467,905.23**	**42,483.58**
Share options outstanding account		
Opening balance	424.05	251.72
Recognition of share based payments	166.46	442.57
Transferred to securities premium account on exercise	(509.61)	(270.24)
Closing Balance	**80.90**	**424.05**
General Reserve		
Opening balance	15,358.07	15,358.07
Increase/(decrease) during the year	-	-
Closing Balance	**15,358.07**	**15,358.07**
Surplus in the statement of profit and loss		
Opening balance	146,199.79	139,189.25
Profit for the year	42,539.40	14,499.36
Other comprehensive income/ (loss)	1.55	(12.45)
deffered tax on undistributed earnings	(5,140.58)	(3,925.63)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 54)	11,290.90	(5,277.24)
Gain / (loss) on stake change in subsidiary without loss of control (See note 54, 55 and 56)	(355,076.88)	1,726.50
Closing Balance	**(160,185.82)**	**146,199.79**
FVTOCI Reserve		
Opening balance	2,208.47	1,257.94
Other comprehensive income	(560.31)	950.53

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Closing Balance	**1,648.16**	**2,208.47**
Total	**327,394.38**	**209,261.80**

24 Income taxes

A. Income tax recognised in Statement of Profit and Loss

(Rs. in lakhs)

	Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(a)	**Current tax**		
	In respect of current year	7,715.75	5,846.80
	Adjustments recognised for current tax of prior periods of the Company [See note 35B (vii)]	247.79	12,378.21
	Adjustments recognised for current tax of prior periods of subsidiary company (See note below)	(5,362.00)	-
		2,601.54	**18,225.01**
(b)	**Deferred tax**		
	Charge/(Credit) current year	712.68	(1,261.89)
		712.68	**(1,261.89)**
	Total tax expense charged in Statement of Profit and Loss	**3,314.22**	**16,963.12**
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit before tax	59,289.25	44,248.54
	Applicable tax rate to the Company	29.12%	29.12%
	Income tax expense calculated	17,265.03	12,885.17
	Adjustments recognised in the year for deferred tax of prior periods (See note below)	(2,113.21)	-
	Effect of expenses that are not deductible in determining taxable profit	1,138.33	-
	Effect on account of transfer of employees from group	(18.93)	-
	Effect of income that is exempt from taxation:		
	Dividend Income on Equity Shares u/s 10(34)	(2,906.00)	(2,360.00)
	Pension profits [u/s 10(23AAB)]	(176.00)	(180.00)
	Deduction u/s 80JJAA	(248.00)	(317.00)
	Income taxed at different rates	(4,512.79)	(5,443.26)
	Adjustments recognised for current tax of prior periods of the Company [See note 35B (vii)]	247.79	12,378.21
	Adjustments recognised for current tax of prior periods of subsidiary company (See note below)	(5,362.00)	-
	Total tax expense charged in Statement of Profit and Loss	**3,314.22**	**16,963.12**

Notes forming part of the Consolidated financial statements

Note:

During the current year, the Company has received dividend aggregating to Rs. 18,578.09 lakhs from its subsidiary, Max Life Insurance Company Limited. Finance Act, 2020, made amendment in Section 10(34) in the Income Tax Act, 1961, due to which dividend income is not exempt for the Company. Pursuant to such amendment, the Company has recorded provision for current tax of Rs. 3,660.96 lakhs (net of deferred tax adjustment).

Further, the subsidiary company had claimed dividend income exemption for the Assessment Years 2015-16, 2016-17 and 2018-19 (Financial year ended March, 31 2015, 2016 and 2018). However, on a conservative basis, the benefit of such exemption claim was not recorded in the books of account. During the year, the subsidiary company had received the Income Tax Refund Order amounting to Rs. 8,208.00 lakhs (due to difference in tax positions while filing the returns), wherein the dividend exemption claim was allowed for the above mentioned Assessment Years.

Accordingly, for the year ended March 31, 2021, provision for current tax of Rs. 7,963.54 lakhs and reversal of provision for tax for earlier periods of Rs. 5,362.00 lakhs have netted in current tax line item in these consolidated financial statements.

B Income tax recognised in other comprehensive income

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit obligation	(0.63)	-
Fair value of Financial Instruments measured at FVOCI	74.67	(223.79)
ECL on Investments measured at FVOCI	0.02	0.44
	74.06	**(223.35)**

C Movement in deferred tax

(Rs. in lakhs)

Particulars	Year ended 31.03.2021				
	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance
Tax effect of items constituting deferred tax liabilities					
Fair value of Financial Instruments measured at FVTPL	302.69	(788.64)	-	-	(485.95)
Fair value of Financial Instruments measured at FVOCI	(357.65)	-	74.67	-	(282.98)
ECL on Investments measured at FVOCI	(0.03)	-	0.02	-	(0.01)

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2021				
	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance
Deferred tax on undistributed earnings	-	-	-	(5,140.58)	(5,140.58)
	(54.99)	**(788.64)**	**74.69**	**(5,140.58)**	**(5,909.52)**
Tax effect of items constituting deferred tax assets					
Property, plant and equipment and other intangible assets	65.34	81.34	-	-	146.68
Fair value change related to employee Phantom Stock Plan expenses	32.45	6.86	-	-	39.31
Provision for employee benefit expenses	-	131.22	(0.63)	-	130.59
Accrued expenses deductible on deduction of TDS	-	123.49	-	-	123.49
MAT credit entitlement	-	444.27	-	-	444.27
ECL on Investments measured at amortised cost	929.42	(816.00)	-	-	113.42
Investment property	21.51	22.18	-	-	43.69
Other items	-	82.60	-	-	82.60
	1,048.73	**75.96**	**(0.63)**	**-**	**1,124.05**
Deferred tax assets/ (liabilities)	**993.74**	**(712.68)**	**74.06**	**(5,140.58)**	**(4,785.47)**
Disclosed as:					
Deferred tax assets	993.74				884.26
Deferred tax liabilities	-				5,669.73
Deferred tax assets / (liabilities) (net)	**993.74**				**(4,785.47)**

(Rs. in lakhs)

Particulars	Year ended 31.03.2020				
	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(125.11)	125.11	-	-	-

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	**Year ended 31.03.2020**				
	Opening balance	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised in Other equity**	**Closing balance**
Fair value of Financial Instruments measured at FVOCI	(133.86)	-	(223.79)	-	(357.65)
ECL on Investments measured at FVOCI	(0.47)	-	0.44	-	(0.03)
Deferred tax on undistributed earnings	(5,605.98)	-	-	5,605.98	-
	(5,865.42)	**125.11**	**(223.35)**	**5,605.98**	**(357.68)**
Tax effect of items constituting deferred tax assets					
Property, plant and equipment and other intangible assets	-	65.34	-	-	65.34
Carry forward business loss to be adjusted in future years	125.11	(125.11)	-	-	-
Fair value change related to Employee Phantom Stock Plan expenses	3.67	28.78	-	-	32.45
ECL on Investments measured at amortised cost	5.12	924.30	-	-	929.42
Fair value of Financial Instruments measured at FVTPL	80.73	221.96	-	-	302.69
Investment property	-	21.51	-	-	21.51
	214.63	**1,136.78**	**-**	**-**	**1,351.42**
Deferred tax assets/ (liabilities)	**(5,650.79)**	**1,261.89**	**(223.35)**	**5,605.98**	**993.74**
Disclosed as:					
Deferred tax assets	-				993.74
Deferred tax liabilities	5,650.79				-
Deferred tax assets / (liabilities) (net)	**(5,650.79)**				**993.74**

Note :

As at March 31, 2020, the Parent had recognised deferred tax asset only to the extent of deferred tax liability of Rupees 65.34 Lakhs. The Parent has carry forward losses and MAT Credit Entitlement (as per income tax returns of the past years), on which deferred tax asset was not recognised due to lack of reasonable certainty of future taxable profits against which such deferred tax asset could be realised. Pursuant to amendment in Finance Act, 2020, the Parent has estimated the taxable profits available to allow all or part of the assets to be recovered/ adjusted and accordingly accounted for deferred tax assets (including items on which deferred tax asset was not created uptill March 31, 2020) as at March 31, 2021.

Notes forming part of the Consolidated financial statements

25. Interest income

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Interest income from investments		
On financial assets measured at fair value through OCI	7,158.52	5,477.50
On financial assets measured at Amortised cost	14,058.20	11,593.61
Total	**21,216.72**	**17,071.11**

*Above does not include interest income pertaining to life insurance fund and disclosed in Note 28B.

26. Dividend income

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Dividend income on financial assets measured at fair value through profit or loss	245.67	306.69
Total	**245.67**	**306.69**

27. Net gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio	7,600.63	770.98
(ii) On mutual funds	806.96	888.92
(B) Realised gain on debt instruments classified at fair value through OCI	98.86	471.39
(C) Realised gain on debt instruments classified at amortised cost	-	(18.71)
Total Net gain on fair value changes (C)	**8,506.45**	**2,112.58**
Fair Value changes:		
Realised	2,928.82	4,293.79
Unrealised	5,577.63	(2,181.21)
Total Net gain on fair value changes (D) to tally with (C)	**8,506.45**	**2,112.58**

*Above does not include Net gain/ (loss) on fair value changes pertaining to life insurance fund and disclosed in Note 28C.

Notes forming part of the Consolidated financial statements

28. Policyholders' Income from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
Premium Income (net)	**Note 28A**	1,869,542.19	1,592,675.35
Interest Income	**Note 28B**	422,307.23	375,100.84
Dividend Income		21,330.07	17,234.20
Rental Income		3,495.81	2,609.19
Net gain/ (loss) on fair value changes – Policyholders' Investments	**Note 28C**	923,808.07	(298,900.03)
Other income	**Note 28D**	2,790.19	3,052.51
Sub-Total		**3,243,273.56**	**1,691,772.06**
Less / (Add): Restricted life insurance surplus/ (deficit) retained in Policyholders' Fund		146,470.43	(112,180.40)
Total		**3,096,803.13**	**1,803,952.46**

28A: Premium Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Life Insurance Premium:		
First year premium	482,452.19	407,885.41
Renewal premium	1,215,697.10	1,055,785.80
Single premium	199,279.54	149,492.22
Gross Premium	**1,897,428.83**	**1,613,163.43**
Less: Reinsurance ceded	27,886.64	20,488.08
Premium Income (net)	**1,869,542.19**	**1,592,675.35**

28B: Interest Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Interest income on:		
Financial assets measured at fair value through OCI	18,923.67	12,965.97
Securities classified at FVTPL	71,150.57	68,649.88
Financial assets measured at Amortised cost	328,778.63	289,864.04
Interest income on loans against policies	3,454.36	3,620.95
Total	**422,307.23**	**375,100.84**

Notes forming part of the Consolidated financial statements

28C: Net gain / (loss) on fair value changes (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(A) Net gain / (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio - Investments	904,590.84	(296,547.90)
(ii) Realised gain/(loss) on debt instruments classified at FVTOCI	4,154.33	770.71
(iii) Realised gain/(loss) on debt instruments classified at amortised cost	19,114.54	782.23
(B) Net gain / (loss) on derivative instruments at FVTPL	(4,051.64)	(3,905.07)
Total Net gain/(loss) on fair value changes	**923,808.07**	**(298,900.03)**
Fair Value changes:		
Realised	417,816.43	142,089.73
Unrealised	505,991.64	(440,989.76)
Total Net gain/(loss) on fair value changes	**923,808.07**	**(298,900.03)**

28D: Other income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Net profit / (loss) on sale/disposal of property, plant and equipment	(10.24)	25.71
Policy reinstatement charges	465.73	461.97
Fee Income from Asset Management	328.45	429.21
Contribution from shareholders' account towards excess Expenses of Management	1,717.55	1,709.69
Other income	288.70	425.93
Total	**2,790.19**	**3,052.51**

29. Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Interest on:		
Security deposits	4.24	0.40
Loan to employees	-	0.18
Liabilities / provisions no longer required written back	78.33	-
Interest on income tax refund	57.02	-
Rental income	5.50	4.68
Scrap Sales	2.51	11.66
Miscellaneous income	1,263.36	161.46
Total	**1,410.96**	**178.38**

*Above does not include other income pertaining to life insurance fund and disclosed in Note 28D.

Notes forming part of the Consolidated financial statements

30. Finance Costs

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Interest on lease liability (See note 40)	21.50	19.57
Bank charges	5.22	8.69
Total	**26.72**	**28.26**

* Above does not include finance costs pertaining to life insurance fund and disclosed in Note 33F.

31. Employee benefit expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Salaries, wages and bonus (See note below)	5,801.20	2,628.93
Contribution to provident and other funds (See note 37)	81.54	86.99
Expense on employee stock option scheme (See note 39)	187.60	856.61
Staff welfare expenses	9.55	22.29
Total	**6,079.89**	**3,594.82**

*Above does not include employee benefit expenses pertaining to life insurance fund and disclosed in Note 33B.

Note: Salaries and wages for the year ended March 31, 2021 and March 31, 2020 includes severance pay aggregating to Rs. NIL lakhs and Rs. 274.92 lakhs respectively.

32. Depreciation, amortisation and impairment

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Depreciation of investment property (See note 11A)	152.32	147.73
Depreciation of property, plant and equipment (See note 11B)	156.85	158.33
Amortisation of intangible assets (See note 12A)	-	8.89
Depreciation of right-of-use assets (See note 12B)	223.05	149.96
Impairment of property, plant and equipment (See note 11B)	-	671.99
Total	**532.22**	**1,136.90**

*Above does not include depreciation, amortisation and impairment expense pertaining to life insurance fund.

33. Policyholders' Expense from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
Commission to selling agents	**Note 33A**	122,723.09	102,480.14
Employee benefits expenses	**Note 33B**	162,374.61	124,095.92
Operating expenses	**Note 33C**	111,420.25	108,961.91
Benefits payout (net)	**Note 33D**	677,250.90	634,103.66
Net change in insurance contract liabilities	**Note 33E**	1,911,216.22	773,081.17

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars		Year ended 31.03.2021	Year ended 31.03.2020
Net change in investment contract liabilities		28,504.62	(8,458.94)
Finance cost	**Note 33F**	4,072.32	3,848.45
Impairment loss (including reversals)	**Note 33G**	(2,748.78)	3,110.85
Depreciation and amortisation expense		15,634.07	14,984.93
Bad debts written off		233.17	162.14
Allowance for doubtful debts		168.36	31.93
Sub-Total		**3,030,848.83**	**1,756,402.16**
Less / (Add) : Restricted life insurance surplus/ (deficit) retained in Policyholders' Fund		(32,582.31)	(3,251.78)
Total		**3,063,431.14**	**1,759,653.94**

33A: Commission to selling agents (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Commission on Life Insurance		
First year premium	84,618.64	70,369.47
Renewal premium	32,599.24	27,829.26
Single premium	2,853.97	1,653.87
Rewards	2,651.24	2,627.54
Total	**122,723.09**	**102,480.14**

33B: Employee benefits expenses (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Salary, wages and bonus	155,074.39	115,374.30
Contribution to provident and other funds (See note 37)	5,414.83	4,586.60
Expense on employee stock option scheme (See note 39)	94.02	1,961.41
Staff welfare expenses	1,791.37	2,173.61
Total	**162,374.61**	**124,095.92**

33C: Other operating expenses (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Travel & conveyance	2,763.83	6,738.29
Training expenses (including Agent advisors)	8,951.58	14,758.42
Rent rates & taxes (See note 40)	758.61	1,215.82
Repairs & maintenance	3,264.12	3,929.37
Printing and stationery	685.39	1,081.20
Communication expenses	7,332.88	5,976.48

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Legal and professional charges	1,845.15	3,768.17
Medical expenses	3,843.37	3,067.07
Auditor's fees for:		
Audit of the financial statements	90.30	90.30
Taxation matters	4.00	4.00
Other services	45.00	45.00
Reimbursement of expenses	13.53	24.95
Advertisement and publicity	35,346.92	30,441.35
Rates & taxes (excluding taxes on income)	1,168.28	1,006.86
GST/ Service tax on linked charges	17,016.80	14,944.43
Information technology maintenance expenses	6,719.47	6,324.35
Board Meeting expenses	108.61	144.63
Recruitment (including Agent advisors)	2,260.20	1,034.93
Energy cost	1,481.62	1,963.05
Insurance	1,000.15	1,129.89
Policy issuance and servicing costs	9,679.52	9,014.83
Net foreign exchange loss	16.08	25.69
Acquisition cost for financial instruments classified/ designated at FVTPL	6,765.37	1,896.31
Other miscellaneous expenses	259.47	336.52
Total	**111,420.25**	**108,961.91**

33D: Benefits payout (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Life insurance contracts benefits		
Death	134,357.08	82,971.75
Maturity	84,329.51	119,163.56
Annuities/Pensions	1,853.51	1,116.84
Other benefits		
Surrenders	352,645.21	319,562.66
Health	2,660.60	1,068.00
Survival Benefit	18,451.38	13,875.51
Bonus to Policyholders	114,310.68	113,344.49
Other benefits	3,068.93	2,591.53
Interim Bonus paid	287.63	165.50
Total benefits paid	**711,964.53**	**653,859.84**
Less: Reinsurance Recovery	34,713.63	19,756.18
Total	**677,250.90**	**634,103.66**

Notes forming part of the Consolidated financial statements

33E : Net change in insurance contract liabilities (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Net change in insurance contract liabilities	1,920,931.95	686,725.51
Transfer to/from Fund for future appropriations-participating policies	(9,715.73)	86,355.66
Total	**1,911,216.22**	**773,081.17**

33F : Finance cost (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Bank charges	1,851.40	1,277.48
Interest on lease liabilities (See note 40)	2,135.37	2,517.86
Others	85.55	53.11
Total	**4,072.32**	**3,848.45**

33G : Impairment loss (including reversals) (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Impairment on financial assets	(2,748.78)	3,110.85
Total	**(2,748.78)**	**3,110.85**

34. Other expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Recruitment and training expenses	0.23	0.62
Rent including lease rentals (See note 40)	149.62	230.18
Insurance	32.25	35.16
Rates and taxes	58.11	6.72
Provision for contingencies (See note 19)	2.74	802.07
Repairs and maintenance - others	228.47	259.69
Power and fuel	3.93	9.71
Printing and stationery	7.43	23.38
Travelling and conveyance	235.92	314.39
Communication	34.55	32.02
Director's sitting fees	82.67	61.36
Commission to directors	400.00	100.00
Business promotion	10.27	53.49
Advertisement and publicity	6.14	5.64
Net loss on sale / disposal of property, plant and equipment	10.82	-
Allowance on doubtful input tax credit receivable	-	60.00

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Charity and donation	-	85.22
Net loss on foreign currency transactions and translation	7.89	7.06
Consultancy charges	52.60	18.30
Expenditure on corporate social responsibility (See note 48)	1,224.00	1,337.32
Miscellaneous expenses	586.80	489.63
Total	**3,134.44**	**3,931.96**

*Above does not include other operating expenses pertaining to life insurance fund as disclosed in Note 33C.

35. Commitments, contingent liabilities and contingent assets

A. Capital commitments

(Rs. in lakhs)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Estimated amount of contracts remaining to be executed on property, plant and equipments not provided for (net of advances)	3,362.52	2,278.74
(ii)	Commitments made and outstanding for investments and loans	3,862.79	3,788.72

B. Contingent liabilities

Claims against the Company not acknowledged as debts (See note a)

(Rs. in lakhs)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Demand raised by custom authorities	462.85	451.71
(ii)	Demand raised by tax authorities (See note b)	929.07	886.11
(iii)	Notice for non-compliance with corporate governance requirements (See note c)	-	11.40
(iv)	Partly paid-up investment	17,194.75	4,000.00
(v)	Claims, other than against policies, not acknowledged as debts	2,641.73	1,917.83
(vi)	Others (See Note d)	4,976.96	3,063.81
(vii)	Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (See note e)	-	-

Notes forming part of the Consolidated financial statements

C. Other commitments

(i) The Company through a call/put option has to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in Max Life ("MSI Put/Call Option") (See note 55).

(ii) Axis Entities have a right to acquire upto 7% of the equity share capital of Max Life held by the Company, in one or more tranches (See note 56).

D. Contingent assets

Certain insurance claims are in the final stage of recovery for which amounts are not quantifiable and hence not reported.

Notes :

a. Based on the discussions with the solicitor/ expert opinions taken/status of the case, the management believes that the Group has strong chances of success in above mentioned cases and hence no provision there against is considered necessary at this point in time as the likelihood of liability devolving on the Group is less than probable.

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 (As at 31 March, 2020 : Rs. 12.00 lakhs). Amount inclusive of interest of Rs. 218.00 lakhs as at March 31, 2021 (Rs. 175.25 lakhs as at March 31, 2020)

c. The Company had received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company had deposited Rs. 11.40 lakhs under protest and requested NSE and BSE for waivers. During the current year, both NSE and BSE has declined the waiver request of the Company and accordingly, the Company has accordingly expensed off the same.

d. Represents potential liability in respect of repudiated Policyholders' claims Rs. 4,951.96 lakhs (March 31, 2020 Rs. 3,038.81 lakhs) and bank guarantee placed with bank for UIDAI of Rs. 25.00 lakhs (March 31, 2020 Rs. 25.00 lakhs).

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) (Also, see note below)

Notes forming part of the Consolidated financial statements

S. No.	Assessment Year	Brief Description
1	AY 1998-1999 and AY 1999-2000	Gains arising from stake sale of shares held by MTVL in Hutchison Max telecom Limited ["HMTL'] during AY 1998-99 (1st stake sale) amounting to Rs. 47,493.09 Lakhs, were returned as capital gains and claimed as tax exempt under Section 10(23G) of the Act. The said exemption claim made by MTVL was denied to it by the Assessing Officer, but subsequently allowed in favour of MTVL by the CIT(A), which is currently being contested by the Department before the ITAT, Amritsar. Further, a Writ petition filed by MTVL, is also pending before the Hon'ble Punjab & Haryana High Court on the action of ITAT of recalling its own order passed in relation to appeal filed by MTVL on the issue of the year of taxability of the stake sale being AY 1999-2000 and not AY 1998-1999. In AY 1999-00, the above-mentioned stake sale transaction was once again brought to tax on a protective basis by the Assessing Officer, as MTVL had claimed that the transaction pertained to AY 1999-2000 and not AY 1998-1999. The issue was once again held in favour of MTVL by the CIT(A), against which the Department is into appeal before the ITAT, Amritsar, which is pending as on date.
2	AY 2006-2007	In AY 2006-2007, the Assessing Officer proceeded to tax the gains arising from sale of balance shares held by MTVL in HMTL (2nd stake sale) amounting to Rs. 41,153.88 lakhs as business income and denying the capital gains exemption u/s 10(23G) in the hands of MTVL, an entity which by that time had merged with the Company and hence, had ceased to exist. The issue of assessment being made in the name of non-existant entity has since been allowed in favour of the Company and is now pending as Department's appeal before the Hon'ble Punjab & Haryana High Court. Subsequently reassessment proceedings were again initiated under Section 147 r.w.s 148 of the Act by the Department and the assessment was framed on the Company, as successor of MTVL, denying the capital gains exemption u/s 10(23G). In further appeal, the CIT(A) decided the issue in favour of the Assessee and currently the matter is pending before the ITAT, Amritsar. Assessee has also filed cross objections on the technical issue of validity of reassessment proceedings initiated under Section 148 of the Act before ITAT, Amritsar.

Note :

In March 2020, the Company had filed application(s) with the income tax authorities under the 'The Direct Tax Vivad se Vishwas Act, 2020' ('the Scheme'), enacted vide the Gazette of India on March 17, 2020 regarding settlement of the ongoing tax litigation pertaining to Telecom stake sale made by its erstwhile subsidiary Max Telecom Ventures Limited (since merged with the Company w.e.f December 1, 2005). The said litigation was being contested both by the Company and the Income Tax Department for multiple years and pending before various Appellate Authorities, which were previously disclosed as contingent liabilities.

The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Years 1998-99, 1999-2000 and 2006-

Notes forming part of the Consolidated financial statements

07. The Company had made a provision of Rs. 12,378.21 lakhs for the same disclosed as 'current tax' during the year ended March 31, 2020 and the same was paid in May 2020. During the year ended March 31, 2021, the Company has received final orders of settlement and an intimation to pay Rs. 247.79 lakhs towards full and final settlement for Assessment Year 2006-07. The same was paid in the month of September, 2020 and has been disclosed as 'current tax'.

36. Segment information

36.1 a) Identification of Segments:

The Operating Segments have been identified on the basis of business activities from which the Group earns revenues and incurs expenses and whose operating results are reviewed by the Chief Operating Decision Maker (CODM) of the Group to make decisions about the resources to be allocated and assess performance and for which discrete financial information is available.

b) Operating Segments:

(i) Business Investments – This segment is represented by treasury investments.

(ii) Life Insurance – This segment relates to the life insurance business carried out pan India, by the Company's subsidiary.

c) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

d) Segment assets and segment liabilities represent assets and liabilities in respective segments.

36.2. Information about business segments

(Rs. in lakhs)

Particulars		Business Investments		Life Insurance		Total	
		Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
a.	**Segment Revenue**						
	Revenue from external customers	1,412.49	1,490.64	3,125,977.80	1,822,507.20	**3,127,390.29**	**1,823,997.84**
	Inter segment revenue	29,224.79	48,002.97	5.71	5.77	**29,230.50**	**48,008.74**
	Total Segment Revenue	**30,637.28**	**49,493.61**	**3,125,983.51**	**1,822,512.97**	**3,156,620.79**	**1,872,006.58**
	Less: Inter segment elimination (net)	29,224.79	48,002.97	5.71	5.77	**29,230.50**	**48,008.74**
	Revenue from operations	**1,412.49**	**1,490.64**	**3,125,977.80**	**1,822,507.20**	**3,127,390.29**	**1,823,997.84**
b.	**Segments Results before taxes**	**12,824.45**	**39,644.23**	**60,700.16**	**50,957.14**	**73,524.61**	**90,601.37**
	Less: Inter segment elimination (net)					15,619.60	46,502.94
	Sub-total					**57,905.01**	**44,098.43**
	Unallocated Expenses (Net of unallocated income)					1,384.24	150.12
	Profit before tax					**59,289.25**	**44,248.55**
	Provision for taxation (includes provision for Deferred Tax)					3,314.22	16,963.12
	Profit after tax					**55,975.03**	**27,285.43**
	Less: Profit transferred to non-controlling interest					13,435.63	12,786.06
	Profit after tax (after adjusting non-controlling interest)					**42,539.40**	**14,499.37**

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
c.	**Segment Assets**		
	Business Investments	667,654.63	252,555.81
	Life Insurance business	9,734,625.42	7,369,427.90
	Total	**10,402,280.05**	**7,621,983.71**
	Inter segment elimination (net)	(589,119.11)	(169,361.76)
	Total Assets	**9,813,160.94**	**7,452,621.95**
d.	**Segment Liabilities**		
	Business Investments	3,108.70	24,523.67
	Life Insurance business	9,446,069.95	7,122,153.87
	Total	**9,449,178.65**	**7,146,677.54**
	Inter segment elimination (net)	3,478.36	24,059.00
	Total Liabilities	**9,452,657.01**	**7,170,736.54**

e. Other segment information

(Rs. in lakhs)

	Depreciation and amortisation		Additions to Property, Plant & Equipment, Intangible assets, Right of use assets and Investment property		Impairment loss on property, plant and equipment	
	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Business Investments	379.90	317.18	379.03	290.74	-	671.99
Life Insurance business	15,786.39	15,132.66	40998.11	39,518.69	-	-
Total	**16,166.29**	**15,449.84**	**41,377.14**	**39,809.43**	**-**	**671.99**

36.3 Geographical information

(Rs. in Lakhs)

Location	Revenue from external customers		Non-current assets*	
	Year ended 31.03.2021	Year ended 31.03.2020	As at 31.03.2021	As at 31.03.2020
India	3,127,390.29	1,823,997.84	297,083.18	318,358.47
Outside India	-	-	-	-
Total	**3,127,390.29**	**1,823,997.84**	**297,083.18**	**318,358.47**

* Non-current assets exclude financial assets.

Notes forming part of the Consolidated financial statements

37. Employee benefit plans

(i) Defined contribution plans

The Group makes employees state insurance scheme contributions which is defined contribution plan for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Group recognised Rs. 517.05 lakhs (previous year: Rs. 452.00 lakhs) for employee state insurance scheme contribution in the Statement of Profit and Loss. The contributions payable to the plan by the Group is at the rates specified in rules to the Scheme.

(ii) Defined benefit plans

A. Gratuity:

The Company and its subsidiary makes annual contribution to their Employees Gratuity Fund maintained with Life Insurance Corporation of India and Max Life Insurance Company Limited respectively, partially funded defined benefit plans 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.

Defined benefit obligation is accounted for on the basis of independent actuarial valuations carried out as per 'Projected Unit Credit Method' at the balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The gratuity plan typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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No other post-retirement benefits are provided to these employees.

(a) The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Discount rate(s)	6.40%-7.20%	6.50%-7.10%
Expected return on plan assets*	7.20%-7.50%	7.10%-7.50%
Salary escalation**	7.50%-10.00%	7.50%-10.00%
Retirement age	58-65 years	58-65 years
Mortality tables	IALM (2012 - 14)	IALM (2012 - 14)
Attrition (%) - All ages	5%-25%	5%-25%
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	357.57	316.33

* Expected rate of return on plan assets is on the basis of average long term rate of return expected on investments of the fund during the estimated term of obligation.

** Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(Rs. in Lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Service cost		
- Current service cost	850.48	389.54
Interest cost	363.65	257.68
Expected return on plan assets	(209.20)	(130.00)
Components of defined benefit costs recognised in profit or loss	**1,004.93**	**517.22**
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amounts included in net interest expense)	(230.90)	199.96
- Actuarial (gains) / losses arising from changes in demographic assumptions	-	0.06
- Actuarial (gains) / losses arising from changes in financial assumptions	(57.55)	258.78
- Actuarial (gains) / losses arising from experience adjustments	49.27	687.91
Components of defined benefit costs recognised in other comprehensive income	**(239.18)**	**1,146.71**
Total	**765.75**	**1,663.93**

Notes forming part of the Consolidated financial statements

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of funded defined benefit obligation	(6,081.41)	(5,273.51)
Fair value of plan assets	4,928.15	1,420.26
Net liability arising from defined benefit obligation	**(1,153.26)**	**(3,853.25)**

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Opening defined benefit obligation	5,273.51	4,186.03
Current service cost	850.48	389.54
Interest cost	363.65	257.68
Liability transferred	87.85	55.19
Remeasurement (gains)/losses:		
- Actuarial gains and losses arising from changes in demographic assumptions	-	0.06
- Actuarial gains and losses arising from changes in financial assumptions	(57.55)	258.78
- Actuarial gains and losses arising from experience adjustments	49.27	687.91
Benefit paid - Paid by the Enterprise	(31.59)	(105.68)
Benefit paid - Payment made out of the Fund	(454.21)	(456.00)
Closing defined benefit obligation	**6,081.41**	**5,273.51**

(e) Movements in the present value of the plan assets as computed by Actuarial are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Plan assets at beginning of the year	1,420.26	1,946.22
Expected return on plan assets	209.20	130.00
Actual group contributions	3,521.99	-
Actuarial gain / (loss) on plan assets	230.90	(199.96)
Benefits paid	(454.20)	(456.00)
Plan assets at the end of the year	**4,928.15**	**1,420.26**

Notes forming part of the Consolidated financial statements

(f) Disaggregation of plan assets into classes:

Particulars	As at 31.03.2021	As at 31.03.2020
The plan assets are invested in insurer managed funds	100.00%	100.00%
Asset allocation:		
Government securities	50.43%	17.76%
Corporate Debt	24.85%	33.77%
Equity shares	10.02%	40.20%
Net Current Assets including Money Market Items	1.26%	1.35%
Reverse/ Repo	13.44%	6.92%
Total	**100.00%**	**100.00%**

(g) The following are expected defined benefit payments in future years:

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Within the next 12 months (next annual reporting period)	289.23	248.18
Between 2 and 5 years	2041.63	1,743.45
Beyond 5 years	5280.26	4,511.99
Total expected payments	**7,611.12**	**6,503.62**

The weighted average duration of the defined benefit plan as at March 31, 2021 is 10.99 years (March 31, 2020: 10.88 years)

(h) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 10,998.24 lakhs (increase by Rs. 12,175.01 lakhs) [as at March 31, 2020: decrease by Rs. 9,619.29 lakhs (increase by Rs. 10,670.43 lakhs)].

ii) If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 12,141.40 lakhs (decrease by Rs. 11,022.51 lakhs) [as at March 31, 2020: increase by Rs. 10,641.90 lakhs (decrease by Rs. 9,641.04 lakhs)].

iii) If the expected withdrawal rate increases (decreases) by 100 basis points, the defined benefit obligation would decrease by Rs. 5,747.81 lakhs (increase by Rs. 5,800.95 lakhs) [as at March 31, 2020: decrease by Rs. 5,030.00 lakhs (increase by Rs. 5,084.00 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes forming part of the Consolidated financial statements

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(i) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

B. Provident Fund:

The Group is contributing in a provident fund trust "Max Financial Services Limited Employees Provident Fund Trust" which is a common fund for Max Group companies. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan.

The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by employer. The actuary has accordingly provided a valuation for "Max Financial Services Limited Employees Provident Fund Trust" which is a common fund for the Group.

a. The details of fund and plan assets position as per the actuarial valuation of active members are as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Plan assets at year end at fair value	44,520.70	35,654.75
Present value of defined benefit obligation at year end	44,291.62	35,350.67
Surplus as per actuarial certificate	229.08	304.08
Shortfall recognised in balance sheet	**-**	**-**

b. Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

Particulars	31.03.2021	31.03.2020
Discount rate	5.18%	5.45%
Yield on existing funds	8.52%	8.51%
Expected guaranteed interest rate	8.50%	8.50%

c. Contribution to Defined benefit Plan, recognised as expense for the year is as under:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Employer's Contribution towards Provident Fund (PF)	4,344.45	3,966.55

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C. Compensated absences

Liability for compensated absence for employees is determined based on actuarial valuation which has been carried out using the projected accrued benefit method which is same as the projected unit credit method in respect of past service. The assumptions used for valuation are:

Actuarial Assumptions:	31.03.2021	31.03.2020
Discount Rate (per annum)*	6.40 - 7.20%	6.50 - 7.10%
Rate of increase in compensation levels**	7.50 - 10.00%	7.50 - 10.00%

* The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

** Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Basic EPS		
Profit attributable to shareholders of the Company (Rs. in lakhs)	42,539.40	14,499.36
Weighted average number of equity shares outstanding during the year (Numbers)	293,150,829	269,431,688
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**14.51**	**5.38**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Numbers)	115,220	142,130
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Numbers)	293,266,049	269,573,818
Diluted Earnings Per Share (Rs.)	**14.51**	**5.38**

39. Employee Stock Option Plan

39.1 Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors on 25 August, 2003 and by the shareholders on 30 September, 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 30 September, 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.

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The following share based arrangements were in existence during the current and prior years :

Options Series	Number	Grant date	Vesting date	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
Employee Stock Option Plan - 2003	7,307	1-Apr-16	1-Apr-20	2.00	332.46
	57,710	1-Apr-19	1-Apr-20	2.00	420.43
	57,710	1-Apr-19	14-Jan-21	2.00	420.53
	8,003	2-Jul-19	2-Jul-20	404.45	146.53
	8,003	2-Jul-19	30-Jun-21	404.45	175.33
	8,002	2-Jul-19	30-Jun-22	404.45	198.27
	8,002	2-Jul-19	30-Jun-23	404.45	218.10
	8,463	3-Apr-20	3-Apr-21	382.40	208.01
	8,464	3-Apr-20	1-Apr-22	382.40	229.37
	8,464	3-Apr-20	1-Apr-23	382.40	251.41
	8,464	3-Apr-20	1-Apr-24	382.40	270.95

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	31.03.2021	31.03.2020
Risk- free interest rate	5.51% - 6.63%	6.58% - 7.91%
Expected volatility (standard dev - annual)	43.48% - 47.27%	35.30% - 42.82%
Expected life (years)	3.00-5.99	3.00-6.00
Expected dividend yield	0.00%	0.00%

The following table illustrates the number and movements in, share options during the year:

Particulars	31.03.2021		31.03.2020	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	154,737	85.25	131,015	333.37
Granted during the year	33,855	382.40	147,430	89.38
Forfeited during the year	-	-	-	-
Exercised during the year	(122,727)	2.00	(123,708)	352.94
Outstanding at the end of the year	65,865	393.12	154,737	85.25
Exercisable at the end of the year	8,003	404.45	-	-

For the current year, the weighted average share price at the exercise date was Rs. 525.56 (Previous year: Rs. 509.29).

The weighted average exercise price for stock options outstanding as at March 31, 2021 was Rs. 2 per share (March 31, 2020: Rs. 352.94 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 1.40 years (March 31, 2020: 0.66 years). The range of exercise prices for options outstanding at the end of

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the year was 382.40 to 404.45 (March 31, 2020: 2.00 to 404.45).

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.

39.2 Employees Phantom Stock Plans (Employee stock appreciation rights - Max Financial Services Limited)

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 Company. 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. 21.13 lakhs (previous year: Rs. 112.22 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	31.03.2021		31.03.2020	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Option outstanding at the beginning of the year	28,140	2.00	191,467	5.68
Granted during the Year	-	-	-	-
Exercised during the year	(28,140)	2.00	(163,327)	5.17
Outstanding at the end of the year	-	-	28,140	2.00
Exercisable at the end of the year	-	-	28,140	2.00

Options were priced using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	31.03.2021	31.03.2020
Risk- free interest rate	-	5.22%
Expected volatility (standard dev - annual)	-	53.58%
Expected life (years)	-	2.00
Expected dividend yield	-	0.00%

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is Nil years (March 31, 2020: Nil years).

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39 Max Life Insurance Company Limited (Subsidiary Company)

Employee Phantom Stock Plan (Cash settled):

During the year ended March 31, 2013, the Subsidiary Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. August 1, 2012. During the year ended March 31, 2015, the Subsidiary Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. July 01, 2014, September 25, 2014 and December 01, 2014. Further, during the year ended March 31, 2016, the Subsidiary Company issued Employee Phantom Stock Plan (EPOP) w.e.f. October 30, 2015 and March 1, 2016. Further, during the year ended March 31, 2019, the Subsidiary Company issued Employee Phantom Stock Plan (EPOP) w.e.f. May 24, 2018. Further during the year ended March 31, 2020, the Subsidiary Company issued Employee Phantom Sock Plan (EPOP) w.e.f. May 22,2019. Further during the year ended March 31, 2021, the Company issued Employee Phantom Sock Plan (EPOP) w.e.f May 22, 2020. Accordingly Rs. 94.03 lakhs (previous year : Rs. 2,263.23 lakhs) has been accrued as expense/ (reversal) in the statement of profit & loss account as applicable. The details of the scheme are as under:

Type of arrangement	EPOP 2012	EPOP 2014	EPOP 2014	EPOP 2018	EPOP 2019	EPOP 2020
Date of Grant	**1-Aug-12**	**1-Dec-14**	**1-Mar-16**	**24-May-18**	**22-May-19**	**20-May-20**
No. of options outstanding	-	-	400,000	3,821,000	8,212,000	11,405,000
Exercise price (Rs.)	29.97	43.30	53.64	96.40	83.90	82.40
Graded vesting period						
1st Year	10%	-	-	25%	25%	25%
2nd Year	20%	-	20%	25%	25%	25%
3rd Year	30%	50%	30%	25%	25%	25%
4th Year	40%	50%	50%	25%	25%	25%
Mode of settlement	Cash	Cash	Cash	Cash	Cash	Cash

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Subsidiary Company. The key assumptions used to estimate fair value of options are as follows:

Particulars	31.03.2021	31.03.2020
Risk- free interest rate	4.34% - 6.20%	5.25% - 6.34%
Expected volatility (standard dev - annual)	2.14 - 5.00 Years	2.14 - 5.00 Years
Expected life (years)	51.96% - 43.86%	52.05% - 43.32%
Expected dividend yield	0.83%	1.97%

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The following table illustrates the number and movements in, share options during the year:

Particulars	As at 31.03.2021		As at 31.03.2020	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the beginning of the year	16,662,000	75.83	12,549,000	63.77
Granted during the Year	11,563,000	82.40	9,981,000	83.90
Forfeited during the year	(656,000)	75.83	(1,567,000)	63.77
Exercised during the year*	(3,730,000)	75.83	(4,301,000)	63.77
Outstanding at the end of the year	23,839,000	79.02	16,662,000	75.83
Exercisable at the end of the year	-	-	-	-

The range of exercise prices for options outstanding at the end of the year was Rs 82.40 to Rs 96.40 (31 March 2020: Rs 29.97 to Rs 96.40)

*Includes 59,000 options which were exercised during the current year and paid in the subsequent year.

40. Leases

Effective April 1, 2019, the Group has adopted Ind AS 116 “”Leases””, applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. The Group recorded the lease liabilities at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease.

Consequently, in the current period financials, the nature of expenses in respect of Operating Leases has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for the interest accrued on lease liability. The effect of this adoption is not material on the profit and earnings per share for the current year.

The Group has entered into short term lease arrangements for certian facilities and office premises. Rent expense of Rs. 396.62 lakhs (March 31, 2020: Rs. 302.18 lakhs) in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss for these short term lease arrangements.

40.1 Group as a Lessee:

a. Following are the changes in the carrying value of right of use assets for the year:

(Rs. in lakhs)

Particulars	Building	
	Year ended 31.03.2021	Year ended 31.03.2020
Opening balance at beginning of the year	29,203.27	-
Impact on adoption of Ind AS 116	-	29,317.23
Addition	1,600.17	6,103.85
Depreciation expense	(6,486.17)	(6,217.81)
Closing balance at year end	**24,317.27**	**29,203.27**

Notes forming part of the Consolidated financial statements

b. The following is the break-up of current and non-current lease liabilities are as follows:

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Current lease liabilities	5,243.15	5,147.01
Non-current lease liabilities	22,596.07	26,774.64
Total	**27,839.22**	**31,921.65**

c. The following is the movement in lease liabilities during the year:

(Rs. in lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Opening balance at beginning of the year	31,921.65	-
Impact on adoption of Ind AS 116	-	30,755.77
Addition	1,600.17	6,098.69
Finance cost accrued during the year	2,156.87	2,537.43
Payment of Lease liabilities	(7,839.47)	(7,470.24)
Closing balance at year end	**27,839.22**	**31,921.65**

d. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(Rs. in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Less than one year	7,184.86	7,471.19
One to five years	21,170.85	23,936.76
More than five years	6,085.14	9,386.02
Total	**34,440.85**	**40,793.97**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

40.2 Group as a lessor

The Group has entered into an agreement of leasing out the investment property and property, plant and equipment. This is in the nature of operating lease and lease arrangement contains provisions for renewal. The total lease income in respect of such lease recognised in Statement of Profit and Loss for the year ended March 31, 2021 is Rs. 3,449.98 lakhs (March 31, 2020, Rs. 2,587.84 lakhs).

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41. Related parties disclosures

A. List of related parties

Names of related parties with whom transactions have taken place during the year		
Entity/person having significant influence/control upon the Company	-	Max Ventures Investment Holdings Private Limited
	-	Mitsui Sumitomo Insurance Company Limited, Japan (w.e.f. December 8, 2020)
	-	Mr. Analjit Singh
Key Management Personnel (KMP)	-	Mr. Analjit Singh (Chairman & Non-executive Director)
	-	Mr. Mohit Talwar (Managing Director)
	-	Mr. Aman Mehta (Director)
	-	Mr. D.K. Mittal (Director)
	-	Mrs. Naina lal Kidwai (Director)
	-	Mr. Sahil Vachani (Director)
	-	Mr. Jai Arya (Director)
	-	Mr. Charles Richard Vernon Stagg (Director)
	-	Mr. Hideaki Nomura (Director) (w.e.f. December 08, 2020)
	-	Mr. Mitsuru Yasuda (Director) (w.e.f. December 08, 2020)
	-	Mr. K Narasimha Murthy (Director) (w.e.f. March 30, 2021)
	-	Mr. Ashwani Windlass (Director) (till January 16, 2020)
	-	Mr. Sanjay Nayar (Director) (till February 06, 2020)
	-	Mrs. Sujatha Ratnam (Chief Financial Officer) (till June 30, 2019)
	-	Mr. Sandeep Pathak (Company Secretary) (till June 30, 2019)
	-	Mr. Jatin Khanna (Chief Financial Officer) (w.e.f. July 01, 2019)
	-	Mr. V Krishnan (Company Secretary) (w.e.f. July 01, 2019)
Enterprises owned or significantly influenced by key management personnel or their relatives	-	Max India Foundation
	-	Max India Limited (formerly Advaita Allied Health Services Limited)
	-	Max Ventures & Industries Limited
	-	Max Bupa Health Insurance Company Limited (till December 16, 2019)
	-	Antara Purukul Senior Living Limited
	-	Max Skill First Limited
	-	Antara Senior Living Limited
	-	Max Assets Services Limited
	-	Max UK Limited
	-	Delhi Guest House Private Limited
	-	New Delhi House Services Limited
	-	Pharmax Corporation Limited
	-	Forum I Aviation Private Limited (w.e.f. July 01, 2019)
	-	SKA Diagnostic Private Limited (w.e.f. September 01, 2019)
	-	Max Healthcare Institute Limited (till May 31, 2020)
	-	ALPS Hospital Limited (till May 31, 2020)
	-	Max Tower Private Limited (Formerly known as Wise Zone Builders Pvt. Ltd.)
	-	Max Speciality Films Limited
	-	Max Ventures Private Limited
	-	Max Estates Limited
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Note : The related parties have been identified by the management.

Notes forming part of the Consolidated financial statements

B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant period.

(Rs. In lakhs)

Particulars	Parties	Year ended 31.03.2021	Year ended 31.03.2020
Sale of services	Max India Limited	400.61	300.00
	Max Ventures and Industries Limited	162.03	153.00
	Max Healthcare Institute Limited	-	60.00
Rental Income	Max Skill First Limited	137.18	137.00
	Max Ventures and Industries Limited	335.77	173.00
	Max Towers Private Limited	377.57	590.00
	Max Bupa Health Insurance Company Limited	-	176.00
Premium Income	Max Skill First Limited	10.51	9.00
	Max Ventures and Industries Limited	1.07	1.00
	Max Ventures Private Limited	1.80	-
	Max India Limited	5.02	-
	Max India Foundation	-	0.30
	Antara Senior Living Limited	4.00	6.00
	Antara Purukul Senior Living Limited	1.00	2.00
	Max Bupa Health Insurance Company Limited	-	202.00
	Max Healthcare Institute Limited	-	18.00
	Max Estates Limited	2.00	-
	New Delhi House Services Limited	4.00	-
	Max Speciality Films Limited	16.00	19.00
Miscellaneous income	Max Skill First Limited	30.54	6.00
	Max Bupa Health Insurance Company Limited	-	3.00
	Max Healthcare Institute Limited	-	6.00
	Max Speciality Films Limited	-	1.00
	Max Towers Private Limited	40.88	-
Training expense	Max Skill First Limited	4,059.97	4,424.00
Repairs and maintenance - others	New Delhi House Services Limited	129.17	151.28
	Max Asset Services Limited	186.03	228.00
Miscellaneous expenses	New Delhi House Services Limited	87.62	26.24
	Antara Purukul Senior Living Limited	0.13	1.00
	Antara Senior Living Limited	10.98	-
Employer contribution to provident fund	Max Financial Services Limited Employees' Provident Fund Trust	4,344.45	3,966.55

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	Parties	Year ended 31.03.2021	Year ended 31.03.2020
Insurance Expense	Max Bupa Health Insurance Company Limited	-	10.31
Legal and professional expenses	Max India Limited	530.00	2,700.00
	Max UK Limited	80.00	74.70
Rent including lease rentals	Delhi Guest House Pvt Limited	104.96	99.97
	Max India Limited	184.40	214.82
	Pharmax Corporation Limited	-	3.80
	SKA Diagnostic Private Limited	100.00	58.33
CSR and voluntary donations	Max India Foundation	850.00	1,223.00
Travelling and conveyance	Forum I Aviation Private Limited	134.64	82.62
Reimbursement of expenses (Received from)	Max Bupa Health Insurance Company Limited	-	1.38
	Max Ventures and Industries Limited	3.19	3.46
	Max India Limited	116.81	69.45
	Max Skill First Limited	-	1.38
	Antara Senior Living Limited	1.60	1.38
	Max Healthcare Institute Limited	0.90	1.80
Reimbursement of expenses (paid to)	Max India Limited	-	9.06
Payment for purchase of Investment property	Max Towers Private Limited	-	21,281.00
Transfer (in) of fixed assets	Max India Limited	20.55	-
Security Deposit received	Max India Limited	-	0.90
	Max Healthcare Institute Limited	-	0.45
	Max Ventures and Industries Limited	-	168.00
Interim dividend paid by subsidary company	Mitsui Sumitomo Insurance Company Limited	979.00	-
Share capital issued (including securities premium)	Mitsui Sumitomo Insurance Company Limited	426,421.20	-

Notes forming part of the Consolidated financial statements

C. Transactions with the key management personnel during the year:

(Rs. In lakhs)

Name of key management personnel	Nature of transaction	Year ended 31.03.2021	Year ended 31.03.2020
Mr. Mohit Talwar (Note 1)	Remuneration	1,956.87	1,251.86
Mrs. Sujatha Ratnam (Note 1)	Remuneration (including severance pay)	-	332.17
Mr. Sandeep Pathak (Note 1)	Remuneration	-	19.48
Mr. Jatin Khanna (Note 1)	Remuneration	117.85	86.22
Mr. V Krishnan (Note 1)	Remuneration	125.68	100.93
Mr. Analjit Singh	Director sitting fee	8.00	4.00
Mr. Ashwani Windlass		-	10.00
Mr. Aman Mehta		15.00	10.00
Mr. D.K. Mittal		16.00	17.00
Mrs. Naina lal Kidwai		15.00	5.00
Mr. Sahil Vachani		6.00	5.00
Mr. Jai Arya		8.00	3.00
Mr. Charles Richard Vernon Stagg		5.00	2.00
Mr. Analjit Singh (see note 2 below)	Commission	300.00	-
Mr. Aman Mehta		20.00	20.00
Mr. D.K. Mittal		20.00	20.00
Mrs. Naina Lal Kidwai		20.00	20.00
Mr. Jai Arya		20.00	20.00
Mr. Charles Richad Vernon Stagg		20.00	20.00

Note 1 : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

Note 2 : Compensation is proposed and approved in the form of commission to Mr. Analjit Singh for his extensive involvement in the strategic developments of the Company during the current year.

Notes forming part of the Consolidated financial statements

D. The following table provides the year end balances with related parties for the relevant year:

(Rs. In lakhs)

Nature of transaction	Name of related party	As at 31.03.2021	As at 31.03.2020
Trade Receivables	Max Healthcare Institute Limited	-	149.02
	Max Bupa Health Insurance Company Limited	-	1.63
	Max Ventures and Industries Limited	252.96	165.18
Other Receivables	Pharmax Corporation Limited	-	19.56
	Max India Limited	27.02	0.49
	Max Ventures and Industries Limited	-	168.00
	Max Towers Private Limited	5.04	208.00
	Max Bupa Health Insurance Company Limited	-	9.00
	Max Healthcare Institute Limited	-	6.00
Security Deposit Receivable	Delhi Guest House Private Limited	22.82	22.82
	SKA Diagnostic Private Limited	25.00	25.00
Advances paid	Max Skill First Limited	299.10	-
	Max India Foundation	270.00	-
Advance lease rental payments	SKA Diagnostic Private Limited	-	66.67
Trade Payables	New Delhi House Services Limited	28.75	30.57
	Max India Limited	261.33	448.15
	Max Skill First Limited	-	594.00
	Max UK Limited	80.00	74.70
	Max Asset Services Limited	2.86	3.00

42. Financial Instruments

(a) Capital Management

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business

Notes forming part of the Consolidated financial statements

objectives and maximise shareholders value

Management assesses the capital requirements of the Group in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group have met all of these requirements throughout the financial year. In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Group has a Board approved Risk Appetite Statement which defines the minimum level of capital that the Group needs to maintain in over and above the regulatory requirement in order to ensure that the core objective of being able to honor the contractual obligations made to its policyholders is met even in adverse scenario. Further, the Group's Dividend Policy restricts the pay-out of any dividend to the shareholders in case there is an expected breach of the defined risk appetite level due to the dividend distribution.

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Insurance Business is satisfactorily managing affairs for their benefits. At the same time, regulators are also interested in ensuring that the subsidiary company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the subsidiary company are subject to regulatory requirements within the jurisdictions in which it operates.

(b) Risk management framework

The Group is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Group's risk management framework is to manage the above risks and aims to :

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

The Group's overall approach to managing risk is based on the 'three lines of defence' model with a clear segregation of roles and responsibilities for all the lines. Business Managers are part of the first line of defence and have the responsibility to evaluate their risk environment and put in place appropriate controls to mitigate such risks or avoid them. The Risk Management Function, along with the Compliance Function, form the second line of defence. The Internal Audit Function guided by the Audit Committee is the third line of defence and provides an independent assurance to the Board. The Statutory Auditors and regulatory oversight aided by the Appointed Actuary in his/her fiduciary capacity is also construed to provide an additional third line of defence. The Group has in place a robust and comprehensive internal control mechanism across all the major processes as a part of the internal financial controls (IFC Framework) adequacy of which is tested periodically by the internal audit function and an opinion on its efficacy is provided by the statutory auditors.

Notes forming part of the Consolidated financial statements

Risk management activities are supervised on behalf of the Board by the Risk, Ethics and Asset Liability Management Committee, whose responsibilities includes those in conformity with those prescribed by the IRDAI for insurance businesses. The Group for its life insurance business has Management Risk Committee chaired by the Managing Director & Chief Executive Officer and supported by the Operational Risk Group, and Asset Liability Management Group, Information Security & Business Continuity Management Committee and the Outsourcing Committee, assist the Board Committee in overseeing the risk management activities across the life insurance business.

The Group in respect of its life insurance arm, Max Life Insurance has an independent Risk Management Function in place, headed by a Chief Risk Officer. The function is responsible for the supervision of all risk management activities, including developing the risk appetite, maintaining an aggregated risk view, monitoring the residual risks to ensure that they remain within tolerance levels. It also reviews the appropriateness and adequacy of the risk management strategy and develops recommendations to the REALM Committee as necessary. The Risk Management function also ensures that, through various management submissions, the Board is adequately informed on key emerging risk related issues and if necessary, provides supplementary advice to the Board through REALM Committee.

The Group has in place a Risk Management Policy which lays down the broad contours of management system in place which is used to identify, assess, monitor, review, control, report risks and controls within the Group. The Group has a risk management system It also requires the Group that enables it to identify risks, set tolerance levels, develop and implement strategies, policies, procedures and controls to manage different types of risks within the overall risk appetite., A Risk Appetite Statement is in place which identifies and addresses each material risk to which the Group is exposed and establishes the degree of risk that the Group is willing to accept in pursuit of its strategic objectives, business plans giving consideration to the interests of its stakeholders and the interest of the policyholders. These material risks have been categorised in the areas of Strategic, Insurance, Investment and Operational Risks. The Risk Management Strategy has been developed which defines the Company's approach to manage the identified material risks through acceptance, avoidance, transfer and/or mitigation. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls. This is supplemented by various policies and procedures in respective operating areas which help to identify, mitigate and monitor risks. A risk dashboard is also in place which rates each material risk on the basis of identified key risk indicators and respective tolerance levels. This is also monitored both at the management level as well as the Board Committee level. The framework and its effectiveness are subject to both internal and external assurance reviews.

As an insurer, the Group is in the business of accepting certain kinds of risks. It is Group's policy that risks should be managed systematically with the process of risk management being well defined and with its various elements properly integrated. The risk management framework also ensures that the level of risk accepted is within the Group's risk capacity and the level of capital adequacy is in excess of the level prescribed in the regulations. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls.

The entire implementation is monitored both at the management level as well as the Board Committee levels and the overall risk management framework and its effectiveness are subject to both internal and external assurance reviews.

Notes forming part of the Consolidated financial statements

The key risk exposures are summarised below along with a brief approach adopted by the Group to manage those risks.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to financial and capital market risks – the risk that the fair value or future cash flows of an insurance contract or financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.

Market risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Management Committee. Company have investment policy in place which deals with guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments exposes the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

Further, any interest rate movements have an inherent implication on the valuation of liabilities also due to the long term nature of product designs and liability profiles.

The Duration gap between assets and liabilities is actively managed to ensure minimum sensitivity to interest rates.

The Group also uses interest rate swaps to lock-in a fixed rate, which is higher than Group's current expectation of future interest rates. Use of interest rate swaps protects the guaranteed liability portfolio from falling interest rates by reducing the reinvestment risk on new money.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are linearly related. The method used for deriving sensitivity information and significant variables have not changed from the previous year.

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Market indices	Change in Interest rate	As at 31.03.2021		As at 31.03.2020	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Interest rate	25 Basis Point down	-	760.00	-	942.00
	50 Basis Point down	-	1,519.00	-	1,885.00
	25 Basis Point Up	-	(760.00)	-	(942.00)
	50 Basis Point Up	-	(1,519.00)	-	(1,885.00)

Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Group is exposed to equity risk from a number of sources. A portion of our expose to equity market risk arises in connection with benefits guarantee on contracts issued. The cost of providing for these guarantees is uncertain, and will depend upon a number of factors including general capital market conditions, underlying fund performance, policyholder behaviour, and mortality experience, which may result in negative impacts on our net income and capital.

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the statement of profit or loss) and equity (that reflects changes in fair value of financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

(Rs. in lakhs)

Market indices	Change in Variables	Year ended 31.03.2021		Year ended 31.03.2020	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Equity price	10% rise	1,727.00	-	1,008.00	-
	10% fall	(1,727.00)	-	(1,008.00)	-

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. Given the nature and scale of operations, the Group accepts high level of intrinsic risk in the operating model but has low tolerance for outages, specifically either at point of sale or in the subsequent delivery of policyholder obligations. The Group therefore makes resources available to control operational risks to acceptable levels however, recognizes that it is not possible to eliminate some of the risks inherent in its activities given the economic benefits of eliminating the same are far lower than the costs incurred in the process. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored

Notes forming part of the Consolidated financial statements

through the Group's strategic planning and budgeting process.

The Group is exposed to various areas of operational risks, including misselling, technology, business continuance, information security, fraud, business processes, outsourcing, and compliance. These are mitigated by regular review and monitoring of operating, reporting processes and procedures. A range of policies and procedures to manage these risks is in place including Business Continuity Management, Information Security, Outsourcing, Anti-Fraud, Anti-Corruption and Anti-Bribery, and Anti-Money Laundering Policies together with a Business Code of Conduct. The first line of defence, through the departmental self-assessments, identifies all potential areas of inherent as well as residual risks along with the mitigation actions. The progress against these is monitored closely by respective functions, and is followed up by monitoring and reviews by the second and the third lines of defence.

Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001 which is a global benchmark. The Group has a comprehensive Information Security policy designed to comply with ISO 27001, privacy and / or data protection legislations as specified in Indian Information Technology Act 2008 and Notification dated April 11, 2011 on protection of sensitive personal information and it provides direction to Information Security staff, Management and employees regarding their roles and responsibilities towards Information Security.

The subsidiary company also has a Business Continuity Management System which is aligned and certified against ISO 22301 which is also a global benchmark and has a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimising the potential business impact to Max Life. Additionally, it creates a system that fosters continuous improvement of business continuity management.

The Operational Risk Group and the Management Risk Committee monitor the residual risks in these areas and ensure that control actions are triggered at appropriate times to ensure that these risk exposures remain within the Group's risk appetite. Process risks in respect of technical areas like Product Developments, Information Security are monitored through specialised forums like a Product Steering Committee (which governs a defined process and structure for development of products), Information Security & Business Continuity Management Committee (for all Information Security, Cyber Security and continuity related matters).

(ii) Liquidity risk

An asset-liability mismatch occurs when the financial terms of a Group's assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc. Through effective cash management and capital planning, the Group ensures that, it is properly funded and maintain adequate liquidity to meet obligations. Elaborate mechanism is in place to match duration as well as cash flows through detailed ALM methodology which takes into account re-investment risk as well. Based on the Group's historical cash flows and liquidity management processes, the cash flows from the operating activities will continue to provide sufficient liquidity for us to satisfy debt service obligations and to pay other expenses as they fall due.

Notes forming part of the Consolidated financial statements

Liquidity risk is the possibility that the Group will not be able to fund all cash outflow commitments as they fall due. Group's primary funding obligations arise in connection with the payment of policyholder benefits Sources of available cash flow include general fund premiums and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales).

A governance structure, in form of the ALM Committee, and well defined Asset Liability Management Policy require periodic monitoring of the Asset-Liability position of the Group. The ALM policy defines the constraints on Investment policy arising from the nature of the liabilities that invested assets support. The Investment Policy defines in appropriate detail the specific limits on various forms of investment arising from Regulations, the ALM Policy and MLI's specific investment related risk appetites on various forms of investment. Periodic monitoring of interest rate sensitivity, dollar duration gap, cash flow matching, liquidity ratios, is undertaken at Management as well as Board Level Committees.

The Group remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Group's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date. The figures reflect the contractual undiscounted cash obligation of the Group. (Refer note 45)

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. The Company is subject to credit risk in connection with issuers of securities held in our investment portfolio, reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realised or unrealised losses and increase our provisions for asset default, adversely impacting earnings.

Governance structure, in form of the Investment Committee, and well defined investment policies & processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis.

The policyholders' funds are invested in accordance with regulatory norms, Investment policy, fund objective of unit linked funds and risk profile of the respective fund in fixed income segment, majority of the investment is made in the government securities having sovereign rating & debt securities issued by reputed corporate having appropriate rating as per Investment Committee.

Credit risk is significantly mitigated in Controlled Fund (CF) through investments in government securities (at least 50% as per regulations) and is managed by investing in bonds with minimum

Notes forming part of the Consolidated financial statements

rating of AA+ in accordance with Investment Policy. Currently, over 90% of the rated debt portfolio (including government securities) of the Controlled Fund is invested in AAA rated bonds. However, the risk of downgrade in rating always remains which exposes Max Life to credit risk to a certain extent.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet and is mitigated by maintaining cash collaterals against the fair values beyond a threshold.

Industry Analysis

As at March 31, 2021

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Total
FVOCI financial assets							
Debt	11,280.00	4,663.00	28,279.00	107,930.29	-	-	152,152.29
Government Securities	-	164,814.57	-	-	-	-	164,814.57
Others*	-	158,154.31	4,977.46	-	-	-	163,131.77
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	6,401.96		-	-	6,401.96
Debt Securities	62,104.60	-	151,649.60	79,353.79	-	9,344.22	302,452.21
Equity Instruments	905,484.50	-	372,289.21	64,819.85	366,418.83	106,146.23	1,815,158.62
Government Securities	-	788,623.88	-	-	-	-	788,623.88
Infrastructure Investment Trusts	-	-	-	12,473.68	-	-	12,473.68
Mutual funds	-	-	-		-	163,664.87	163,664.87
Exchange traded Fund (MF)	-	-	-	-	-	126,095.87	126,095.87
Real Estate Investment Trust	-	-	-	-	-	9,923.17	9,923.17
Others*	-	337,278.43	1,040.79	-	-	-	338,319.22
Financial Assets At Amortised Cost							
Debt	270,460.29	-	644,795.27	214,479.26	-	2,625.08	1,132,359.90
Government Securities	-	3,888,057.55	-	-	-	-	3,888,057.55
Others*	-	112,945.27	-	-	-	-	112,945.27
Total Credit Risk Exposure	**1,249,329.39**	**5,454,537.01**	**1,209,433.29**	**479,056.87**	**366,418.83**	**417,799.44**	**9,176,574.83**

As at March 31, 2020

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Grand Total
FVOCI Financial Assets							
Debt	37,524.28	4,729.72	33,302.91	96,492.62	-	9,569.03	181,618.56
Government Securities	-	54,220.74	-	-	-	-	54,220.74
Others*	-	13,442.42	3,099.30	-	-	-	16,541.72
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	5,086.15	-	-	-	5,086.15
Debt Securities	15,170.57	550.98	109,600.35	202,967.07	-	35,222.81	363,511.78

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Grand Total
Equity Instruments	520,846.41	-	340,745.08	98,131.45	137,482.96	32,955.30	1,130,161.20
Government Securities	-	586,330.58	-	-	-	-	586,330.58
Infrastructure Investment Trusts	-	-	-	3,391.52	-	-	3,391.52
Mutual funds	-	-	-	-	-	238,085.83	238,085.83
Others*	-	53,087.70	-	-	-	-	53,087.70
Financial Assets At Amortised Cost							
Debt	34,335.18	2,644.45	181,119.57	779,679.39	-	57,020.13	1,054,798.72
Government Securities	-	3,145,691.42	-	-	-	-	3,145,691.42
Others*	-	24,033.62	-	-	-	-	24,033.62
Total Credit Risk Exposure	**607,876.44**	**3,884,731.63**	**672,953.36**	**1,180,662.05**	**137,482.96**	**372,853.10**	**6,856,559.54**

* other investments includes fixed deposits and reverse repo

Credit Exposure by Credit Rating
As at March 31, 2021

(Rs. in lakhs)

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	A or lower than A or Equivalent	SOVEREIGN	UNR	Total
FVOCI Financial Assets							
Debt	151,339.58	812.71	-	-	-	-	152,152.29
Government Securities	-	-	-	-	164,814.57	-	164,814.57
Others*	-	-	-	-	158,154.31	4,977.46	163,131.77
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	-	-	-	6,401.96	6,401.96
Debt Securities	224,773.61	26,272.57	1,042.45	50,363.58	-	-	302,452.21
Equity Instruments	-	17,626.19	-	-	-	1,797,532.43	1,815,158.62
Exchange traded Fund (MF)	-	-	-	-	-	126,095.87	126,095.87
Government Securities	-	-	-	-	788,623.88	-	788,623.88
Infrastructure Investment Trusts	12,473.68	-	-	-	-	-	12,473.68
Mutual funds	163,664.87	-	-	-	-	-	163,664.87
Real Estate Investment Trust	9,923.17	-	-	-	-	-	9,923.17
Others*	-	-	-	-	337,278.42	1,040.80	338,319.22
Financial Assets At Amortised Cost							
Debt	969,988.22	5,588.46	-	156,783.22	-	-	1,132,359.90
Government Securities	-	-	-	-	3,888,057.55	-	3,888,057.55
Others*	-	-	-	-	112,945.27	-	112,945.27
Total Credit Risk Exposure	**1,532,163.13**	**50,299.93**	**1,042.45**	**207,146.80**	**5,449,874.00**	**1,936,048.52**	**9,176,574.83**

Notes forming part of the Consolidated financial statements

As at March 31, 2020

(Rs. in lakhs)

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	A or lower than A or Equivalent	SOVEREIGN	UNR	Total
FVOCI Financial Assets							
Debt	177,294.02	4,324.54	-	-	-	-	181,618.56
Government Securities	-	-	-	-	54,220.74	-	54,220.74
Others*	13,442.42	-	-	-	-	3,099.30	16,541.72
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	-	-	-	5,086.15	5,086.15
Debt Securities	269,445.44	38,477.77	1,603.07	53,985.50	-	-	363,511.78
Equity Instruments	-	-	-	-	-	1,130,161.20	1,130,161.20
Government Securities	-	-	-	-	586,330.58	-	586,330.58
Infrastructure Investment Trusts	-	-	-	-	-	3,391.52	3,391.52
Mutual funds	-	-	-	-	-	238,085.83	238,085.83
Others*	53,087.70	-	-	-	-	-	53,087.70
Financial Assets At Amortised Cost							
Debt	898,525.42	7,826.18	-	148,447.12	-	-	1,054,798.72
Government Securities	-	-	-	-	3,145,691.42	-	3,145,691.42
Others*	24,033.62	-	-	-	-	-	24,033.62
Total Credit Risk Exposure	**1,435,828.62**	**50,628.49**	**1,603.07**	**202,432.62**	**3,786,242.74**	**1,379,824.00**	**6,856,559.54**

* other investments includes fixed deposits and reverse repo

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group actively manages its investments exposures to ensure that there is no significant concentration of credit risk.

Expected credit loss

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are measured at amortised cost and

b) Financial assets (debt) that are measured as at FVTOCI

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If

Notes forming part of the Consolidated financial statements

credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

For the purpose of 12-month credit risk, Company has applied probability of default (PD) and loss given default (LGD) based on the credit rating of each securities. These PD and LGD for various ratings have been obtained from CRISIL and RBI respectively.

ECL allowance (or reversal) for the year is recognised as expense / income in the statement of profit or loss.

ECL allowance computed, basis above, during the period under consideration is as follows:

(Rs. In lakhs)

Movement of Allowances	Financial Asset
As at April 1, 2019	556.54
Provided during the year	10,254.02
Reversals of provision	-
As at March 31, 2020	**10,810.56**
Provided during the year	-
Reversals of provision	(8,273.21)
As at March 31, 2021	**2,537.35**

Insurance and Financial Risk of Insurance Business

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Life insurance contracts and investment contracts with and without discretionary participation feature (DPF)

Ind AS 104 requires products offered by the Insurance Company to classify them in Insurance Contract and Investment Contract. Each contract needs to be classified in insurance contract and investment contract based on the risk they carry.

A contract would be an insurance contract and investment contracts with DPF if the benefit payable on death is higher by:

at least 5% of the fund value at any time during the life on the contract for unit linked products, or

at least 5% of the premium at any time during the life of the contract for other than unit linked products

Notes forming part of the Consolidated financial statements

All other contract are categorised as Investment contracts.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The main risks that the company is exposed to are as follows:

a) Persistency risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected
b) Mortality risk – risk of loss arising due to policyholder death experience being different than expected
c) Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
d) Longevity risk – risk of loss arising due to the annuitant living longer than expected
e) Investment return risk – risk of loss arising from actual returns being different than expected
f) Expense risk – risk of loss arising from expense experience being different than expected
g) Product and pricing risk – risk of loss due to incorrect pricing or not adhering to the product regulations or higher payouts due to ambiguity in terms and conditions
h) Reinsurance risk – The Company enters into reinsurance agreements in order to mitigate insurance risk. However, this leads to default risk from the reinsurer at the time of claim payment or also concentration risk if all the risk is insured to one reinsurer.
i) Concentration risk – The Company faces concentration risk by selling business to specific geography or by writing only single line business etc.
j) Liquidity risk – The Company does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive cost.

Control Measures

The actuarial department has set up systems to continuously monitor the company's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposals. Some products offered by the company also have an investment guarantee. The company has set aside adequate reserves to cover this risk.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with multiple reinsurers. The company has entered into a separate agreement with reinsurers to cover the catastrophic risks under individual and group business.

A further element of managing risk is to limit the exposure to individual segments of the population. In essence, being over-represented in any population segment will increase the variance of the company's experience, and so there are advantages to diversifying across all relevant population segments, at least until data is available to confirm which segments can be expected to have relatively favourable experience. At the present stage in the company's development, the focus is on building new distribution and so geographical diversification is actively taking place.

Insurance Contracts Liabilities

Notes forming part of the Consolidated financial statements

Change in liabilities

(Rs. in lakhs)

Particulars	31.03.2021				31.03.2020			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	**3,700,910.06**	**1,870,911.00**	**815,112.00**	**6,386,933.06**	**3,149,001.00**	**1,905,856.00**	**636,480.00**	**5,691,337.00**
Add/(Less) :								
Premium	679,638.73	483,509.47	238,962.21	1,402,110.41	641,620.00	424,463.00	159,985.00	1,226,068.00
Unwinding of the discount /Interest credited	201,541.10	83,702.51	54,684.23	339,927.84	170,851.00	86,683.00	42,087.00	299,621.00
Claim Liability released	(281,570.23)	(185,598.67)	(83,986.66)	(551,155.56)	(276,645.00)	(247,089.00)	(63,597.00)	(587,331.00)
New Business	15,536.64	176,832.76	169,035.85	361,405.25	13,962.00	154,917.00	100,587.00	269,466.00
Others	133,307.59	351,279.01	(84,776.83)	399,809.77	2,121.06	(453,919.00)	(60,430.00)	(512,227.94)
At the end of the year	**4,449,363.89**	**2,780,636.08**	**1,109,030.80**	**8,339,030.77**	**3,700,910.06**	**1,870,911.00**	**815,112.00**	**6,386,933.06**

Investment Contracts Liabilities

(Rs. in lakhs)

Particulars	31.03.2021				31.03.2020			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	**6.00**	**77,551.50**	**-**	**77,557.50**	**16.00**	**109,195.00**	**-**	**109,211.00**
Add/(Less) :								
Premium	-	4,355.37	-	4,355.37	-	5,195.00	-	5,195.00
Interest and Bonus credited to policyholders	0.53	28,942.21	-	28,942.74	1.00	(8,339.00)	-	(8,338.00)
Withdrawals / Claims	-	22,858.86	-	22,858.86	11.00	28,112.00	-	28,123.00
Fee Income and Other Expenses	0.06	302.28	-	302.34	-	387.50	-	387.50
At the end of the year	**6.47**	**87,687.94**	**-**	**87,694.41**	**6.00**	**77,551.50**	**-**	**77,557.50**

(Rs. in lakhs)

Reinsurance Assets	As at 31.03.2021	As at 31.03.2020	Deferred Acquisition Cost	
			Particulars	**Amount**
At the beginning of the year	**142,348.45**	**49,872.39**	**As at April 1, 2019**	**122.51**
			Expenses deferred	-
Add/(Less)			Amortisation	(35.92)
Impact of new business	16,573.94	36,235.88	**As at March 31, 2020**	**86.59**
Others	(61,567.73)	56,240.18	Expenses deferred	-
			Amortisation	(22.09)
At the end of the year	**97,354.66**	**142,348.45**	**As at March 31, 2021**	**64.50**

Notes forming part of the Consolidated financial statements

Key assumptions

The assumptions play vital role in calculating Insurance liabilities for the Company. Material judgement is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, internal data, some judgement and as per guidance notes/actuarial practice standards. However for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MfAD (margin for adverse deviation).The Company keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Assumptions can vary by type of product, duration, gender, distribution channel etc if the experience of any category is significantly different and data is credible for the respective category.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

i) Mortality and morbidity rates

Assumptions are based on historical experience and for new products based on industry / reinsurers data. Assumptions may vary by type of product, distribution channel, gender etc.

An increase in mortality/morbidity rates will usually lead to a larger number/amount of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profits for the shareholders.

ii) Longevity

Assumptions are based on standard industry tables, adjusted when appropriate to reflect the company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for the shareholders.

iii) Investment return and Discount Rate

The rate of return is derived based on the investment portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current portfolio returns as well as expectations about future economic developments. An increase in investment return would lead to an increase in profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows.

Notes forming part of the Consolidated financial statements

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholder.

iv) Expenses and inflation

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

v) Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the company's experience and usually vary by product type, policy duration and distribution channel.

An increase in lapse/surrender rates generally tends to reduce the value of insurance liability and therefore increase profits for shareholders. However, the direction of impact may vary depending upon the policy duration at which the lapse/surrender occurs.

The assumptions (post the margins for adverse deviations) that have the greatest effect on the statement of financial position and statement of profit or loss of the company are listed below:

Assumptions for key categories of business impacting net liabilities (Insurance)	Mortality rates*		Investment return		Lapse and surrender rates	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Participating Life products - Endowment (closed to new business) - Life Gain Plus	38% to 163% of IALM 12-14	38% to 163% of IALM 12-14	5.45%	5.45%	2% to 19%	2% to 19%
Participating Life products - Whole Life (closed to new business) - Whole Life	38% to 163% of IALM 12-14	38% to 163% of IALM 12-14	5.45%	5.45%	2% to 19%	2% to 19%
Participating Life products - Endowment (open to new business) - Monthly Income Advantage Plan	57% to 75% of IALM 12-14	57% to 75% of IALM 12-14	5.45%	5.45%	2% to 11%	2% to 11%
Participating Life products - Endowment (open to new business) - Life Gain Premier	63% to 97% of IALM 12-14	63% to 97% of IALM 12-14	5.45%	5.45%	3% to 15%	3% to 15%

Notes forming part of the Consolidated financial statements

Assumptions for key categories of business impacting net liabilities (Insurance)	Mortality rates*		Investment return		Lapse and surrender rates	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Key Individual Linked product - Fast Track Super	44% to 94% of IALM 12-14	48% to 102% of IALM 12-14	5.75%	5.70%	5% to 21%	2% to 11%
Individual Non-Participating Life products - Savings - Gteed. Monthly Income Plan	60% to 72% of IALM 12-14	66% to 78% of IALM 12-14	5.75%	5.70%	0.8% to 11%	0.4% to 6%
Individual Non-Participating Life products - Savings - Gteed. Income Plan	52% to 83% of IALM 12-14	57% to 90% of IALM 12-14	5.75%	5.70%	3% to 12%	1% to 6%
Individual Non-Participating Life products - Protection - Online Term Plan	23% to 50% of IALM 12-14	30% to 54% of IALM 12-14	5.75%	5.25%	2% to 8%	2% to 8%
Group Credit Life - Credit Life Secure	33% to 66% of IALM 12-14	72% to 84% of IALM 12-14	5.75%	5.70%	1% to 4%	0.6% to 2%

* Mortality and lapse/surrender assumptions are provided for the top two distribution channels.

Portfolio assumptions by type of business impacting net liabilities (Insurance)	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
With DPF	NA	NA	770.00	660.00	5.45% p.a.	5.45% p.a.
Linked Business	2.50%	2.50%	1,100.00	935.00	5.45% p.a.	5.45% p.a.
Others	NA	NA	594.00	594.00	5.45% p.a.	5.45% p.a.

*Commission scales have been allowed in accordance with the company practice.

Sensitivity to Insurance Risk

Embedded Value (EV) and Value of New Business (VNB) Analysis:

Sensitivity analysis as at March 31, 2021

Sensitivity	Embedded Value		Value New Business	
	Value (Rs. Crore)	% Change	Value (Rs. Crore)	% Change
Base Case	**12,010.00**	--	**1,249.00**	--
Lapses/Surrender - 10% increase	11,886.00	-1%	1,232.00	-1%
Lapses/Surrender - 10% decrease	12,135.00	1%	1,263.00	1%
Mortality - 10% increase	11,812.00	-2%	1,197.00	-4%
Mortality - 10% decrease	12,210.00	2%	1,300.00	4%
Expenses - 10% increase	11,896.00	-1%	1,165.00	-7%

Notes forming part of the Consolidated financial statements

Sensitivity	Embedded Value		Value New Business	
	Value (Rs. Crore)	% Change	Value (Rs. Crore)	% Change
Expenses - 10% decrease	12,124.00	1%	1,332.00	7%
Risk free rates - 100 bps increase	11,800.00	-2%	1,309.00	5%
Risk free rates - 100 bps reduction	12,175.00	1%	1,158.00	-7%
Equity values - 10% immediate rise	12,112.00	1%	1,249.00	Negligible
Equity values - 10% immediate fall	11,908.00	-1%	1,249.00	Negligible

Sensitivity analysis as at March 31, 2020

Sensitivity	Embedded Value		Value New Business	
	Value (Rs. Crore)	% Change	Value (Rs. Crore)	% Change
Base Case	**9,977.00**	-	**897.00**	-
Lapses/Surrender - 10% increase	9,854.00	-1%	864.00	-4%
Lapses/Surrender - 10% decrease	10,103.00	1%	930.00	4%
Mortality - 10% increase	9,800.00	-2%	852.00	-5%
Mortality - 10% decrease	10,154.00	2%	942.00	5%
Expenses - 10% increase	9,880.00	-1%	831.00	-7%
Expenses - 10% decrease	10,073.00	1%	963.00	7%
Risk free rates - 100 bps increase	9,728.00	-2%	911.00	2%
Risk free rates - 100 bps reduction	10,154.00	2%	847.00	-6%
Equity values - 10% immediate rise	10,040.00	1%	897.00	Negligible
Equity values - 10% immediate fall	9,914.00	-1%	897.00	Negligible

Market consistent methodology

The EV and VNB have been determined using a market consistent methodology which differs from the traditional EV approach in respect of the way in which allowance for the risks in the business is made.

For the market consistent methodology, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC) whereas for the traditional EV approach, the allowance for the risk is made through the Risk Discount Rate (RDR).

Components of EV

The EV is calculated to be the sum of:

- Net Asset value (NAV) or Net Worth: It represents the market value of assets attributable to shareholders and is calculated as the adjusted net worth of the company (being the net shareholders' funds as shown in the audited financial statements adjusted to allow for all shareholder assets on a market value basis, net of tax).

- Value of In-force (VIF): This component represents the Present Value of Future expected post-tax Profits (PVFP) attributable to shareholders from the in-force business as at the

Notes forming part of the Consolidated financial statements

valuation date, after deducting allowances for TVFOG, CRNHR and FC. Thus, VIF = PVFP – TVFOG – CRNHR – FC

Assumptions used in EV analysis:

A) Economic assumptions-

- The EV is calculated using risk free (government bond) spot rate yield curve taken from FIMMDA1 as at 31 March 2021.
- The spot rates beyond the longest available term of 40 years are assumed to remain at 40 year term spot rate level. The VNB is calculated using the beginning of respective quarter's risk free yield.
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.

B) Demographic assumptions

The lapse and mortality assumptions are approved by a Board committee and are set by product line and distribution channel on best estimate basis, based on the following principles:

- The Company's recent experience gets examined on quarterly basis and reflected in the best estimate assumptions for annual reporting. However, being amidst COVID 19 pandemic, last few quarter's experience is not a good measure for basing the long term assumptions.
- Hence, to avoid arbitrary movement in assumptions due to one-off impact of COVID 19 pandemic, the current demographic assumptions are kept same as previous year.

Control measures

The actuarial department has set up systems to continuously monitor the company's experience with regard to parameters like mortality, morbidity, policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposals. Some products offered by the company also have an investment guarantee. The company has set aside adequate reserves to cover this risk.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with multiple reinsurers. The company has entered into a separate agreement with reinsurers to cover the catastrophic risks under individual and group business.

A further element of managing risk is to limit the exposure to individual segments of the population. In essence, being over-represented in any population segment will increase the variance of the company's experience, and so there are advantages to diversifying across all relevant population segments, at least until data is available to confirm which segments can be expected to have relatively favourable experience. At the present stage in the company's development, the focus is on building new distribution and so geographical diversification is actively taking place.

Notes forming part of the Consolidated financial statements

43. Fair value measurement

A Valuation principles and governance

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

B Financial instruments by fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

  For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

  The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs:

Notes forming part of the Consolidated financial statements

As at March 31, 2021

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Derivative financial instrument				
Forward rate agreements	-	6,749.06	-	6,749.06
FVOCI Assets:				
Government Securities	-	164,814.57	-	164,814.57
Debt Securities	-	152,152.29	-	152,152.29
Other Investments*	-	163,131.77	-	163,131.77
FVTPL Assets:				
Government Securities	-	788,623.88	-	788,623.88
Debt Securities	-	302,452.21	-	302,452.21
Equity Instruments	1,825,081.79	-	-	1,825,081.79
Mutual Funds	289,760.74	-	-	289,760.74
Alternate Investment Fund	-	6,401.96	-	6,401.96
Additional Tier 1 Bonds	-	-	-	-
Infrastructure Investment Trusts	12,473.68	-	-	12,473.68
Other Investments*	-	338,319.22	-	338,319.22
Total	**2,127,316.21**	**1,922,644.96**	**-**	**4,049,961.17**
Liabilities measured at fair value				
Derivative financial instrument				
Forward rate agreements	-	5,470.74	-	5,470.74
Total	**-**	**5,470.74**	**-**	**5,470.74**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

Notes forming part of the Consolidated financial statements

As at March 31, 2020

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Forward rate agreements	-	3,317.60	-	3,317.60
FVOCI Assets:				
Government Securities	-	54,220.74	-	54,220.74
Debt Securities	-	181,618.56	-	181,618.56
Other Investments*	-	16,541.72	-	16,541.72
FVTPL Assets:				
Government Securities	-	586,330.58	-	586,330.58
Debt Securities	-	363,511.78	-	363,511.78
Equity Instruments	1,112,392.81	-	-	1,112,392.81
Preference Shares	-	-	-	-
Mutual Funds	238,085.83	-	-	238,085.83
Alternate Investment Fund	-	5,086.15	-	5,086.15
Additional Tier 1 Bonds	-	17,768.39	-	17,768.39
Infrastructure Investment Trusts	3,391.52	-	-	3,391.52
Other Investments*	-	53,087.70	-	53,087.70
Total	**1,353,870.16**	**1,281,483.22**	**-**	**2,635,353.38**
Liabilities measured at fair value				
Liability on written put options	-	-	34,814.46	34,814.46
Derivative financial instrument				
Forward rate agreements	-	3,802.22	-	3,802.22
Total	**-**	**3,802.22**	**34,814.46**	**38,616.68**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

Notes forming part of the Consolidated financial statements

Valuation techniques

Asset Classification	Valuation
Equity instruments	Listed equity shares are valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE.
Preference shares	Listed preference shares to be valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE.
Government Securities	The Government Securities and Special Bond / Oil Bond issued by Government of India are valued at prices (Gilt Values) obtained from CRISIL
State Government Bonds	State Government securities are valued at prices (SDL Values) obtained from CRISIL
Reverse Repo	Valued at cost plus interest accrued on reverse repo rate
Discounted Securities (Treasury Bills, Commercial Papers, Certificates of Deposit)	Valued at accreted cost on Straight line till the beginning of the day plus the difference between the redemption value and the cost spread uniformly (straight line method) over the remaining maturity period of the instruments. The income shall be recognised as discount accrued.
Fixed Deposits	Valued at cost plus interest accrued on agreed coupon rate
Infrastructure Investment Trusts (INVIT) and Real estate Investment Trusts (REIT)	Valued at Market Value (last Quoted price should not be later than 30 days). Where Market Quote is not available for the last 30 days, the Units shall be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust
Additional Tier-1 bonds	Valued on the basis of values generated by bond valuer based on matrix released by Credit Rating Information Services of India Limited (CRISIL) on daily basis
Exchange Traded Fund	Listed Exchange Traded Fund units are valued at fair value, being the last quoted closing price on NSE and in case the same is not available, then on BSE
Mutual Fund	Valued at the previous day's Net Asset Value (NAV)
Alternate Investment Funds	Valued at Net Asset Value (NAV) if available or historical Cost less diminution in value of investments.
Debt Securities (Non-Convertible Debentures)	**Maturity >182 days:** Valued on YTM basis by using spread over benchmark rates (matrix released by CRISIL on daily basis) to arrive at the yield for pricing the security. The benchmark spreads are incorporated in the CRISIL Bond Valuer on daily basis and accordingly the instruments are valued on yield to maturity basis depending upon its maturity buckets & corresponding ratings **Maturity <182 days:** Securities purchased with residual maturity of up to 182 days are to be valued at cost plus the difference between the redemption value and cost spread uniformly over the remaining maturity period of the instrument. In case of securities with maturity >182 days at the time of purchase, the last available valuation price should be used. Depending upon the premium or discount at the time of purchase, the price will be subject to amortisation/accretion

Notes forming part of the Consolidated financial statements

Asset Classification	Valuation
	Call option: The securities with call option shall be valued (by CRISIL Bond Valuer) at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument **Put option:** The securities with put option shall be valued (by CRISIL Bond Valuer) at the higher of the value as obtained by valuing the security to final maturity, and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments **Put & call option on the same day:** The securities with both Put and Call option on the same day would be deemed to mature on the Put/ Call day and would be valued accordingly (by CRISIL Bond Valuer) **Annually compounding coupon:** Securities having annual compounding coupons shall be valued on YTM basis by using spread over benchmark rates (matrix released by CRISIL Bond Valuer on daily basis) to arrive at the yield for pricing the security. The gross/dirty price so arrived shall be reduced by the coupon calculated from last interest payment date or allotment date whichever is earlier to arrive at the clean price. Such reduction shall take into account the compounding coupon calculations wherever applicable **Coupon reset Paper:** 6 monthly benchmark coupon reset paper/Floater are to be valued at cost plus the difference between the redemption value and cost spread uniformly over the remaining maturity period of the instrument. Depending upon the premium or discount at the time of purchase, the price will be amortised/accreted. On the date of reset such accretion/ amortisation shall also be reset for pricing **NSE MIBOR Paper:** NSE MIBOR instruments including those with daily put call options shall be valued at cost till the date of maturity

D Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities:

Notes forming part of the Consolidated financial statements

As at 31 March, 2021

(Rs. In lakhs)

Particulars	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	71,557.33	71,557.33	-	-	71,557.33
Bank balances other than cash and cash equivalents	124.22	124.22	-	-	124.22
Trade receivables	61,056.72	-	61,056.72	-	61,056.72
Loans and Advances					
Loan against policy	53,222.46	-	53,222.46	-	53,222.46
Security deposits	4,203.55	-	4,203.55	-	4,203.55
Investment Securities - Measured at amortised cost	5,133,362.72	-	5,456,075.45	-	5,456,075.45
Other financial assets	142,277.65	-	142,277.65	-	142,277.65
Total Financial Assets	**5,465,804.65**	**71,681.55**	**5,716,835.83**	**-**	**5,788,517.38**
Financial liabilities					
Trade payables	123,532.23	-	123,532.23	-	123,532.23
Lease liabilities	27,839.22	-	27,839.22	-	27,839.22
Contract liabilities of life insurance	8,934,305.62	-	8,934,305.62	-	8,934,305.62
Other financial liabilities	268,978.30	-	268,978.30	-	268,978.30
Total Financial Liabilities	**9,354,655.37**	**-**	**9,354,655.37**	**-**	**9,354,655.37**

As at 31 March, 2020

(Rs. In lakhs)

Particulars	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	76,701.57	76,701.57	-	-	76,701.57
Bank balances other than cash and cash equivalents	164.79	164.79	-	-	164.79
Trade and other receivables	82,326.73	-	82,326.73	-	82,326.73
Loans and Advances					
Loan against policy	42,644.84	-	42,644.84	-	42,644.84
Security Deposit	3,631.80	-	3,631.80	-	3,631.80
Other loans	1.36	-	1.36	-	1.36
Investment Securities - Measured at amortised cost	4,224,523.76	-	4,546,894.47	-	4,546,894.47
Other financial assets	68,581.16	-	68,581.16	-	68,581.16
Total Financial Assets	**4,498,576.01**	**76,866.36**	**4,744,080.36**	**-**	**4,820,946.72**
Financial liabilities					
Trade payables	80,944.25	-	80,944.25	-	80,944.25
Lease liabilities	31,921.65	-	31,921.65	-	31,921.65
Contract liabilities of life insurance	6,865,689.79	-	6,865,689.79		6,865,689.79
Other financial liability	79,926.58	-	79,926.58	-	79,926.58
Total Financial Liabilities	**7,058,482.27**	**-**	**7,058,482.27**	**-**	**7,058,482.27**

Notes forming part of the Consolidated financial statements

Valuation methodologies of financial instruments not measured at fair value

Short-term financial assets and liabilities:

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents, Security deposit, Policy loans, trade payables, Contract liabilities of life insurance and other financial liabilities. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Financial asset at amortised cost

The fair values financial of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk

44. Derivative financial instruments

The Group has guaranteed products where the returns to the policy holders are fixed and the Group is exposed to interest rate risk on account of investment from receipt of subsequent premiums and sum of interest and maturity from investment made out of premiums received.

The Group has during the year, as part of its Hedging strategy, entered into Interest rate swaps (IRS) and Forward rate agreements (FRA) transactions to hedge the interest rate sensitivity for highly probable forecasted transactions as permitted by the IRDAI circular on Interest Rate Derivatives.

An IRS transaction is that whereby the Group receives at a pre-determined fixed rate and pays a floating rate to the bank based on the underlying index.

Forward Rate Agreements (FRA) is an agreement between two parties to pay or receive the difference (called settlement money) between an agreed fixed rate (FRA rate) and the interest rate prevailing on stipulated future date (the fixing date) based on a notional amount for an agreed period (the contract period).

In accordance with the Regulations, the Group has executed International Swaps and Derivatives Association (ISDA) master agreements and two way Credit Support Annexure (CSA) with the banks. The Group uses Value at Risk (VAR) to measure and monitor risk of its derivatives portfolio. Derivatives are undertaken by the Group solely for the purpose of hedging interest rate risks on account of following:

a. Reinvestment of maturity proceeds of existing fixed income investments;

b. Investment of interest income receivable; and

c. Expected policy premium income receivable on insurance contracts which are already underwritten in Life and Pension & General Annuity business.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not

Notes forming part of the Consolidated financial statements

indicative of either the market risk or credit risk.

During the year ended March 31, 2020, the Group has pre-terminated all of the existing Interest Rate Swaps (IRS) trades and has entered into Forward Rate Agreements (FRA) hedges, considering that FRA offers better hedging as compared to IRS. As a result, the cumulative Mark to Market (MTM) gains on IRS transactions reflected as part of Equity has been realised with receipt of actual cash flows from the counterparties.

As per Ind AS 109 "Financial Instruments", If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Considering the above guidance, the Group has shown the cumulative realised gains on termination of IRS hedges as under Financial liabilities of the life insurance fund of the financial Statements. The amount under this account shall be recycled to Statement of Profit and Loss basis the forecasted transaction impacts the revenue account. Till such time, the amount reflected as part of Realised Hedge Reserves will not be available for payment of dividends to Shareholders.

An amount of Rs 7,750.00 lakhs realised out of premature cancellation of IRS contracts has been shown as Realised Hedge Reserves under Financial liabilities of the life insurance fund. Out of the amount Rs. 923.00 lakhs was credited to the Statement of Profit and Loss during the year ended March 31, 2020 and Rs. 1,356.00 lakhs has been credited to the Statement of Profit and Loss during the year ended March 31, 2021.

A) Amount outstanding and Mark to Market values

(Rs. In lakhs)

Particulars	As at March 31.03.2021		As at March 31.03.2020	
	FRA derivatives	Interest rate derivatives	FRA derivatives	Interest rate derivatives
Cash Flow Derivatives				
1 Derivatives (Outstanding Notional Amount)	1,004,666.55	-	445,437.14	-
2 Derivatives(Average Notional Amount)	NA	-	NA	-
3 Marked to market positions				
a) Asset (+)	6,749.06	-	3,317.60	-
b) Liability (-)	(5,470.74)	-	(3,802.22)	-
4 Credit exposure				
Current Credit Exposure	6,749.06	-	3,317.60	-
Potential Future Credit Exposure	12,900.08	-	4,609.72	-

Notes forming part of the Consolidated financial statements

B) Benchmark wise derivative position

For the year ended March 31, 2021

S. No.	Nature of the Derivative Contract	Benchmark	No of Deals	Notional amount of Derivative Contract o/s at the beginning of the Year	Fresh derivative contracts/ position taken during the Year	Derivative contracts/ positions terminated/ matured/ expired during the Year #	Notional amount of Derivative Contract o/s at the end of the Year
1	Forward Rate Agreements (FRA)	MIBOR/OIS/INBMK	281	445,437.14	666,972.73	107,743.32	1,004,666.55
2	Interest Rate Swaps (IRS)	MIOIS/ MIBOR*	-	-	-	-	-
3	Interest Rate Futures (IRF)	GOI	-	-	-	-	-

For the year ended March 31, 2020

S.No.	Nature of the Derivative Contract	Benchmark	No of Deals	Notional amount of Derivative Contract o/s at the beginning of the Year	Fresh derivative contracts/ position taken during the Year	Derivative contracts/ positions terminated/ matured/ expired during the Year #	Notional amount of Derivative Contract o/s at the end of the Year
1	Forward Rate Agreements (FRA)	MIBOR/OIS/INBMK	119	-	445,437.14	-	445,437.14
2	Interest Rate Swaps (IRS)	MIOIS/ MIBOR*	-	1,187,173.95	328,344.34	1,515,518.29	-
3	Interest Rate Futures (IRF)	GOI	-	-	-	-	-

*The Tenure of the swaps when placed are for maximum 10 years

Includes matured notional legs of derivative contract

C) Counterparty Wise derivative position

S.No.	Counterparty	As at March 31.03.2021			As at March 31.03.2020		
		Notional of Derivative Contract o/s	Current Credit Exposure	Potential Future Credit Exposure	Notional amount of Derivative Contract o/s	Current Credit Exposure	Potential Future Credit Exposure
1	JP Morgan Chase	283,512.65	1,572.56	3,667.92	131,758.94	619.62	1,520.66
2	Standard Chartered Bank	235,428.11	2,215.32	2,477.14	195,913.61	1,726.66	1,970.25
3	HSBC Bank	17,563.80	198.20	167.15	21,996.55	625.06	132.98
4	DBS Bank	118,952.18	768.71	1,299.42	74,035.57	280.74	653.53
5	Credit Suisse	230,972.81	1,612.77	3,947.38	14,353.98	14.47	227.27
6	CITI Bank	63,253.07	82.07	795.56	7,378.49	51.05	105.03
7	BNP Paribas	54,983.93	299.42	545.42	-	-	-

Notes forming part of the Consolidated financial statements

D) Derivative designated as hedging instruments

a) The impact of the hedging instruments on the balance sheet is, as follows

As at March 31, 2021

Derivative financial instruments	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Forward Rate Agreements	1,004,666.55	1,278.32	Derivative Financial Asset/ Liability	1,762.94

As at March 31, 2020

Derivative financial instruments	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Forward Rate Agreements	445,437.14	(484.62)	Derivative Financial Asset/ Liability	(484.62)

b) The impact of hedged items on the balance sheet is, as follows:

As at March 31, 2021

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Forward Rate Agreements	1,278.00	11,701.00	-
Interest Rate Swap	-	5,475.54	-

As at March 31, 2020

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Forward Rate Agreements	5,424.00	4,339.00	-
Interest Rate Swap	-	6,832.00	-

Notes forming part of the Consolidated financial statements

c) The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

As at March 31, 2021

Derivative financial instruments	Total hedging gain / (loss) recognised in OCI	Ineffectiveness recognised in profit/(loss)	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Forward Rate Agreements	11,701.00	(5,612.00)	NA	-	204.00	-	NA
Interest Rate Swap	-	-	-	-	-	-	-

As at March 31, 2020

Derivative financial instruments	Total hedging gain / (loss) recognised in OCI	Ineffectiveness recognised in profit/(loss)	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Forward Rate Agreements	4,339.00	(4,823.00)	NA	-	-	-	NA
Interest Rate Swap	(6,023.00)	-	NA	-	918.00	-	NA

45. Maturity profile

The following table summarises the maturity profile of the assets and liabilities of the company based on remaining contractual obligations, including interest payable and receivable.

The company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

The table below summarises the expected utilisation or settlement of assets and liabilities. Maturity analysis on expected maturity bases:

(Rs. In lakhs)

Particulars	As at 31.03.2021			As at 31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and Cash Equivalents	71,557.33	-	71,557.33	76,701.57	-	76,701.57
Bank balances other than cash and cash equivalents	113.02	11.20	124.22	153.59	11.20	164.79
Derivative financial instruments	6,749.06	-	6,749.06	3,317.60	-	3,317.60

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	As at 31.03.2021			As at 31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Trade Receivables	61,056.72	-	61,056.72	82,326.73	-	82,326.73
Investments						
at amortised Cost	144,774.22	4,988,588.50	5,133,362.72	45,483.16	4,179,040.60	4,224,523.76
at Fair Value through Other Comprehensive Income	257,343.67	222,754.96	480,098.63	104,967.96	147,413.06	252,381.02
at Fair Value through Profit and Loss	803,989.79	2,759,123.69	3,563,113.48	480,506.60	1,899,148.16	2,379,654.76
Other Financial Assets	144,491.78	55,211.88	199,703.66	68,859.92	45,999.24	114,859.16
Total financial assets	**1,490,075.59**	**8,025,690.23**	**9,515,765.82**	**862,317.13**	**6,271,612.26**	**7,133,929.39**
Non Financial Assets						
Current tax assets (net)	207.97	387.85	595.82	192.59	812.96	1,005.55
Deferred tax assets (net)	-	884.26	884.26	-	993.74	993.74
Investment Property	-	80,613.69	80,613.69	-	50,946.36	50,946.36
Property, plant and equipment	-	10,240.99	10,240.99	-	11,138.48	11,138.48
Capital work-in progress	-	29.59	29.59	-	95.88	95.88
Goodwill	-	52,525.44	52,525.44	-	52,525.44	52,525.44
Intangible assets	-	14,033.57	14,033.57	-	12,849.58	12,849.58
Right of use asset	-	24,317.27	24,317.27	-	29,203.27	29,203.27
Other non-financial assets	103.97	114,050.52	114,154.49	141.50	159,792.76	159,934.26
Total non-financial assets	**311.94**	**297,083.18**	**297,395.12**	**334.09**	**318,358.47**	**318,692.56**
Total assets	**1,490,387.53**	**8,322,773.41**	**9,813,160.94**	**862,651.22**	**6,589,970.73**	**7,452,621.95**
Financial Liabilities						
Trade Payables	119,202.23	4,330.00	123,532.23	76,445.03	4,499.22	80,944.25
Derivative financial instruments	5,470.74	-	5,470.74	3,802.22	-	3,802.22
Lease Liability	5,202.30	22,636.92	27,839.22	5,147.01	26,774.64	31,921.65
Contract liabilities of life insurance	302,643.71	8,631,661.91	8,934,305.62	94,395.23	6,771,294.56	6,865,689.79
Other Financial Liabilities	268,978.30	-	268,978.30	100,617.12	14,123.92	114,741.04
Total financial liabilities	**701,497.28**	**8,658,628.83**	**9,360,126.11**	**280,406.61**	**6,816,692.34**	**7,097,098.95**
Non financial liabilities						
Current tax liabilities (net)	109.41	-	109.41	12,378.21	-	12,378.21
Provisions	660.47	4,781.66	5,442.13	650.14	6,915.03	7,565.17
Deferred tax liabilities (net)	-	5,669.73	5,669.73	-	-	-
Other Non-financial Liabitilies	78,569.90	2,739.73	81,309.63	51,300.94	2,393.28	53,694.22
Total non-financial liabilities	**79,339.78**	**13,191.12**	**92,530.90**	**64,329.29**	**9,308.31**	**73,637.60**
Total liabilities	**780,837.06**	**8,671,819.95**	**9,452,657.01**	**344,735.90**	**6,826,000.65**	**7,170,736.55**
Equity						
Equity share capital	-	6,901.81	6,901.81	-	5,390.19	5,390.19
Other equity	-	327,394.38	327,394.38	-	209,261.80	209,261.80
Equity attributable to owners of the Company	**-**	**334,296.19**	**334,296.19**	**-**	**214,651.99**	**214,651.99**
Non Controlling Interest	-	26,207.74	26,207.74	-	67,233.41	67,233.41
Total equity	**-**	**360,503.93**	**360,503.93**	**-**	**281,885.40**	**281,885.40**
Total liabilities and equity	**780,837.06**	**9,032,323.88**	**9,813,160.94**	**344,735.90**	**7,107,886.05**	**7,452,621.95**

Notes forming part of the Consolidated financial statements

46. Investment Property

Information regarding income and expenditure of Investment property

(Rs. In lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Rental income derived from investment properties	3,405.00	2,541.16
Direct operating expenses (including repairs and maintenance) generating rental income	(327.78)	(352.83)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(92.32)	(156.92)
Profit arising from investment properties before depreciation and indirect expenses	**2,984.90**	**2,031.41**
Less – Depreciation expense	969.18	742.93
Profit arising from investment properties before indirect expenses	**2,015.72**	**1,288.48**

As at March 31, 2021 and March 31, 2020, the fair values of the properties are Rs. 83,493.35 lakhs and Rs. 54,604.00 lakhs respectively. Valuation with respect to property bought in earlier year is based on valuations performed by an independent professional valuer. Fair value estimates for Investment property is classified as level 3.

Reconciliation of fair value:

(Rs. In lakhs)

Particulars	Commercial properties
Opening balance as at April 1, 2019	**21,950.00**
Fair value difference	2,267.00
Purchases	30,387.00
Closing balance as at March 31, 2020	**54,604.00**
Fair value difference	(1,747.15)
Purchases	30,636.50
Closing balance as at March 31, 2021	**83,493.35**

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) 31.03.2021	Range (weighted average) 31.03.2020
Office property (Bangalore)	Income capitalisation approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 50 - Rs. 55	Rs. 50 - Rs. 55
		Interest on deposit	6.00%	6.50%
		Property tax, insurance and others	Rs. 11.40 lakhs p.a.	Rs. 12.20 lakhs p.a.
		Yield rate	6.75%	6.75%

Notes forming part of the Consolidated financial statements

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) 31.03.2021	Range (weighted average) 31.03.2020
Office property (Pune)	Discounted Cash Flow Approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 75 - Rs. 85	Rs. 75 - Rs. 85
		Interest on deposit	6.00%	6.50%
		Property tax and insurance	Rs 81.00 lakhs p.a	Rs. 80.50 lakhs p.a.
		Yield rate	8.25%	8.50%

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) 31.03.2021	Range (weighted average) 31.03.2020
Office property (Noida)	Discounted Cash Flow Approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 90 - Rs. 110	NA
		Property tax and insurance	0.60% of rental income	NA
		Yield rate	8.25%	NA

Income Capitalisation Method involves capitalising a normalised single - year net income estimate by an appropriate yield. This approach is best utilised with stable revenue producing assets, whereby there is little volatility in the net income.

The Discounted Cash Flow Methodology is based upon an estimation of future results. The methodology begins with a set of assumptions as to the projected income and expenses of the property. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions.

The Group has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

47. Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(Rs. In lakhs)

	Particulars	As at 31.03.2021	As at 31.03.2020
(i)	Amounts payable to suppliers under MSME Development Act, 2006 (suppliers) as at year end		
	- Principal	7.68	-
	- Interest due thereon	-	-
(ii)	Payments made to suppliers beyond the appointed day during the year		
	- Principal	-	-
	- Interest paid thereon	-	-

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars		As at 31.03.2021	As at 31.03.2020
(iii)	Amount of Interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSME Development Act, 2006	-	-
(iv)	The amount of interest due and payable for the year Amount of interest accrued and remaining unpaid as on last day	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the year Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, 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.

48. Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, the Group has provided for and spent Rs. 1,224.00 lakhs* (March 31, 2020: 1,337.32 lakhs) on various CSR initiatives, during the year, which are as given below:

(Rs. In lakhs)

CSR Project/Activity	Sector in which project is covered	Amount Spend	
		Year ended 31.03.2021	Year ended 31.03.2020
Can support	Health	-	124.00
Health centre	Health	-	40.61
Financial Literacy CSR	Education, Environment, Health, etc.	374.00	200.32
Environment / Sanitation	Rural Development	-	34.69
Education - Existing NGO Relationships	Education	-	196.10
Education - New NGO Engagement	Education	704.01	509.32
Value Based Education - See Learning India	Education	-	65.82
Miscellaneous expenses (Including Disaster Relief And Unscheduled Events)	Disaster, Education and Health Relief, etc.	-	111.82
Administrative expenses of Max India Foundation	Office expenses	37.03	54.64
TOTAL		**1,115.04**	**1,337.32**

* Amount of Rs 108.96 lakhs paid by the Group to Max India Foundation remained unapplied at the end of the Financial Year 2020-21. The same would be applied in the next financial year.

Notes forming part of the Consolidated financial statements

49. Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statements for the year ended March 31, 2021

(Rs. In lakhs)

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated OCI	Amount	% of Consolidated Total Comprehensive Income	Amount
Parent								
Max Financial Services Limited	184.34%	664,545.92	17.73%	9,922.14	(0.35%)	1.55	17.87%	9,923.69
Subsidiary								
Max Life Insurance Company Limited	80.04%	288,555.74	110.18%	61,672.46	100.35%	(438.31)	110.26%	61,234.15
Eliminations/ Consolidation Adjustments	(164.38%)	(592,597.73)	(27.90%)	(15,619.57)	-	-	(28.12%)	(15,619.57)
Total	**100.00%**	**360,503.93**	**100.00%**	**55,975.03**	**100.00%**	**(436.76)**	**100.00%**	**55,538.27**

Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statements for the year ended March 31, 2020

Name of the entity	Net Assets		Share in Profit and Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit and Loss	Amount	% of Consolidated OCI	Amount	% of Consolidated Total Comprehensive Income	Amount
Parent								
Max Financial Services Limited	80.90%	228,032.12	99.89%	27,254.80	(0.96%)	(12.45)	95.31%	27,242.35
Subsidiary								
Max Life Insurance Company Limited	87.72%	247,277.26	170.54%	46,533.58	100.96%	1,310.66	167.38%	47,844.24
Eliminations/ Consolidation Adjustments	(68.62%)	(193,423.98)	(170.43%)	(46,502.96)	-	-	(162.69%)	(46,502.96)
Total	**100.00%**	**281,885.40**	**100.00%**	**27,285.42**	**100.00%**	**1,298.21**	**100.00%**	**28,583.63**

Notes forming part of the Consolidated financial statements

50. Material partly-owned subsidiary

Financial information of subsidiary company that have material non-controlling interests is provided below:

Name of the entity	Principal Place of Business	Proportion of Ownership Interest	
		As at 31.03.2021	As at 31.03.2020
Max Life Insurance Company Limited	India	90.84%	72.52%

(Rs. In lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Proportion of interest held by non-controlling interest	9.16%	27.48%
Accumulated balances of material non-controlling interest	26,207.74	67,233.41
Summarised financial information for material non-controlling interest		
Financial Assets	870,054.05	1,952,737.07
Non-Financial Assets	22,083.86	72,165.50
Financial Liabilities	857,831.79	54,030.27
Non-Financial Liabilities	7,861.21	1,902,928.66

(Rs. In lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Profit/(loss) allocated to material non-controlling interest:		
Revenue from Operations	286,483.38	500,773.09
Profit for the year	13,435.63	12,786.06
Other comprehensive income	122.00	360.13
Total comprehensive income	13,557.63	13,146.19
Cash flow allocated to material non-controlling interest:		
Cash flow from /(used in) operating activities	80,718.52	267,222.62
Cash flow from /(used in) investing activities	(78,659.20)	(241,781.54)
Cash flow from /(used in) financing activities	(2,530.13)	(23,283.58)
Net increase/(decrease) in cash and cash equivalents	**(470.81)**	**2,157.50**

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

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

53. The Company is primarily engaged in the business of growing and nurturing business investments in its subsidiary. 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 in the standalone financial statements. The management is of the view supported by legal opinion that the Company is an Unregistered Core Investment Company (Unregistered CIC) as

Notes forming part of the Consolidated financial statements

laid down in the "Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016", as amended. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

54. The Company had entered into a option arrangement relating to equity shares of Max Life Insurance Company Limited ('Max Life') executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited. As per the arrangement, the Company has to settle such liability by payment of cash upon exercise of option. As required under Ind AS, put option granted to non-controlling interest is initially recognised in the consolidated financial statements by the Group as a financial liability at the fair value of the amount that may become payable upon exercise of option and is adjusted against the shareholders' equity. In the absence of any mandatorily applicable accounting guidance, the Company has elected an accounting policy to recognise changes on subsequent measurement of the liability / termination in shareholders' equity.

On March 15, 2021, the Company has acquired 0.74% equity shares (previous year : 0.74% equity shares) of Max Life from Axis Bank Limited at a price of Rs. 166 per share (being fair value of Max Life determined on the date of transaction). Pursuant to such purchase and termination Letter to the Option Agreement entered among Axis Bank Limited, MSI, Max Life and the Company, balance equity share options of Max Life have been cancelled and accordingly, the gross obligations under put arrangement stands cancelled.

55. The Board of Directors of the Company in its meeting held on March 3, 2020, had considered and approved the issuance and allotment of up to 75,458,088 equity shares of the Company of face value of Rs. 2 each, fully paid up, on a preferential basis to Mitsui Sumitomo Insurance Company Limited (MSI) for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited ('Max Life')["MSI Swap"], based on the valuation report obtained by the Company in accordance with applicable laws. In addition, the Company through a call/put option has to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in Max Life ("MSI Put/Call Option"). The shareholders of the Company approved the said MSI Swap and MSI Put/Call Option on May 27, 2020.

The Company had received approvals from all requisite regulatory authorities for MSI Swap as of November 27, 2020, namely Competition Commission of India, the stock exchanges, Department of Economic Affairs ('DEA') and Insurance Regulatory and Development Authority of India ('IRDAI'). Pursuant to receipt of all the approvals, the Company has allotted 75,458,088 equity shares of face value of Rs. 2 each, fully paid up at a price of Rs. 565.11 per share on a preferential basis to MSI for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life at a price of Rs. 108.02 per share on December 8, 2020. Post the MSI Swap transaction, MSI holds 21.87% equity shares of the Company and the Company's investment in equity shares of Max Life has increased from 72.52% to 93.10%. Further, Mr. Hideaki Nomura and Mr. Mitsuru Yasuda, nominees of MSI, were appointed as non- executive non-independent additional directors of the Company.

In respect of MSI Put/Call Option, the Company had executed definitive agreement with the parties, which is subject to receipt of requisite regulatory approvals. Subsequent to the year end, the Company has filed an application for approval with IRDAI for acquisition of 99,136,573 equity shares constituting 5.17% equity share capital of Max Life held by MSI under MSI Put/Call option. Pending receipt of requisite approvals, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the consolidated financials.

Notes forming part of the Consolidated financial statements

56. On February 20, 2020, the Company and Axis Bank Limited ('Axis Bank') executed Confidentiality and Exclusivity Agreement to explore a long-term strategic partnership. The Board of Directors of the Company in its meeting held on April 27, 2020 approved entering into definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life Insurance Company Limited ('Max Life'), a material subsidiary of the Company, to Axis Bank, subject to receipt of shareholders' approval and other requisite regulatory approval. The shareholders of the Company approved the transaction on June 16, 2020.

Application for approval of Insurance Regulatory and Development Authority of India ('IRDAI') was submitted on May 20, 2020. Based on correspondence with RBI and IRDAI, the Company, Max Life, and Axis Bank made certain changes to the agreements, subject to regulatory approvals and as maybe permitted under applicable laws. On August 24, 2020, the Company, Max Life, and Axis Bank executed revised agreements whereby the Bank proposed to acquire 17.002% of the equity share capital of Max Life and submitted fresh proposal with the regulators. Further, in response to Axis Bank's application for directly acquiring 17.002% of the equity share capital of Max Life, the Reserve Bank of India has advised Axis Bank to be guided by Para 5(b) of Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 as updated from time to time ("Para 5(b)"). Pursuant to Para 5(b), Axis Bank and its subsidiaries (together "Axis Entities"), i.e. Axis Capital Limited and Axis Securities Limited ("Axis Bank subsidiaries"), on October 30, 2020 entered into revised agreements with the Company for acquisition of upto 19.002% of the equity share capital of Max Life ("Revised Agreements"). Under the Revised Agreements, Axis Bank will acquire upto 9.002% of the equity share capital of Max Life and Axis Bank subsidiaries will acquire upto 3% of the share capital of Max Life. In addition, Axis Entities will have a right to acquire upto 7% of the equity share capital of Max Life, in one or more tranches. The Revised Agreements supersedes the previous agreements entered between the parties.

In this regard, Max Life has received approval from IRDAI vide its letter dated February 24, 2021 granting approval for transfer of 12.002% equity shares of Max Life held by the Company to Axis Entities, as promoters. Pursuant to receipt of all the approvals, the Company has transferred 38,376,257 equity shares of Rs. 10 each of Max Life to Axis Capital Limited and 19,188,128 equity shares of Rs. 10 each of Max Life to Axis Securities Limited on March 26, 2021, fully paid up at a price of Rs. 31.51 per share for consideration aggregating to Rs. 18,138.54 lakhs.

On April 6, 2021, the Company has transferred 172,731,531 equity shares of Rs. 10 each of Max Life to Axis Bank, fully paid up at a price of Rs. 32.12 per share for consideration aggregating to Rs. 55,481.37 lakhs. The difference in consideration received and the amount by which non-controlling interests are adjusted is recognised in equity reserves of the Group.

The transaction price of Rs. 31.51 and Rs. 32.12 per share is computed based on the valuation of Max Life conducted as per Rule 11 UA read with Rule 11 UAA of the Income-tax Rules, 1962 (herein referred to as 'Transaction Price'). The methodology of computation of transaction price was approved by 99.90% shareholders through postal ballot and also stated in the definitive agreements entered with Axis Entities.

Post the Axis Bank stake sale transaction, Axis Entities hold 13% equity shares of Max Life and the Company's investment in equity shares of Max Life has decreased from 90.83% to 81.83%.

In respect of right of Axis entities to acquire 7% of equity share capital of Max Life, the Company had executed definitive agreement with the parties, which is subject to receipt of requisite regulatory approvals. Pending receipt of requisite approvals, the said transaction cannot be considered concluded at the current date and hence, no adjustments have been made in the consolidated financials.

Notes forming part of the Consolidated financial statements

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

The Group has considered the impact of COVID-19 on its operations as well as its consolidated financial statements:

a) In respect of the Company:

The Company has assessed the impact of COVID-19 on its operations as well as its financial results, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2021. In assessing the Carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these unaudited financial results, and based on current estimates, expects the net carrying amount of these assets to be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19.

b) In respect of the subsidiary Company, Max Life Insurance Company Limited:

The subsidiary Company has assessed the impact of COVID-19 on its operations as well as its financial statements, including valuation of investments, valuation of policy liabilities and solvency, for the quarter and year ended March 31, 2021. To the best of information available, the subsidiary Company has maintained sufficient amount in policyholders reserve on account of COVID related contingencies over and above the policy level liabilities calculated based on prescribed IRDAI Regulations. The subsidiary Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19. The auditors of the subsidiary company have reported this matter in their auditor's report.

58. During the year ended March 31, 2021, the subsidiary Company has reassessed the useful lives of certain business applications and IT hardware. Management believes that the revised useful lives of the assets reflect the period over which these assets are expected to be used based on the technical inputs, environmental scan and capability analysis. As a result, the charge in the Consolidated Statement of Profit and Loss on account of amortisation for the year ended March 31, 2021, has reduced by Rs. 1,758.00 lakhs (March 31, 2020: Rs. 505.00 lakhs)

59. Change in Business model:

During the year ended March 31, 2021, the subsidiary company has changed its business model relating to Investments in debt securities held under Non-linked policyholders' fund and has accordingly, reclassified such investments from Amortized cost (AC) measurement model to Fair Value Through Other Comprehensive Income (FVOCI) measurement model. The reclassification is applied prospectively from April 1, 2021 (Reclassification date). The Subsidiary Company has changed its business model for classification and measurement of its debts under Non linked policyholders' fund to manage its ALM and interest rate risk. There are no regulatory restrictions and it is permissible to reclassify the financial assets from amortized cost to fair value through other comprehensive income in order to meet the business objectives as per Ind AS 109.

Notes forming part of the Consolidated financial statements

Impact of reclassification:

- On reclassification date, all the financial assets of debts under non linked policyholders fund at amortised cost of Rs. 4,926,975.00 lakhs as at April 1, 2021 shall be measured at fair value of Rs 5,258,466.00 lakhs;
- Gain of Rs 331,491.00 lakhs arising on reclassification shall be recognized in Other Comprehensive Income and transfer to Policyholders' Fund as restricted life insurance surplus;
- Recognition of interest revenue does not change and Company will continue to use the same effective interest rate;
- ECL amount recognized till April 1, 2021 will not change however, the loss allowance is derecognized (and will no longer be recognized as an adjustment to gross carrying amount) but the same amount will be recognized as an accumulated impairment amount in Other Comprehensive Income on April 1, 2021.

60. The Code on Social Security, 2020 ('Code') related to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules have not yet been issued. The Group is in process of evaluating the financial impact, if any.

61. The figures for the previous year have been regrouped / reclassified wherever necessary, to make them comparable. Further, during the year, Contract liabilities of life insurance business of Rs. 8,934,305.62 lakhs has been reclassified from non-financial liabilities to financial liabilities and has been included and presented as part of "financial liabilities of the life insurance business" in the consolidated financial statements, as it provides more relevant information which is consistent with other life insurance companies. Previously this was included and presented in the consolidated financial statements within the line item "non-financial liabilities of the life insurance business".

Previous year figures of Rs. 6,865,689.79 lakhs have been reclassified, in line with current year's classifications.

The change in presentation does not affect total equity, total liabilities, and total comprehensive income in any of the periods presented.

62. The Consolidated financial statements were approved for issue by the Board of Directors on June 8, 2021.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN No:02394694
Place : Gurugram

Sahil Vachani
(Director)
DIN No:00761695
Place : New Delhi

Jatin Khanna
(Chief Financial Officer)
Place : Noida

V Krishnan
(Company Secretary)
M.No. - FCS-6527
Place : Noida

Date : June 8, 2021

MAX FINANCIAL SERVICES LIMITED
L20M, Max Towers, Plot No. C-001/A/1, Sector 16B, Noida 201301
Tel. No. : +91 120 4696000
www.maxfinancialservices.com

/themaxgroup | /maxgroup | /company/3187772

NOTICE OF THE 33rd
ANNUAL GENERAL MEETING

MAX FINANCIAL SERVICES LIMITED
(CIN: L24223PB1988PLC008031)
Registered Office: Bhai Mohan Singh Nagar, Railmajra,Tehsil Balachaur
District Nawanshahr, Punjab – 144 533
Tel: 01881-462000,462001 Fax: 01881-273607
www.maxfinancialservices.com | E-mail: investorhelpline@maxindia.com

NOTICE

NOTICE is hereby given that the 33rd (Thirty-third) Annual General Meeting ("AGM") of Max Financial Services Limited ('the Company') will be held on Thursday, September 23, 2021 at 1100 hrs (IST) through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business(es):

Ordinary Businesses:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon.

2. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiary for the year ended March 31, 2021 and the Report of the Auditors thereon.

3. To appoint Mr. Sahil Vachani (DIN: 00761695), who retires by rotation and being eligible offers himself for re-appointment, as a Director.

Special Business:

4. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. K. Narasimha Murthy (DIN: 00023046), who was appointed as an Additional Director on the Board of Directors of the Company in terms of Section 161(1) of the Act and whose term of office expires at this Annual General Meeting and who meets the criteria of Independence as provided under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director in accordance with Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Act and corresponding Rules formed thereunder, to hold office for a term of 5 (five) consecutive years with effect from March 30, 2021 up to March 29, 2026 and that he shall not be liable to retire by rotation."

By Order of the Board
For **Max Financial Services Limited**

Place: Noida
Date : August 27, 2021

V. Krishnan
Company Secretary
Membership No. FCS-6527

NOTES

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is the norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and all other relevant circulars issued from time to time, physical attendance of the Members at the EGM/AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through

VC/OAVM. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015”) and MCA Circulars, the deemed venue for the 33rd AGM will be the registered office of the Company.

2. The Company has appointed National Securities Depository Ltd (“NSDL”), to provide the VC facility for conducting the AGM and for voting through remote e-voting or through e-voting at the AGM. The procedure for participating in the meeting through VC/ OAVM is explained in these notes.

3. Pursuant to the MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

4. Pursuant to the provisions of Sections 112 and 113 of the Act, Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

5. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. Pursuant to the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and SEBI Listing Regulations 2015, and MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as on the date of the AGM will be provided by NSDL.

8. In view of the COVID-19 pandemic and resultant difficulties involved in dispatch of physical copies of the Annual Report, SEBI and MCA, had dispensed with the requirement of dispatch of physical copies of the Annual Report. Accordingly, the Notice of the AGM along with the Annual Report for the Financial Year 2020-21 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

   Those Members, who have not yet registered their email addresses and consequently, have not received the Notice and the Annual Report, are requested to get their email addresses and mobile numbers registered by following the guidelines mentioned in these notes.

9. The notice of AGM along with Annual Report will be sent to those members / beneficial owners whose name will appear in the register of members/ list of beneficiaries received from the depositories as on Friday, August 27, 2021 (i.e.,the benpos date for sending the annual report)

10. In line with the MCA Circulars and SEBI Listing Regulations, 2015, the Annual Report and Notice calling the AGM have been uploaded on the website of the Company at www.maxfinancialservices.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

11. AGM shall be convened through VC/OAVM in compliance with applicable provisions of the Act, 2013 read with MCA Circulars.

12. Information regarding particulars of the Directors to be appointed/re-appointed requiring disclosure in terms of the Secretarial Standard 2 and SEBI Listing Regulations, 2015 is at **Annexure - A**.

    An Explanatory Statement pursuant to Section 102 of the Act, read with the relevant Rules made thereunder and regulation 36 of SEBI Listing Regulations, 2015, setting out the material facts and reasons, in respect of item no. 4 is annexed hereto and forms part of this Notice.

13. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 17, 2021 to Thursday, September 23, 2021 (both days inclusive).

14. Members are requested to send all their correspondence directly to Mas Services Limited, Registrar and Transfer Agent ("RTA") of the Company at T-34, 2nd Floor, Okhla Industrial Area Phase II, New Delhi – 110 020. Tel–011–26387281-83, Fax–011–26387384; E–mail: **info@masserv.com or mas_serv@yahoo.com**

15. As per Regulation 40 of SEBI Listing Regulations, 2015 as amended from time to time, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's RTA for assistance in this regard.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participant ("DP") with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent – Mas Services Limited.

17. Members are requested to intimate changes/ update, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Mas Services Limited for shares held in physical form, with relevant documents that may be required.

18. The Company has designated an exclusive Email Id i.e., investorhelpline@maxindia.com for redressal for Shareholders'/Investors' complaints/ grievance. In case you have any queries, complaints or grievances, then please write to us at the above mentioned e-mail address.

19. All the documents referred in the notice and explanatory statement thereto are open for inspection at the Registered Office of the Company during working hours between 10.00 a.m. and 1.00 p.m., except on holidays from the date of circulation of this Notice up to the date of AGM i.e. Thursday, September 23, 2021.

    The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and all the documents referred to in the Notice and explanatory statement, including certificate from the Secretarial Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection by the members during the AGM.

20. Pursuant to Section 72 of the Act, Member(s) of the Company may nominate a person in whose name the shares held by him/her/them shall vest in the event of his/her/their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with

the Company's RTA. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

21. Members who have not claimed/ received their dividend paid by the Company in respect of following years, are requested to check with the Company's RTA. Members are requested to note that in terms of Section 124(5) of the Companies Act, 2013 any dividend unpaid / unclaimed for a period of 7 years from the date these first became due for payment, is to be transferred to the Central Government to the credit of the Investor Education & Protection Fund (IEPF). In view of this, members/claimants are requested to claim their dividends from the Company, within the stipulated timeline.

Interim Dividend	Final Dividend
November 12, 2014	September 30, 2014
November 6, 2015	September 23, 2015
	September 27, 2016

Further, in accordance with the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 (IEPF Rules), 2016, shares on which dividend remains unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not claimed dividend for previous year(s) are requested to claim the same by approaching the Company or the R&T Agents of the Company within the stipulated time period.

Further, the Company declared Final Dividend for the financial year 2012-13 on September 24, 2013 and Interim Dividend for the financial year 2013-14 on November 8, 2013. The unpaid/unclaimed dividend for the aforesaid Final and interim dividends were due for transfer after October 23, 2020 and December 7, 2020 to the IEPF.

The equity shares on which dividend have not been claimed/encashed for a continuous period of last seven years i.e. from F.Y. 2012-13 shall also be mandatorily transferred by the Company to IEPF as per the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

In this regard, the Company had given an advertisement in Business Standard, all editions and Desh Sewak, Chandigarh edition on August 17, 2020 to the members of the Company, in advance advising them to encash the said dividends.

In this regard, a sum of Rs. 21,97,774/- which was lying as unpaid/unclaimed Final Dividend for Financial Year 2012-13 bearing Dividend Account No. 000184400005693 and Rs. 18,25,872/- which was lying as unpaid/unclaimed Interim Dividend for Financial Year 2013-14 bearing Dividend Account No. 000184400006212 of the Company with Yes Bank were remitted to IEPF on February 2, 2021 and February 4, 2021 respectively and 34,389 and 19,684 equity shares of Rs. 2/- each were also transferred by the Company in the name of Investor Education and Protection Fund on March 31, 2021 as per Section 124(6) of the Companies Act 2013, in respect of which dividend have not been paid or claimed for seven consecutive years or more and the details of the same are also available on the website of the Company at www.maxfinancialservies.com under Investor Relation section.

On transfer of the aforesaid equity shares to IEPF, the members have recourse to IEPF to reclaim the shares by providing documentary evidence to IEPF as provided under the Act.

Further, Members who have not claimed / encashed their dividends in the last seven consecutive years from 2013 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

The Company has been sending reminders to Members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at www.maxfinancialservices.com. Members who have not encashed Final Dividend for the Financial Year 2013-14 and Interim Dividend for the Financial Year 2014-15 or any subsequent dividend declared by the Company, are advised to write to the Registrar and Transfer Agent of the Company, i.e., Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase – II, New Delhi – 110 020, Tel. Nos. 011-41320335/41610099 and e-mail id info@masserv.com immediately. In this regard, the Company had given advertisements in Business Standard (English), all editions and Desh Sewak (Punjabi), Chandigarh edition on July 31, 2021. Further, the Company had sent a letter by Registered Post on June 16, 2021 to all shareholders who had not encashed the dividend warrants for the FY 2013-14 and 2014-15 onwards.

The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in

22. The Board of Directors has appointed Mr. Rupesh Agarwal, Managing Partner (CP No. 5673) and failing him Mr. Shashikant Tiwari (CP No. 13050), Partner of M/s Chandrasekaran Associates, Practicing Company Secretaries having office at 11F, Pocket-IV, Mayur Vihar Phase-I, Delhi – 110091, as Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed for the said purpose.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:

The remote e-voting period begins on Sunday, September 19, 2021 at 9 A.M. and ends on Wednesday, September 22, 2021 at 5 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday September 16, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, September 16, 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS"** Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https:/v/www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or **e-Voting service provider-NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

   Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

   Your User ID is:

   a) For Members who hold shares in demat account with NSDL.

      8 Character DP ID followed by 8 Digit Client ID

      For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.

   b) For Members who hold shares in demat account with CDSL.

      16 Digit Beneficiary ID

      For example if your Beneficiary ID is 12************** then your user ID is 12**************

   c) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company

For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   Click on "**Forgot User Details/ Password**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join Annual General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join Annual General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on

"VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to rupesh@cacsindia.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to info@masserv.com

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to info@masserv.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A**) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be

present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered Email Id mentioning their name, DP ID and Client ID / Folio No., PAN, Mobile No. to the Registrar and Share Transfer agent of the Company at info@masserv.com and to the Company at investorhelpline@maxindia.com on or before Saturday, September 18, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Other Instructions

1. The e-voting rights of members shall be in proportion of their shares in the paid up equity share capital of the Company as on the cut – off date, i.e., closure of business hours of Thursday, September 16, 2021. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through electronic voting system.

2. Any persons who acquires shares of the Company and becomes a Member of the Company after mailing of the Notice and holding shares as of the cut-off date i.e. closure of business hours of Thursday, September 16, 2021, shall be entitled to avail remote e-voting facility or e-voting during the AGM. They, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

3. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first

count the votes cast during the Meeting, thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two woking days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The Chairman or the authorized person shall declare the results.

4. The result declared along with the Scrutinizers, Report shall be immediately placed on the Notice Board of the Company at its Registered Office, corporate office Company's website www.maxfinancialservices.com and on the website of NSDL www.evoting.nsdl.com. The Company shall simultaneously forward the results to National Stock Exchange of India Limited (https://www.nseindia.com) and BSE Limited(https://www.bseindia.com/), where the shares of the Company are listed. . The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013 ('the Act') read with the relevant Rules made thereunder (the 'Act') and regulation 36 of SEBI Listing Regulations, 2015, the following explanatory statement sets out all material facts relating to the business set at under item no. 4.

Item No. 4

Mr. K. Narasimha Murthy (DIN: 00023046) was appointed as an Additional Director holding the position of Independent Director on the Board of Directors of the Company, effective March 30, 2021 and pursuant to Section 161 of the Companies Act, 2013, his term of office expires on the date of ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr. K. Narasimha Murthy for being appointed as an Independent Director of the Company.

Your Directors recommend the appointment of Mr. K. Narasimha Murthy, as an Independent Director of the Company as per resolution set out at item no. 4.

The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('SS-2'), in respect of the proposed appointment is furnished hereunder in the table:

Name of the Director	Mr. K. Narasimha Murthy (DIN: 00023046)
Date of Birth / Age	August 13, 1957 / 64 years
Brief Resume * (including nature of expertise in specific functional areas and qualification)	Mr. K Narasimha Murthy having a brilliant Academic record, getting ranks in both CA & ICWA courses, entered the profession of Cost & Management Accountancy in 1983. Presently, he is on the Boards of National Stock Exchange (NSE), NELCO (A TATA Enterprise), Max Life Insurance Company Ltd., Max Healthcare Institute Ltd., Max Specialty Films Ltd., Max Financial Services Ltd., and Shivalik Small Finance Bank Ltd., earlier he was associated as a Director on the Boards of Oil and Natural Gas Corporation Ltd., (ONGC), IDBI Bank Ltd., LIC Housing Finance Ltd., UTI Bank Ltd., (presently AXIS Bank), Member Board of Supervision NABARD, Unit Trust of India (UTI), Infiniti Retail Limited (TATA Croma), IFCI Ltd., STCI Finance Ltd., (Formerly Securities Trading Corporation of India Ltd.,), AP State Finance Corporation, APIDC Ltd., etc., He was also associated as a Member / Chairman of more than 50 High Level Government Committees both at State & Central Level. He is associated with the Development of Cost & Management Information Systems for more than 175 Companies covering more than 50 Industries. He is also a Member on the Cost Accounting Standards Board of the Institute of Cost Accountants of India.
Directorships in other Listed Companies	Nelco Limited Max Healthcare Institute Limited Max Ventures and Industries Limited
Committee memberships in other Public Limited Companies	(i) Members of Investment & Finance Committee and Audit Committee of Max Ventures and Industries Limited. (ii) Members of Nomination and Remuneration Committee, Service Excellence Committee and Corporate Social Responsibility Committee of Max Healthcare Institute Limited (iii) Member of Nomination and Remuneration Committee of Max Life Insurance Company Limited (iv) Member of Nomination and Remuneration Committee of Max Speciality Films Limited (v) Chairman of Nomination and Remuneration Committee Meeting of Max Ventures and Industries Limited (vi) Chairman of Audit Committee, With Profits Committee and Risk, Ethics and Asset Liability Management Committee of Max Life Insurance Company Limited (vii) Chairman of Audit Committee and Corporate Social Responsibility Committee of Max Speciality Films Limited (viii) Chairman of Audit Committee and Stakeholders Relationship Committee of Nelco Limited
Directorships in other Companies	Max Speciality Films Limited Crosslay Remedies Limited Shivalik Small Finance Bank Limited National Stock Exchange of India Limited Srikari Management Consultants Pvt. Ltd. Max Life Insurance Company Limited

Equity Shareholding in the Company (as on date)	5,000 equity shares of Rs. 2/- each
Related to any other Director / KMP of the Company	Nil
Date of Appointment on Board	March 30, 2021

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

By Order of the Board
For **Max Financial Services Limited**

Place: Noida
Date : August 27, 2021

V. Krishnan
Company Secretary
Membership No. FCS-6527

ANNEXURE -A

The details of Directors seeking appointment/re-appointment, pursuant to Regulation 36(3) of the SEBI Listing Regulations, 2015 and Secretarial Standards on General Meeting issued by Institute of Company Secretaries of India are appended below:

Name of the Director	**Mr. Sahil Vachani** (DIN: 00761695)	**Mr. K. Narasimha Murthy** (DIN: 00023046)
Date of Birth / Age	April 30, 1983 / 37 years	August 13, 1957 / 64 years
Brief Resume * (including nature of expertise in specific functional areas and qualification)	Mr. Sahil Vachani is the CEO & Managing Director of Max Ventures and Industries Limited, one of the three listed companies of the $4-bn billion Indian conglomerate – the Max Group. He also serves as a Director on the Boards of Max Financial Services Limited and its subsidiary Max Life Insurance as a representative of the Owner Sponsor Group led by Mr. Analjit Singh. Mr. Sahil Vachani joined the Max Group in 2016 with a focus on creating a powerful Real Estate brand – Max Estates Limited and steering MaxVIL's other businesses towards growth. Since assuming his role at MaxVIL, he has successfully completed key transactions which will have an enduring impact on the Company's growth journey over the next few years. Max Estates today is among the top few Commercial Real Estate developers in the NCR region with marquee developments such as Max Towers and Max House. The company has received many accolades under Sahil's leadership notable amongst those being – Developer of the Year. Mr. Sahil Vachani has also facilitated intellectual and financial capital to promising and proven early-stage organizations across identified sunrise sectors led investments through, Max I.	Please refer brief profile given in the item no. 4 under the explanatory statement.

Name of the Director	Mr. Sahil Vachani (DIN: 00761695)	Mr. K. Narasimha Murthy (DIN: 00023046)
	Mr. Sahil Vachani started his career as an investment banker with Citigroup in London, where he worked on Mergers and Acquisitions across the Middle East and Africa region. In 2004, he joined Dixon Technologies, a consumer appliance manufacturing firm as Business Head and set up new verticals across multiple locations. He was also involved in the launch of new products, setting up of new manufacturing facilities and establishing relationships with leading brands as customers. He then progressed as the Co-founder and Managing Director of Dixon Appliances Pvt. Ltd., where he was responsible for the business from inception including designing of products, building the team, setting up the manufacturing facility, operations and building relationships with leading brands in India such as Panasonic, Godrej, LG, among others. He holds a Bachelor's degree in Management Sciences from the University of Warwick, U.K. and an Executive Management Program on Disruptive Innovation from the Harvard Business School.	
Terms and conditions of appointment	Appointed as a non executive director; liable to retire by rotation. He is eligible for sitting fees for attending the meetings.	As captured in the resolution
Directorships in other Listed Companies	Max Ventures and Industries Limited in the capacity as its Managing Director.	Nelco Limited Max Healthcare Institute Limited Max Ventures and Industries Limited

Name of the Director	**Mr. Sahil Vachani** (DIN: 00761695)	**Mr. K. Narasimha Murthy** (DIN: 00023046)
Committee memberships in Companies	Member of (i) Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Investment & Finance Committee of Max Ventures and Industries Limited; (ii) Audit Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of Max Speciality Films Limited; and (iii) Chairman of Stakeholders' Relationship Committee of the Company.	(i) Member of Investment & Finance Committee and Audit Committee of Max Ventures and Industries Limited. (ii) Member of Nomination and Remuneration Committee, Service Excellence Committee and Corporate Social Responsibility Committee of Max Healthcare Institute Limited (iii) Member of Nomination and Remuneration Committee of Max Life Insurance Company Limited (iv) Member of Nomination and Remuneration Committee of Max Speciality Films Limited (v) Chairman of Nomination and Remuneration Committee Meeting of Max Ventures and Industries Limited (vi) Chairman of Audit Committee, With Profits Committee and Risk, Ethics and Asset Liability Management Committee of Max Life Insurance Company Limited (vii) Chairman of Audit Committee and Corporate Social Responsibility Committee of Max Speciality Films Limited (viii) Chairman of Audit Committee and Stakeholders Relationship Committee of Nelco Limited

Name of the Director	Mr. Sahil Vachani (DIN: 00761695)	Mr. K. Narasimha Murthy (DIN: 00023046)
Directorships in other unlisted Companies	Max Life Insurance Company Limited Max Speciality Films Limited Max I. Limited Piveta Estates Private Limited Max Ventures Private Limited Siva Enterprises Private Limited Siva Realty Ventures Private Limited SKA Diagnostic Private Limited Hometrail Properties Private Limited Wegmans Business Park Private Limited TVP Investments Private Limited Trophy Estates Private Limited Vitasta Estates Private Limited Max Skill First Limited Max Ventures Investment Holdings Private Limited Twiggy Ventures Private Limited ICare Health Projects and Research Private Limited	Max Speciality Films Limited Crosslay Remedies Limited Shivalik Small Finance Bank Limited National Stock Exchange of India Limited Srikari Management Consultants Pvt. Ltd. Max Life Insurance Company Limited
Equity Shareholding in the Company (as on date)	Nil	5,000 equity shares of Rs. 2/- each
Remuneration last drawn (including sitting fees, if any)	Sitting fee of Rs. 6 Lakh was paid for the year ended March 31, 2021	Nil
Remuneration proposed to be paid	Sitting fees of Rs. 1 Lakh per Board and Committee meeting	Nil
Number of meetings of the Board attended during the year	5 (five)	Nil
Related to any other Director/ KMP of the Company	Mr. Sahil Vachani is a relative (son-in-law) of Mr. Analjit Singh, Director and Promoter of the Company.	Nil
Date of Appointment on Board	May 25, 2018	March 30, 2021