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, 2020, 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, 2020, 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 and the audit evidence obtained by the auditors of the subsidiary company in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

"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 58(b) of 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, 2020, 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 for the year ended March 31, 2020. This assessment and the outcome of the pandemic is as made by the management of the subsidiary company and is highly dependent on the circumstances as they evolve in the subsequent periods.

Our report 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.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Accounting of put options written to Non Controlling Interests (NCI) in Consolidated Financial Statements** **(Refer note 55 of the consolidated financial statements)** During the year ended March 31, 2016, the Group has entered into written Put Option arrangement with Non-Controlling Interests that require Group to purchase certain shares held by Non-Controlling Interests in future. 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 on exercise of option and is adjusted against the shareholders' equity on April 01, 2017 (date of transition). 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. Considering, the magnitude of fair value amount of the liability recognised towards written put option and election of accounting policy choice, we have considered such matters to be key audit matter.	**Principal Audit Procedures performed:** • Reviewed and analysed the contractual arrangements of the written put option arrangement to understand the key terms and to determine whether the Group's accounting treatment under Ind AS is appropriate. • Assessed Evaluated the competency, capability and objectivity, competence and independence of the management's valuer. • Tested the design and operating effectiveness of the internal controls on the valuation of the written put options as at the period end. • Assessed the competency, capability and objectivity of the management's valuer. • Tested the mathematical accuracy of the valuation model used. • Involved our internal valuation expert in relation to testing of the appropriateness of the valuation method applied and on sample basis tested the valuation of written put options. • We further assessed the adequacy of the disclosures made in the consolidated financial statements for the year ended 31 March 2020.
2.	**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	**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.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td></td><td></td><td>• 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>
<tr><td>3.</td><td>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 ofby 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.</td><td>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. Other procedures that were carried out are:
- 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.</td></tr>
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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 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 subsidiaries and joint ventures, 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.

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, 2020 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, 2020 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, 2020. 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(b)(iv) 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, 2020 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, 2020 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. 098564)
UDIN : 20098564AAAAAS3468

Place: New Delhi
Date: May 26, 2020

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, 2020, 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, 2020. 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 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 and based on the consideration of the reports of the auditors of the subsidiary company referred to in the Other Matters paragraph below, 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, 2020, 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.

Other Matters

The auditors of Max Life Insurance Company Limited ("MLIC"), a subsidiary company have reported that 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 them, 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, 2020. Accordingly, MLIC's auditors have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1 (one) subsidiary company, which is company incorporated in India, is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Satpal Singh Arora
Partner
(Membership No. 098564)
UDIN : 20098564AAAAAS3468

Place: New Delhi
Date: May 26, 2020

Consolidated Balance Sheet as at 31 March 2020

(Rs. in lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
A. ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	3	44,746.18	50,573.81
(b) Bank balance other than (a) above	4	164.79	267.22
(c) Receivables - Trade receivables	5	315.84	550.30
(d) Loans	6	1.36	7.37
(e) Investments	7	337,238.95	349,280.30
(f) Other financial assets	8	1,676.61	131.05
(g) Financial assets of Life Insurance Policyholders' Fund	9	6,749,785.66	6,140,595.11
Total financial assets		**7,133,929.39**	**6,541,405.16**
2. Non-financial assets			
(a) Current tax assets (net)	10	1,005.55	988.48
(b) Deferred tax assets (net)	24	993.74	-
(c) Investment Property	11A	8,991.40	-
(d) Property, plant and equipment	11B	2,213.63	3,036.45
(e) Goodwill		52,525.44	52,525.44
(f) Other Intangible assets	12A	-	8.89
(g) Right of use assets	12B	336.61	-
(h) Other non-financial assets	13	2,192.49	8,375.29
(i) Non- financial assets of Life Insurance Policyholders' Fund	14	250,433.72	109,274.35
Total non-financial assets		**318,692.58**	**174,208.90**
Total Assets		**7,452,621.97**	**6,715,614.06**
B. LIABILITIES AND EQUITY			
I. LIABILITIES			
1. Financial liabilities			
(a) Trade Payables	15		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,277.10	2,752.09
(b) Lease liability	40	272.75	-
(c) Other financial liabilities	16	35,102.44	49,647.56
(d) Financial liabilities of Life Insurance Policyholders' Fund	17	193,756.89	177,752.17
Total financial liabilities		**231,409.18**	**230,151.82**
2. Non-financial liabilities			
(a) Current tax liabilities (net)	18	12,378.21	-
(b) Provisions	19	1,191.35	395.54
(c) Deferred tax liabilities (net)	24	-	5,650.79
(d) Other non-financial liabilities	20	241.63	623.02

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
(e) Non- financial liabilities of Life Insurance Policyholders' Fund	21	6,925,516.20	6,195,483.04
Total non-financial liabilities		**6,939,327.39**	**6,202,152.39**
Total liabilities		**7,170,736.57**	**6,432,304.21**
II. EQUITY			
(a) Equity share capital	22	5,390.19	5,387.72
(b) Other equity	23	209,261.80	200,515.72
Equity attributable to owners of the Company		**214,651.99**	**205,903.44**
Non Controlling Interest		67,233.41	77,406.41
Total equity		**281,885.40**	**283,309.85**
Total liabilities and equity		**7,452,621.97**	**6,715,614.06**

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LL P**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

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 : New Delhi

Date : May 26, 2020

Consolidated Statement of Profit and Loss
for the year ended 31 March 2020

(Rs. in lakhs)

	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
1.	**Revenue from operations**			
	(a) Interest Income	25	17,071.11	16,237.11
	(b) Dividend Income	26	306.69	203.79
	(c) Rental Income		42.00	-
	(d) Net gain on fair value changes	27	2,112.58	5,127.17
	(e) Policyholders' Income from Life Insurance operations	28	1,803,952.46	1,928,172.09
	(f) Sale of services		513.00	1,225.06
2.	**Total revenue from operations**		**1,823,997.84**	**1,950,965.22**
3.	Other income	29	178.38	361.46
4.	**Total income (2+3)**		**1,824,176.22**	**1,951,326.68**
5.	**Expenses**			
	(a) Finance costs	30	28.26	2,729.85
	(b) Impairment on financial instruments		7,143.17	501.89
	(c) Employee benefits expenses	31	3,594.82	8,436.72
	(d) Depreciation, amortisation and impairment	32	1,136.90	175.25
	(e) Legal and professional expenses		4,438.63	4,351.26
	(f) Policyholders' Expenses from Life Insurance operations	33	1,759,653.93	1,883,860.65
	(g) Other expenses	34	3,931.96	3,187.08
6.	**Total expenses**		**1,779,927.67**	**1,903,242.70**
7.	**Profit before tax (4-6)**		**44,248.55**	**48,083.98**
8.	**Tax expense**			
	Relating to other than revenue account of Life Insurance policyholders			
	Current tax	24	18,225.01	6,622.07
	Deferred tax	24	(1,261.89)	(185.30)
	Relating to revenue account of Life Insurance policyholders			
	Current tax		-	-
	Total tax expense		**16,963.12**	**6,436.77**
9.	**Profit after tax for the year (7-8)**		**27,285.43**	**41,647.21**
10.	**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		(1,134.26)	(532.15)
	Less: Transferred to Policyholders' Fund in the Balance Sheet		1,134.26	532.15
	Subtotal (A)		**-**	**-**
	(ii) Items that will be reclassified to profit or loss in subsequent periods			
	- Changes in fair values of FVTOCI debt instruments		1,857.59	(782.14)
	- Cash flow hedge		(1,684.37)	8,653.36
	- Impairment loss (including reversals)		(2.78)	-
	Less: Transferred to Policyholders' Fund in the Balance Sheet		(170.44)	(7,871.22)
	Subtotal (B)		**-**	**-**
	Relating to Others			
	(i) Items that will not be reclassified to profit or loss in subsequent periods			
	- Remeasurement of defined benefit obligations		(12.45)	(29.67)

(Rs. in lakhs)

Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Subtotal (C)		**(12.45)**	**(29.67)**
(ii) Items that will be reclassified to profit or loss in subsequent periods			
- Changes in fair values of FVTOCI debt instruments		1,537.07	190.00
- Cash flow hedge		-	-
- Impairment loss (including reversals)		(3.06)	-
- Income tax relating to items that will be reclassified to profit or loss		(223.35)	(28.58)
Subtotal (D)		**1,310.66**	**161.42**
11. Other Comprehensive Income for the year (A+B+C+D)		**1,298.21**	**131.75**
12. Total Comprehensive Income (9+11)		**28,583.64**	**41,778.96**
Profit for the year attributable to			
Owners of the Company		14,499.37	26,256.07
Non-controlling interests		12,786.06	15,391.14
Other Comprehensive Income attributable to			
Owners of the Company		938.08	86.20
Non-controlling interests		360.13	45.55
Total Comprehensive Income attributable to			
Owners of the Company		15,437.45	26,342.27
Non-controlling interests		13,146.19	15,436.69
Earnings per share (EPS) (Rs.)	38		
(a) Basic EPS		5.38	9.77
(b) Diluted EPS		5.38	9.77

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LL P**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

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 : New Delhi

Date : May 26, 2020

Consolidated Cash Flow Statement

for the year ended 31 March, 2020

(Rs. In lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**44,248.55**	**48,083.98**
Adjustments for:		
Depreciation, amortisation and impairment	16,121.82	7,621.47
Interest Income	(392,172.12)	(329,124.58)
Dividend income	(17,540.89)	(16,053.60)
Net loss / (profit) on sale / disposal of property, plant and equipments	(28.04)	15.77
Realised gain/(loss) on financial instruments classified as FVTPL	294,888.01	(181,702.26)
Realised loss on financial instruments classified as FVTOCI	(1,242.10)	(105.90)
Realised loss on financial instruments classified as amortised cost	(763.52)	(2,199.26)
Net gain on Derivative at fair value through profit or loss	3,905.07	-
Liabilities/provisions no longer required written back	-	(1.26)
Allowance for doubtful input tax credit receivable	60.00	-
Provision for doubtful debts and bad-debts written off	194.07	174.94
Provision for rates and taxes	802.75	-
Change in policyholder reserves (including funds for future appropriation)	764,622.23	1,026,301.80
Expense on employee stock option scheme	442.57	719.98
Operating Profit before working capital changes	**713,538.40**	**553,731.08**
Changes in working capital:		
<u>Adjustments for (increase)/ decrease in operating assets:</u>		
Trade receivables	(18,869.80)	(5,553.43)
Loans	6.01	75.18
Other financial assets	(25,740.73)	(32,699.90)
Other non financial assets	(84,190.05)	(31,241.69)
Re-insurance assets	92,476.06	37,393.24
Dividend received	17,540.89	16,053.60
Interest received	382,691.44	310,660.22
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	(16,993.89)	8,573.56
Other financial liabilities	20,197.72	5,351.27
Provisions	1,133.32	1,074.20
Insurance contract liabilities	(96,421.31)	18,930.21
Investment contract liabilities	(31,654.05)	(10,206.20)
Other non financial liabilities	(569.57)	17,595.50
Cash generated from operations	**953,144.44**	**889,736.84**
Net income tax (paid) / refunds	(6,390.72)	(7,130.85)
Net cash from operating activities (A)	**946,753.72**	**882,605.99**

(Rs. In lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital expenditure on property, plant and equipment including capital advances	(12,782.57)	(10,044.90)
	Proceeds from sale of property, plant and equipment	48.16	201.21
	Bank balances not considered as Cash and cash equivalents (net)	102.43	(12.80)
	Investments		
	- Purchased	(70,702,710.32)	(74,385,946.08)
	- Proceeds from sale	69,807,150.85	73,527,204.86
	Proceeds from loan against policies	(9,994.35)	(10,324.73)
	Receviable from Unit Linked fund and advance for property	9,542.52	-
	Realised Hedge Fluctuation Reserve & Derivative Profit & Loss	7,750.50	-
	Net cash used in investing activities (B)	**(900,892.78)**	**(878,922.44)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from ESOPs exercised (including share premium)	344.90	2,418.73
	Dividend including distribution tax	(31,123.30)	(19,782.97)
	Lease payments	(7,245.00)	-
	Net cash used in financing activities (C)	**(38,023.40)**	**(17,364.24)**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**7,837.54**	**(13,680.69)**
E	**Cash and cash equivalents as at the beginning of the year**	**68,864.03**	**82,544.72**
Cash and cash equivalents as at the end of the year *		**76,701.57**	**68,864.03**
* Components of Cash and Cash Equivalents:			
Cash on hand		4,334.75	9,326.44
Balances with scheduled banks			
- On current accounts		37,616.82	44,276.04
- Deposits with original maturity of upto 3 months		34,750.00	15,261.55
Total cash and cash equivalents (See note 3 and note 9A)		**76,701.57**	**68,864.03**

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

In terms of our report attached

For **Deloitte Haskins & Sells LL P**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

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 : New Delhi

Date : May 26, 2020

Consolidated Statement of changes in equity

for the year ended 31 March, 2020

a) Equity share capital

(Rs. in lakhs)

Particulars	Amount
Balance at 1 April, 2018	**5,367.68**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	20.04
Balance at 31 March, 2019	**5,387.72**
Changes in equity share capital during the year	
Issue of equity shares (See note 22)	2.47
Balance at 31 March, 2020	**5,390.19**

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
	Securities premium	Capital Redemption Reserve	Share option outstanding account	Surplus in the statement of profit and loss	General Reserve	FVTOCI Reserve			
Balance as at 01 April, 2018	37,280.67	2,587.84	1,723.28	118,467.87	15,358.07	1,142.07	176,559.80	78,251.65	254,811.45
Profit for the year	-	-	-	26,256.07	-	-	26,256.07	15,391.14	41,647.21
Other comprehensive income/(loss)	-	-	-	(29.67)	-	115.87	86.20	45.55	131.75
Total comprehensive income	**-**	**-**	**-**	**26,226.40**	**-**	**115.87**	**26,342.27**	**15,436.69**	**41,778.96**
Premium on shares issued during the year (See note 23)	4,590.23	-	(2,191.54)	-	-	-	2,398.69	-	2,398.69
Interim Dividends	-	-	-	-	-	-	-	(6,605.13)	(6,605.13)
Final Dividends	-	-	-	-	-	-	-	(4,601.94)	(4,601.94)
Dividend Distribution Tax	-	-	-	(8,114.25)	-	-	(8,114.25)	(2,303.64)	(10,417.89)
Share-based payments to employees (See note 23)	-	-	719.98	-	-	-	719.98	-	719.98
Transferred to securities premium account	-	-	-	-	-	-	-	-	-
Transfer to non-controlling interest	-	-	-	-	-	-	-	(2,771.22)	(2,771.22)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 56)	-	-	-	249.44	-	-	249.44	-	249.44
Gain/(loss) on stake change in subsidiary without loss of control	-	-	-	2,359.79	-	-	2,359.79	-	2,359.79
As at 31 March, 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	-	-	-	14,499.37	-	-	14,499.37	12,786.06	27,285.43
Other comprehensive income/(loss)	-	-	-	(12.45)	-	950.53	938.08	360.13	1,298.21
Total comprehensive income	**-**	**-**	**-**	**14,486.92**	**-**	**950.53**	**15,437.45**	**13,146.19**	**28,583.64**

(Rs. in lakhs)

Particulars	Reserves and Surplus					Items of OCI	Attributable to owners of the Company	Attributable to Non controlling interest	Total other equity
	Securities premium	Capital Redemption Reserve	Share option outstanding account	Surplus in the statement of profit and loss	General Reserve	FVTOCI Reserve			
Premium on shares issued during the year (See note 23)	612.68	-	-	-	-	-	612.68	-	612.68
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)
Share-based payments to employees (See note 23)	-	-	442.57	-	-	-	442.57	-	442.57
Transferred to securities premium account	-	-	(270.24)	-	-	-	(270.24)	-	(270.24)
Transfer to 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 56)	-	-	-	(5,277.24)	-	-	(5,277.24)	-	(5,277.24)
Gain/(loss) on stake change in subsidiary without loss of control	-	-	-	1,726.49	-	-	1,726.49	-	1,726.49
As at 31 March, 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**

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LL P**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Satpal Singh Arora
Partner
Membership No. 98564
Place : New Delhi

Date : May 26, 2020

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 : New Delhi

Date : May 26, 2020

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. The shares of the Company are listed on National Stock Exchange (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the Group companies.

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 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,

Notes forming part of the Consolidated financial statements

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).

For all periods up to and including the year ended March 31, 2020, the Subsidiary Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and as amended from time to time and IRDAI regulations to such extent.

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

Notes forming part of the Consolidated financial statements

group "Policyholders' Funds" in a line item labelled "Credit / (Debit) Fair Value Change Account" separately from "Policy Liabilities", "Insurance Reserves" and "Provision for 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 31 March, 2020. 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 31 March.

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 equity of each subsidiary.

c. Eliminate in full, intragroup assets and liabilities, equity, income, expenses and

Notes forming part of the Consolidated financial statements

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 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

Notes forming part of the Consolidated financial statements

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 31 March 2020.

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

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 2.14. Claw back of the

Notes forming part of the Consolidated financial statements

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.

2.11 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.

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

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(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.

2.15 Liability Adequacy Test (LAT)

For liability reporting as at 31 March 2020 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 where the best estimate assumptions were in-line with the experience as at 31 March 2020. On top of it the liabilities were calculating 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 2020.

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

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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 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 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 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)**

Notes forming part of the Consolidated financial statements

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.

2.19 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:

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.

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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.

2.20 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.

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.

2.21 **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.

2.22 **Fair value measurement**

Fair value is the price that would be received to sell

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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.

2.23 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 insignificant risk of change in value.

2.24 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.

2.25 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.

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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.

2.26 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.

2.27 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.

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.

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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.

2.28 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 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
Laptop and Desktop	3 years
Office Equipment	5 years

Depreciation on Property, plant and equipment, in respect of the following categories of assets,

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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.:

Assets	Estimated useful life
Vehicles	5 years
Handheld devices	1 year
IT equipment including servers and networks	5 years

Leasehold land is amortised over the renewable period of respective leases subject to a maximum of 10 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.

Assets	Estimated useful life
Software (excluding Policy Administration System and Satellite systems)	4 years
Policy Administration System and Satellite systems	6 years

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

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 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.

2.29 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

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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. Actuarial gains / losses related thereof are recognized in the other comprehensive income (OCI).

Re-measurements, 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.

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 independent actuarial valuations at the balance sheet date.

2.30 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

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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.

2.31 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.

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.

2.32 **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

2.33 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

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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.

2.34 Taxation

Income tax expense represents the sum of the 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 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.

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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 Service Tax/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.

2.35 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.

2.36 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.

2.37 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 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

Notes forming part of the Consolidated financial statements

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 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

Notes forming part of the Consolidated financial statements

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 31.03.2020	As at 31.03.2019
Cash on hand	0.65	0.81
Balances with banks		
- Current accounts	35,495.53	35,311.45
- Deposits with original maturity of less than three months	9,250.00	15,261.55
Total	**44,746.18**	**50,573.81**

*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 31.03.2020	As at 31.03.2019
In earmarked accounts		
- Unpaid dividend accounts (see note 16)	153.59	256.02
- Balances held as margin money against guarantee*	11.20	11.20
Total	**164.79**	**267.22**

* 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 31.03.2020	As at 31.03.2019
Trade receivables	315.84	550.30
Total	**315.84**	**550.30**

*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 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 31.03.2020	As at 31.03.2019
Loans to employees - unsecured, considered good	1.36	7.37
Total	**1.36**	**7.37**

*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 31.03.2020				As at 31.03.2019			
	Amortised cost	At Fair Value		Total	Amortised cost	At Fair Value		Total
		Through Other Compre-hensive Income	Through profit or loss			Through Other Compre-hensive Income	Through profit or loss	
Debt Securities:								
Government securities	29,674.89	13,383.59	-	43,058.48	29,855.48	14,528.25	-	44,383.73
Debt securities	137,452.95	78,338.62	-	215,791.57	122,116.31	92,121.24	-	214,237.55
Fixed Deposits	-	994.82	-	994.82	-	2,938.30	-	2,938.30
Reverse Repo	-	6,121.42	-	6,121.42	0.05	182.63	-	182.68
Equity instruments	-	-	10,101.97	10,101.97	-	-	13,207.15	13,207.15
Mutual Funds	-	-	68,553.88	68,553.88	-	-	74,862.85	74,862.85
Total	**167,127.84**	**98,838.45**	**78,655.85**	**344,622.14**	**151,971.84**	**109,770.42**	**88,070.00**	**349,812.26**
Less: Allowance for impairment	(7,383.19)	-	-	(7,383.19)	(531.96)	-	-	(531.96)
Total	**159,744.65**	**98,838.45**	**78,655.85**	**337,238.95**	**151,439.88**	**109,770.42**	**88,070.00**	**349,280.30**
Overseas Investments	-	-	-	-	-	-	-	-
Investments in India	167,127.84	98,838.45	78,655.85	344,622.14	151,971.84	109,770.42	88,070.00	349,812.26
Sub total	**167,127.84**	**98,838.45**	**78,655.85**	**344,622.14**	**151,971.84**	**109,770.42**	**88,070.00**	**349,812.26**
Less: Allowance for impairment	(7,383.19)	-	-	(7,383.19)	(531.96)	-	-	(531.96)
Total	**159,744.65**	**98,838.45**	**78,655.85**	**337,238.95**	**151,439.88**	**109,770.42**	**88,070.00**	**349,280.30**

*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 31.03.2020	As at 31.03.2019
Security deposits	47.44	31.47
Interest accrued on deposits	0.76	0.01
Interest receivable from erstwhile directors (see note 35)	-	31.89
Receivable on sale of property, plant and equipment	-	3.25
Income accrued on lease rental	-	0.30
Outstanding trades investment	-	16.70
Derivative margin money investment	1,608.37	-
Other Receivables	20.04	47.43
Total	**1,676.61**	**131.05**

*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 31.03.2020	As at 31.03.2019
Cash and cash equivalents	**Note 9A**	31,955.39	18,290.22
Derivative financial instruments	**Note 9B**	3,317.60	6,021.01
Trade receivables	**Note 9C**	82,010.89	62,886.14
Loans	**Note 9D**	42,644.84	32,650.49
Investments	**Note 9E**	6,519,320.59	5,975,196.11
Other financial assets	**Note 9F**	70,536.35	45,551.14
Total		**6,749,785.66**	**6,140,595.11**

9A. Cash and cash equivalents (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Cash and cash equivalents		
Cash on hand	4,334.10	9,325.63
Balances with banks - Current accounts	2,121.29	8,964.59
Deposits with original maturity of less than three months	25,500.00	-
Total	**31,955.39**	**18,290.22**

9B. Derivative financial instruments - Assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Carried at fair value through profit or loss		
Interest rates swaps (See note 44)	-	6,021.01
Forward rate agreements (See note 44)	3,317.60	-
Total	**3,317.60**	**6,021.01**

9C. Trade Receivables (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good	82,010.89	62,886.14
Total	82,010.89	**62,886.14**

9D. Loans (carried at amortised cost) (policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
	31.03.2020	**31.03.2019**
Loans against policies	42,644.84	32,650.49
Total	**42,644.84**	**32,650.49**

Notes forming part of the Consolidated financial statements

9E: Investments (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020				As at 31.03.2019			
	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	-	-	586,330.58	586,330.58	-	-	489,575.45	489,575.45
Debt Securities	-	-	363,511.78	363,511.78	-	-	413,991.55	413,991.55
Fixed Deposits	-	-	-	-	-	-	1,999.61	1,999.61
Reverse Repo	-	-	53,087.70	53,087.70	-	-	9,993.33	9,993.33
Shares:								
Equity Instruments	-	-	769,783.79	769,783.79	-	-	962,495.77	962,495.77
Mutual funds	-	-	108,388.98	108,388.98	-	-	92,546.82	92,546.82
Total (A)	**-**	**-**	**1,881,102.83**	**1,881,102.83**	**-**	**-**	**1,970,602.53**	**1,970,602.53**
Investments of other insurance contracts - Policyholders'								
Debt Securities:								
Government Securities	3,116,016.53	40,837.15	-	3,156,853.68	2,542,431.52	54,429.35	-	2,596,860.87
Debt Securities	927,860.60	103,279.94	-	1,031,140.54	782,798.47	109,151.93	2,636.45	894,586.85
Fixed Deposits	-	2,104.48	-	2,104.48	-	1,915.84	-	1,915.84
Reverse Repo	24,033.62	7,321.00	-	31,354.62	34,798.90	2,315.90	-	37,114.80
Shares:								
Equity Instruments	-	-	332,507.05	332,507.05	-	-	372,737.12	372,737.12
Mutual funds	-	-	61,142.97	61,142.97	-	-	76,559.94	76,559.94
Alternate Investment Fund	-	-	5,086.15	5,086.15	-	-	4,752.31	4,752.31
Additional Tier 1 Bonds	-	-	17,768.39	17,768.39	-	-	16,974.82	16,974.82
Infrastructure Investment Trusts	-	-	3,391.52	3,391.52	-	-	3,109.05	3,109.05
Total (B)	**4,067,910.75**	**153,542.57**	**419,896.08**	**4,641,349.40**	**3,360,028.89**	**167,813.02**	**476,769.69**	**4,004,611.60**
Total (C=A+B)	**4,067,910.75**	**153,542.57**	**2,300,998.91**	**6,522,452.23**	**3,360,028.89**	**167,813.02**	**2,447,372.22**	**5,975,214.13**
Less: Allowance for Impairment loss (D)	(3,131.64)	-	-	(3,131.64)	(18.02)	-	-	(18.02)
Total E = (C) - (D)	**4,064,779.11**	**153,542.57**	**2,300,998.91**	**6,519,320.59**	**3,360,010.87**	**167,813.02**	**2,447,372.22**	**5,975,196.11**
Overseas Investments	-	-	-	-	-	-	-	-
Investments in India	4,067,910.75	153,542.57	2,300,998.91	6,522,452.23	3,360,028.89	167,813.02	2,447,372.22	5,975,214.13
Total (E)	**4,067,910.75**	**153,542.57**	**2,300,998.91**	**6,522,452.23**	**3,360,028.89**	**167,813.02**	**2,447,372.22**	**5,975,214.13**

Notes forming part of the Consolidated financial statements

9F. Other financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Dividend receivables	73.64	64.99
Lease rent receivables	220.05	-
Due from reinsurers	10,823.75	9,538.46
Security deposit	3,584.36	3,177.87
Unit linked margin money deposit	-	1,309.68
Outstanding trades - Investment	295.24	904.02
Derivative margin money investment	681.23	5,057.84
Others	54,627.26	25,263.41
Total (a)	**70,305.53**	**45,316.27**
Due from Insurance agents, Insurance Intermediaries	663.88	543.55
Less: Allowance for impairment	(535.96)	(411.96)
Employee advances	317.43	390.95
Less: Allowance for impairment	(214.53)	(287.67)
Total (b)	**230.82**	**234.87**
Total (a+b)	**70,536.35**	**45,551.14**

10. Current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance tax including tax deducted at source	23,834.98	23,817.91
Less. Provision for income tax	(22,829.43)	(22,829.43)
Total	**1,005.55**	**988.48**

11A Investment Property

(Rs. in lakhs)

	Investment Property	Total
Gross carrying value		
As at 01 April, 2018	-	-
Additions	-	-
As at 31 March, 2019	-	-
Additions	9,139.13	9,139.13
As at 31 March, 2020	**9,139.13**	**9,139.13**
Accumulated Depreciation		
As at 01 April, 2018	-	-
Depreciation expense	-	-
As at 31 March, 2019	-	-
Depreciation expense	147.73	147.73
As at 31 March, 2020	**147.73**	**147.73**
Net block		
As at 31 March, 2019	-	-
As at 31 March, 2020	**8,991.40**	**8,991.40**

*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 31.03.2020	As at 31.03.2019
Carrying amounts of :		
a) Buildings	1,836.67	2,552.71
b) Office equipment	49.67	62.31
c) Computers	12.90	16.26
d) Leasehold improvements	14.11	35.02
e) Furniture and fixtures	154.27	189.88
f) Vehicles	146.01	180.29
	2,213.63	**3,036.47**

	Buildings [See note (i) below]	Office equipment	Computers	Leasehold improve-ments	Furniture and fixtures	Vehicles	Total
Gross carrying value							
Balance at 1 April, 2018	**2,640.81**	**94.69**	**17.39**	**-**	**242.70**	**277.91**	**3,273.50**
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	4.24	0.02	-	23.66	4.32	32.24
Balance at 31 March, 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 31 March, 2020	**2,640.81**	**120.02**	**27.52**	**45.99**	**259.20**	**273.68**	**3,367.22**
Accumulated depreciation							
Balance at 1 April, 2018	**44.05**	**37.30**	**6.38**	**-**	**36.40**	**51.64**	**175.77**
Depreciation expense	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Elimination on disposals of assets	-	2.28	-	-	6.03	2.12	10.43
Balance at 31 March, 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 31 March, 2020	**804.14**	**70.35**	**14.62**	**31.88**	**104.93**	**127.67**	**1,153.59**
Carrying amount							
Balance at 31 March, 2019	**2,552.71**	**62.31**	**16.26**	**35.02**	**189.88**	**180.29**	**3,036.47**
Balance at 31 March, 2020	**1,836.67**	**49.67**	**12.90**	**14.11**	**154.27**	**146.01**	**2,213.63**

*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 with a right to purchase for an amount equal to the cost of acquisition of the Company. Considering the current estimated values and the settlement, if any, will be made by way of transfer of asset, the related option value and adjustment is not concluded at the current date.

(ii) During the year ended 31 March 2020, the Company has 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 Consolidated financial statements

12A Other intangible assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
Computer software	-	8.89
	-	**8.89**

Particulars	Computer Software	Total
Gross carrying value		
Balance at 1 April, 2018	**33.88**	**33.88**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**33.88**	**33.88**
Additions	-	-
Disposals	33.88	33.88
Balance at 31 March, 2020	**-**	**-**
Accumulated depreciation		
Balance at 1 April, 2018	**12.44**	**12.44**
Amortisation expense	12.55	**12.55**
Disposals	-	**-**
Balance at 31 March, 2019	**24.99**	**24.99**
Amortisation expense	8.89	**8.89**
Disposals	33.88	**33.88**
Balance at 31 March, 2020	**-**	**-**
Carrying amount		
Balance at 31 March, 2019	**8.89**	**8.89**
Balance at 31 March, 2020	**-**	**-**

*Above does not intangible assets pertaining to life insurance fund and disclosed in Note 14C.

12B Right of use assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Carrying amounts of :		
Right of use assets	336.61	-
	336.61	**-**

Particulars	Right of use assets	Total
Gross carrying value		
Balance at 01 April, 2018	**-**	**-**
Additions	-	-
Disposals	-	**-**
Balance at 31 March, 2019	**-**	**-**
Impact of adoption of Ind AS 116	207.22	207.22
Additions	279.35	279.35

Notes forming part of the Consolidated financial statements

Particulars	Right of use assets	Total
Disposals	-	-
Balance at 31 March, 2020	**486.57**	**486.57**
Accumulated depreciation		
Balance at 01 April, 2018	-	-
Depreciation expense	-	-
Disposals	-	-
Balance at 31 March, 2019	-	-
Depreciation expense	149.96	**149.96**
Disposals	-	-
Balance at 31 March, 2020	**149.96**	**149.96**
Carrying amount		
Balance at 31 March, 2019	-	-
Balance at 31 March, 2020	**336.61**	**336.61**

*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)

Particulars	As at 31.03.2020	As at 31.03.2019
Prepaid expenses	47.67	54.20
Deposits under protest	23.40	23.40
Advances recoverable in cash		
Unsecured, considered good	14.74	25.60
Unsecured, considered Doubtful	303.00	303.00
Less: Impairment loss allowance	(303.00)	(303.00)
	14.74	25.60
Balances with government authorities - input tax credit receivable		
Unsecured, considered good	79.09	60.96
Unsecured, considered doubtful	262.98	202.98
Less: Impairment loss allowance	(262.98)	(202.98)
	79.09	60.96
Advance tax paid and taxes deducted at source (Net of provision for taxation)	2,027.59	1,501.13
Capital Advance	-	6,710.00
Total	**2,192.49**	**8,375.29**

*Above does not include other non financial assets pertaining to life insurance fund and disclosed in 14D.

14. Non-financial assets of Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Investment property	**Note 14A**	41,954.96	21,302.54
Property, plant and equipment	**Note 14B**	8,924.87	6,531.81
Capital work in progress	**Note 14B**	95.88	547.46
Intangible assets	**Note 14C**	11,747.22	10,127.86
Intangible assets under development	**Note 14C**	1,102.36	2,004.70
Right of use asset	**Note 14D**	28,866.66	-
Other non- financial assets	**Note 14E**	157,741.77	68,759.98
Total		**250,433.72**	**109,274.35**

Notes forming part of the Consolidated financial statements

14A : Investment property (Policyholders - See note 46)

(Rs. in lakhs)

	Investment Property	Total
Gross carrying value		
As at 01 April, 2018	**2,278.79**	**2,278.79**
Additions	19,449.42	19,449.42
Disposals	-	-
As at 31 March, 2019	**21,728.21**	**21,728.21**
Additions	21,247.62	21,247.62
Disposals	-	-
As at 31 March, 2020	**42,975.83**	**42,975.83**
Accumulated Depreciation		
As at 01 April, 2018	**49.84**	**49.84**
Depreciation expense	375.83	375.83
Disposals	-	-
As at 31 March, 2019	**425.67**	**425.67**
Depreciation expense	595.20	595.20
Disposals	-	-
As at 31 March, 2020	**1,020.87**	**1,020.87**
Net block		
As at 31 March, 2019	**21,302.54**	**21,302.54**
As at 31 March, 2020	**41,954.96**	**41,954.96**

14B: Property, plant & equipment (Policyholders)

(Rs. in lakhs)

Particulars	Leasehold Improve-ments	Computers	Office equipments	Furniture & Fixtures	Vehicles	Capital Work in progress	Total
Gross carrying value							
As at 01 April, 2018	**2,028.33**	**3,014.17**	**1,173.77**	**703.14**	**139.70**	**52.70**	**7,111.81**
Additions	1,324.49	1,579.72	766.08	584.22	26.46	494.76	4,775.73
Disposals	45.03	20.27	12.46	17.43	5.69	-	100.88
As at 31 March, 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**
Accumulated Depreciation							
As at 01 April, 2018	**359.50**	**1,209.16**	**324.15**	**182.30**	**61.46**	**-**	**2,136.57**
Depreciation expense	451.92	1,302.44	461.20	307.03	48.23	-	2,570.82
Disposals	-	-	-	-	-	-	-
As at 31 March, 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**
Net block							
As at 31 March, 2019	**2,496.37**	**2,062.02**	**1,142.04**	**780.60**	**50.78**	**547.46**	**7,079.27**
As at 31 March, 2020	**4,016.10**	**2,192.80**	**1,490.00**	**1,175.29**	**50.68**	**95.88**	**9,020.75**

Notes forming part of the Consolidated financial statements

14C: Intangible assets (Policyholders)

(Rs. in lakhs)

	Software	Intangible assets under development	Total
Gross carrying value			
As at 01 April, 2018	**12,842.76**	**1,949.15**	**14,791.91**
Additions	5,827.81	55.55	5,883.36
Disposals	94.29	-	94.29
As at 31 March, 2019	**18,576.28**	**2,004.70**	**20,580.98**
Additions	6,969.63	-	6,969.63
Disposals	-	902.34	902.34
As at 31 March, 2020	**25,545.91**	**1,102.36**	**26,648.27**
Accumulated Amortisation			
As at 01 April, 2018	**3,948.85**	**-**	**3,948.85**
Amortisation expense	4,499.57	-	4,499.57
Disposals	-	-	-
As at 31 March, 2019	**8,448.42**	**-**	**8,448.42**
Amortisation expense	5,350.27	-	5,350.27
Disposals	-	-	-
As at 31 March, 2020	**13,798.69**	**-**	**13,798.69**
Net block			
As at 31 March, 2019	**10,127.86**	**2,004.70**	**12,132.56**
As at 31 March, 2020	**11,747.22**	**1,102.36**	**12,849.58**

14D: Right of Use Assets (Policyholders)

(Rs. in lakhs)

	Right of Use Assets	Total
Gross carrying value		
As at 01 April, 2018	-	-
Additions	-	-
Disposals	-	-
As at 31 March, 2019	-	-
Impact of adoption of Ind AS 116	29,110.01	29,110.01
Additions	5,824.50	5,824.50
Disposals	-	-
As at 31 March, 2020	34,934.51	34,934.51
Accumulated Depreciation		
As at 01 April, 2018	-	-
Depreciation expense	-	-
Disposals	-	-
As at 31 March, 2019	-	-
Depreciation expense	6,067.85	6,067.85
Disposals	-	-
As at 31 March, 2020	6,067.85	6,067.85
Net block		
As at 31 March, 2019	-	-
As at 31 March, 2020	**28,866.66**	**28,866.66**

Notes forming part of the Consolidated financial statements

14E: Other non-financial assets (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Prepaid expenses	3,163.44	2,814.28
Stamps in hand	155.50	251.46
Deferred Lease expenses	1,070.28	1,084.91
Deferred acquisition cost	86.59	122.51
Service Tax Deposits	445.27	1,024.84
Income Tax Deposits	4,192.58	4,192.58
Reinsurance assets	142,348.45	49,872.39
Receivable from Unit linked Fund	2,793.99	5,627.51
Total (a)	**154,256.10**	**64,990.48**
Advance to vendors		
Unsecured, considered good	3,485.67	3,769.50
Unsecured, considered doubtful	311.50	330.42
Less : Impairment loss allowance	(311.50)	(330.42)
Total (b)	**3,485.67**	**3,769.50**
Total (a) + (b)	**157,741.77**	**68,759.98**

15. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade payables - Other than acceptances		
- Total outstanding dues of Micro Enterprises and Small Enterprises (See note 47)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,277.10	2,752.09
Total	**2,277.10**	**2,752.09**

*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 31.03.2020	As at 31.03.2019
Security deposit received	0.90	3.34
Liability on written put options (see note 56)	34,814.46	48,526.11
Payables on purchase of investments	-	16.82
Unclaimed/unpaid dividends (see note 4)	153.59	256.02
Liability for employee stock appreciation rights	133.49	845.27
Total	**35,102.44**	**49,647.56**

*Above does not include other financial liabilities pertaining to life insurance fund and disclosed in 17C.

Notes forming part of the Consolidated financial statements

17. Financial liabilities of the Life Insurance Policyholders' Fund

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Derivative financial instruments	Note 17A	3,802.22	11.06
Trade Payables	Note 17B	78,667.17	95,165.33
Lease Liability (See note 40)		31,648.90	-
Other financial liabilities	Note 17C	79,638.60	82,575.78
Total		**193,756.89**	**177,752.17**

17A. Derivative financial instruments - Liability (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Carried at fair value through profit or loss		
Interest rates swaps (See note 44)	-	11.06
Forward rate agreements (See note 44)	3,802.22	-
Total	**3,802.22**	**11.06**

17B: Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Total outstanding dues of micro enterprises and small enterprises (See note 47)	-	97.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	78,667.17	95,067.43
Total	**78,667.17**	**95,165.33**

17C: Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security deposit received	886.44	571.82
Derivative margin money	643.93	5,054.02
Payables on purchase of investments	30,728.20	26,013.37
Claims outstanding	15,487.43	12,186.95
Unclaimed amount of policyholders	5,791.53	2,357.23
Payable to policyholders	23,017.67	30,764.88
Other payables	3,083.40	5,627.51
Total	**79,638.60**	**82,575.78**

18. Current tax liabilities (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for income tax (See note 35)	12,378.21	-
Total	**12,378.21**	**-**

Notes forming part of the Consolidated financial statements

19. Provisions

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
(i)	Provision for compensated absences	70.18	70.26
(ii)	Provision for gratuity (See note 27)	209.99	216.85
(iii)	Other provisions [See note below]	911.18	108.43
	Total	**1,191.35**	**395.54**

Note

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Provision for contingencies (See note below)		
Opening balances	108.43	105.69
Add: Provisions made during the year	802.75	2.74
Closing balance	**911.18**	**108.43**

The Company has created a provision for claims received in current and previous years with respect to interest and penalties under custom duty and related regulations. The Company in the process of obtaining additional information into these matters and the provision will be settled on closure of same.

20. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory remittances (Contributions to PF, GST, Withholding Taxes, etc.)	241.63	623.02
Total	**241.63**	**623.02**

*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 31.03.2020	As at 31.03.2019
Contract liabilities for insurance contracts			
Insurance Contract		6,386,933.06	5,691,335.95
Investment Contract		77,557.50	109,211.55
		6,464,490.56	**5,800,547.50**
Ind AS 104 Adjustments (impacting contract liabilities of life insurance)			
Measurement adjustments		(29,749.85)	(20,744.44)
Grossing up reinsurance assets		142,348.45	49,872.39
		112,598.60	**29,127.95**
Fund for future appropriation		309,622.99	224,977.02

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars		As at 31.03.2020	As at 31.03.2019
Restricted life insurance surplus retained in Policyholders' Fund			
Measurement difference of Ind AS 104 Adjustments		29,726.28	17,862.44
Fair valuation difference of policyholders' Investments			
Fair value through profit or loss (FVTPL)		(61,582.47)	50,826.52
Fair value through other comprehensive income (FVOCI)		10,203.62	10,030.40
Measurement difference - Other Ind AS Adjustments		(6,202.01)	3,295.12
Realised Hedge Fluctuation Reserves (Policyholders)		6,832.22	-
Provisions	**Note 21A**	6,373.82	5,221.11
Other non-financial liabilities	**Note 21B**	53,452.59	53,594.98
Total		**6,925,516.20**	**6,195,483.04**

21A: Provisions (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits		
Provision for compensated absences	2,730.56	3,198.15
Provision for gratuity (See note 37)	3,643.26	2,022.96
Total	**6,373.82**	**5,221.11**

21B: Other non-financial liabilities (Policyholders)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory Dues Payable	8,237.86	8,012.05
Unallocated premium	17,143.81	14,498.02
Accrued Legal Claims	1,640.63	1,498.20
Proposal/ Policyholder deposits	24,654.04	27,630.63
Unearned Revenue-Premium received in advance	1,023.93	1,389.59
Deferred operating fee	110.06	151.33
Deferred lease liability	637.10	411.45
Other liabilities	5.16	3.71
Total	**53,452.59**	**53,594.98**

Notes forming part of the Consolidated financial statements

22. Equity share capital

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
Equity share capital	5,390.19	5,387.72
	5,390.19	**5,387.72**
Authorised share capital:		
350,000,000 (As at 31 March, 2019 300,000,000) equity shares of Rs. 2 each with voting rights	7,000.00	7,000.00
Issued and subscribed capital comprises:		
269,509,487 (As at 31 March, 2019, 269,385,779) equity shares of Rs. 2 each fully paid up with voting rights	5,390.19	5,387.72

Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
Balance as at 1 April, 2018	268,384,027	5,367.68
Add: Issue of shares	1,001,752	20.04
Balance as at 31 March, 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**

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 31.03.2020		As at 31.03.2019	
	No. of Shares	% Holding	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
- Max Ventures Investment Holdings Private Limited	75,883,275	28.16%	67,518,275	24.97%
- Moneyline Portfolio Investments Limited	18,070,048	6.70%	18,070,048	6.68%
- Reliance Capital Trustee Co Limited	10,613,525	3.94%	15,429,537	5.71%
- Mirae Assets Equity Savings fund	13,982,331	5.19%	4,601,640	1.71%

(iii) Shares reserved for issuance

As at 31.03.2020 - 154,737 (As at 31 March, 2019 : 131,015) shares, face value of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (See note 39).

(iv) The Company has issued total 3,006,714 shares (As at 31 March, 2019 : 3,158,522) during the period of

Notes forming part of the Consolidated financial statements

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.

23. Other equity

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Capital redemption reserve	2,587.84	2,587.84
Securities premium	42,483.58	41,870.90
Share options outstanding account	424.05	251.72
General Reserve	15,358.07	15,358.07
Surplus in the statement of profit and loss	146,199.79	139,189.25
FVTOCI Reserve	2,208.47	1,257.94
Total	**209,261.80**	**200,515.72**
Capital redemption reserve		
Opening balance	2,587.84	2,587.84
Add: addition during the year	-	-
Closing Balance	**2,587.84**	**2,587.84**
Securities premium		
Opening balance	41,870.90	37,280.67
Add: premium on issue of shares during the year	612.68	4,590.23
Closing Balance	**42,483.58**	**41,870.90**
Share options outstanding account		
Opening balance	251.72	1,723.28
Add : ESOP compensation expense	442.57	719.98
Less : Transferred to securities premium account on exercise	(270.24)	(2,191.54)
Closing Balance	**424.05**	**251.72**
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	139,189.25	118,467.87
Add: Profit for the year	14,499.37	26,256.07
Add : Other comprehensive income/ (loss)	(12.45)	(29.67)
Dividend Distribution Tax	(3,925.63)	(8,114.25)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (See Note 54)	(5,277.24)	249.44
Gain on stake change in subsidiary without loss of control	1,726.49	2,359.79
Closing Balance	**146,199.79**	**139,189.25**
FVTOCI Reserve		

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Opening balance	1,257.94	1,142.07
Other comprehensive income	950.53	115.87
Closing Balance	**2,208.47**	**1,257.94**
Total	**209,261.80**	**200,515.72**

24 Income taxes

(Rs. in lakhs)

	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A	**Income tax recognised in Statement of Profit and Loss**		
(a)	**Current tax**		
	In respect of current year	5,846.80	6,622.07
	Adjustments recognised in the period for current tax of prior periods [See note 35B (viii)]	12,378.21	-
		18,225.01	6,622.07
(b)	**Deferred tax**		
	In respect of current year	(1,261.89)	(185.30)
		(1,261.89)	(185.30)
	Total tax expense charged in Statement of Profit and Loss	**16,963.12**	**6,436.77**
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit/(Loss) before tax	44,248.55	48,083.98
	Applicable tax rate to the Company	25.17%	34.94%
	Income tax expense calculated	11,136.48	16,802.47
	Effect of income that is exempt from taxation:		
	Dividend Income on Equity Shares u/s 10(34)	(2,360.00)	(2,106.00)
	Pension profits [u/s 10(23AAB)]	(180.00)	(337.00)
	Deduction u/s 80JJAA	(317.00)	-
	Income taxed at different rates	(3,694.57)	(7,922.70)
	Adjustments recognised in the period for current tax of prior periods [See note 35B (viii)]	12,378.21	-
	Total tax expense charged in Statement of Profit and Loss	**16,963.12**	**6,436.77**
B	**Income tax recognised in other comprehensive income**		
(a)	**Deferred tax (See note 24b)**		
	Arising on income and expenses recognised in other comprehensive income		
	Fair value of Financial Instruments measured at FVOCI	(223.79)	(28.33)
	ECL on Investments measured at FVOCI	0.44	(0.25)
		(223.35)	**(28.58)**

Notes forming part of the Consolidated financial statements

C Movement in deferred tax

(i) Movement of deferred tax for the year ended 31 March, 2020

Particulars	Year ended 31.03.2020				
	Opening balance as on 1 April, 2019	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2020
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(125.11)	125.11	-	-	-
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**

(ii) Movement of deferred tax for the year ended 31 March, 2019

(Rs. in lakhs)

Particulars	Year ended 31.03.2019				
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2019
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and other intangible assets	(125.11)	-	-	-	(125.11)
Fair value of Financial Instruments measured at FVOCI	(105.53)	-	(28.33)	-	(133.86)
ECL on Investments measured at FVOCI	(0.22)	-	(0.25)	-	(0.47)

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	Year ended 31.03.2019				
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in Other equity	Closing balance as on 31 March, 2019
Deferred tax on undistributed earnings	(3,352.54)	-	-	(2,253.44)	(5,605.98)
	(3,583.40)	**-**	**(28.58)**	**(2,253.44)**	**(5,865.42)**
<u>Tax effect of items constituting deferred tax assets</u>					
Carry forward business loss to be adjusted in future years	125.11	-	-	-	125.11
Fair value change related to Employee Phantom Stock Plan expenses	43.56	(39.89)	-	-	3.67
ECL on Investments measured at amortised cost	4.80	0.32	-	-	5.12
Fair value of Financial Instruments measured at FVTPL	(144.14)	224.87	-	-	80.73
	29.33	**185.30**	**-**	**-**	**214.63**
Deferred tax assets/ (liabilities)	**(3,554.07)**	**185.30**	**(28.58)**	**(2,253.44)**	**(5,650.79)**

25. Interest income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest income from investments		
On financial assets measured at fair value through OCI	5,477.50	4,675.49
On financial assets measured at Amortised cost	11,593.61	11,561.62
Total	**17,071.11**	**16,237.11**

*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 31.03.2020	Year ended 31.03.2019
Dividend income on financial assets measured at fair value through profit or loss	306.69	203.79
Total	**306.69**	**203.79**

Notes forming part of the Consolidated financial statements

27. Net gain on fair value changes

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio	770.98	4,067.18
(ii) On mutual funds	888.92	832.13
(B) Realised gain on debt instruments classified at fair value through OCI	471.39	227.86
(C) Realised gain on debt instruments classified at amortised cost	(18.71)	-
Total Net gain on fair value changes (C)	**2,112.58**	**5,127.17**
Fair Value changes:		
Realised	4,293.79	6,662.81
Unrealised	(2,181.21)	(1,535.64)
Total Net gain on fair value changes (D) to tally with (C)	**2,112.58**	**5,127.17**

*Above does not include Net gain/ (loss) on fair value changes pertaining to life insurance fund and disclosed in Note 28C.

28. Policyholders' Income from Life Insurance operations

(Rs. in lakhs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Premium Income (net)		1,592,675.35	1,435,285.69
Interest Income	Note 28A	375,100.84	312,853.69
Dividend Income	Note 28B	17,234.20	15,849.81
Rental Income		2,609.19	1,269.13
Net gain/ (loss) on fair value changes – Policyholders' Investments	Note 28C	(298,900.03)	174,271.27
Other income	Note 28D	3,052.51	2,327.60
Sub-Total		**1,691,772.06**	**1,941,857.19**
Less: Restricted life insurance surplus/ (deficit) retained in Policyholders' Fund		(112,180.40)	13,685.10
Total		**1,803,952.46**	**1,928,172.09**

Note 28A: Premium Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Life Insurance Premium:		
First year premium	407,885.41	386,379.36
Renewal premium	1,055,785.80	935,873.95
Single premium	149,492.22	128,717.46
Gross Premium	**1,613,163.43**	**1,450,970.77**
Less: Reinsurance ceded	20,488.08	15,685.08
Premium Income (net)	**1,592,675.35**	**1,435,285.69**

Notes forming part of the Consolidated financial statements

Note 28B: Interest Income (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest income:		
On financial assets measured at fair value through OCI	12,965.97	16,439.38
On securities classified at FVTPL	68,649.88	60,416.51
On financial assets measured at Amortised cost	289,864.04	233,422.14
On loans against policies	3,620.95	2,575.66
Total	**375,100.84**	**312,853.69**

Note 28C: Net gain / (loss) on fair value changes (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(A) Net gain / (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio - Investments	(296,547.90)	176,802.95
(ii) Realised gain/(loss) on debt instruments classified at FVTOCI	770.71	(333.76)
(iii) Realised gain/(loss) on debt instruments classified at amortised cost	782.23	(2,199.26)
(B) Net gain / (loss) on derivative instruments at FVTPL	(3,905.07)	1.34
Total Net gain/(loss) on fair value changes	**(298,900.03)**	**174,271.27**
Fair Value changes:		
Realised	142,089.73	130,074.22
Unrealised	(440,989.76)	44,197.05
Total Net gain/(loss) on fair value changes	**(298,900.03)**	**174,271.27**

Note 28D: Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net profit on sale/disposal of property, plant and equipment	25.71	1.96
Policy reinstatement charges	461.97	471.87
Fee Income from Asset Management	429.21	540.65
Contribution from Shareholders' account towards excess Expenses of Management	1,709.69	1,203.47
Others	425.93	109.65
Total	**3,052.51**	**2,327.60**

Notes forming part of the Consolidated financial statements

29. Other income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest on Security deposits	0.40	1.32
Interest on loan to employees	0.18	0.72
Liabilities / provisions no longer required written back	-	1.26
Interest on income tax refund	-	33.06
Interest recovery from erstwhile directors (See note 35)	-	31.89
Net gain on foreign currency transactions and translation	-	4.30
Rental income	4.68	42.30
Scrap Sale	11.66	24.80
Miscellaneous income	161.46	221.81
Total	**178.38**	**361.46**

*Above does not include other income pertaining to life insurance fund and disclosed in Note 28D.

30. Finance Costs

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Underwriting fee (See note 55)	-	2,724.62
Interest on lease liability (See note 40)	19.57	-
Bank charges	8.69	5.23
Total	**28.26**	**2,729.85**

*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 31.03.2020	Year ended 31.03.2019
Salaries, wages and bonus (See note below)	2,628.93	7,145.04
Contribution to provident and other funds (See note 37)	86.99	98.50
Expense on employee stock option scheme (See note 39)	856.61	1,173.93
Staff welfare expenses	22.29	19.25
Total	**3,594.82**	**8,436.72**

*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, 2020 and March 31, 2019 includes severance pay aggregating to Rs. 274.92 lakhs and Rs. 2,575.00 lakhs respectively.

Notes forming part of the Consolidated financial statements

32. Depreciation, amortisation and impairment

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Depreciation of investment property (See note 11A)	147.73	-
Depreciation of property, plant and equipment (See note 11B)	158.33	162.70
Amortisation of intangible assets (See note 12A)	8.89	12.55
Depreciation of right-of-use assets (See note 12B)	149.96	-
Impairment of property, plant and equipment (See note 11B)	671.99	-
Total	**1,136.90**	**175.25**

*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 31.03.2020	Year ended 31.03.2019
Commission to selling agents	**Note 33A**	102,480.14	99,056.09
Employee benefits expenses	**Note 33B**	124,095.92	87,017.90
Operating expenses	**Note 33C**	108,961.91	108,013.59
Benefits payout (net)	**Note 33D**	634,103.66	545,228.34
Net change in insurance contract liabilities	**Note 33E**	773,081.17	996,819.63
Net change in investment contract liabilities		(8,458.94)	30,685.63
Finance cost	**Note 33F**	3,848.45	1,216.50
Impairment loss (including reversals)	**Note 33G**	3,110.85	2.65
Depreciation and amortisation expense		14,984.92	7,446.22
Bad debts written off		162.14	133.77
Allowance for doubtful debts		31.93	41.17
Sub-Total		**1,756,402.15**	**1,875,661.49**
Less: Restricted life insurance surplus/ (deficit) retained in Policyholders' Fund		(3,251.78)	(8,199.16)
Total		**1,759,653.93**	**1,883,860.65**

Note 33A: Commission to selling agents

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Commission on Life Insurance		
First year premium	70,369.47	70,231.47
Renewal premium	27,829.26	25,084.67
Single premium	1,653.87	1,566.59
Rewards	2,627.54	2,173.36
Total	**102,480.14**	**99,056.09**

Note 33B: Employee benefits expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Salary, wages and bonus	115,374.30	82,717.92
Contribution to provident and other funds (See note 37)	4,586.60	2,836.37
Expense on employee stock option scheme (See note 39)	1,961.41	(1,837.86)
Staff welfare expenses	2,173.61	3,301.47
Total	**124,095.92**	**87,017.90**

Notes forming part of the Consolidated financial statements

Note 33C: Other operating expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Travel & conveyance	6,738.29	5,874.98
Training expenses (including Agent advisors)	14,758.42	16,573.68
Rent (See note 40)	1,215.82	7,668.10
Repairs & maintenance	3,929.37	3,513.29
Printing and stationery	1,081.20	877.59
Communication expenses	5,976.48	7,314.65
Legal and professional charges	3,768.17	2,962.32
Medical expenses	3,067.07	2,663.31
Auditor's fees for:		
Audit of the financial statements	90.30	90.30
Taxation matters	4.00	3.30
Other services	45.00	29.10
Reimbursement of expenses	24.95	13.61
Advertisement and publicity	30,441.35	27,036.57
Rates & taxes (excluding taxes on income)	1,006.86	531.27
GST/ Service tax on linked charges	14,944.43	13,320.72
Information technology maintenance expenses	6,324.35	5,427.74
Board Meeting expenses	144.63	130.31
Recruitment (including Agent advisors)	1,034.93	2,386.27
Energy cost	1,963.05	2,987.23
Insurance	1,129.89	351.42
Policy issuance and servicing costs	9,014.83	6,208.20
Net foreign exchange loss	25.69	2.18
Acquisition cost for financial instruments classified/designated at FVTPL	1,896.31	1,578.09
Other miscellaneous expenses	336.52	469.36
Total	**108,961.91**	**108,013.59**

Note 33D: Benefits payout

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Life insurance contracts benefits		
Death	82,971.75	64,543.63
Maturity	119,163.56	122,157.99
Annuities/Pensions	1,116.84	731.86
Other benefits		
Surrenders	319,562.66	255,295.94
Health	1,068.00	475.65
Survival Benefit	13,875.51	10,620.11
Bonus to Policyholders	113,344.49	101,873.21
Other benefits	2,591.53	2,152.67
Interim Bonus paid	165.50	135.93
Total benefits paid	**653,859.84**	**557,986.99**
Less: Reinsurance Recovery	19,756.18	12,758.65
Total	**634,103.66**	**545,228.34**

Notes forming part of the Consolidated financial statements

Note 33E : Net change in insurance contract liabilities

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net change in insurance contract liabilities	686,725.51	957,193.56
Transfer to/from Fund for future appropriations-participating policies	86,355.66	39,626.07
Total	**773,081.17**	**996,819.63**

Note 33F : Finance cost

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Bank charges	1,277.48	1,176.73
Interest on Lease Liability (See note 40)	2,517.86	-
Others	53.11	39.77
Total	**3,848.45**	**1,216.50**

Note 33G : Impairment loss (including reversals) (Policyholders)

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Impairment on financial assets	3,110.85	2.65
Total	**3,110.85**	**2.65**

34. Other expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Recruitment and training expenses	0.62	2.01
Rent including lease rentals (See note 40)	230.18	406.68
Insurance	35.16	40.86
Rates and taxes	6.04	27.81
Repairs and maintenance - others	259.69	359.98
Provision for contingencies (See note 19)	802.75	2.74
Power and fuel	9.71	37.01
Printing and stationery	23.38	21.42
Travelling and conveyance	314.39	308.79
Communication	32.02	44.30
Director's sitting fees	61.36	121.99
Commission to directors	100.00	131.42
Business promotion	53.49	39.76
Advertisement and publicity	5.64	10.73
Net loss on sale / disposal of property, plant and equipment	-	17.73
Allowance on doubtful input tax credit receivable	60.00	-
Charity and donation	85.22	75.21
Net loss on foreign currency transactions and translation	7.06	-
Transition costs	-	0.26
Consultancy charges	18.30	10.34
Expenditure on corporate social responsibility (See note 48)	1,337.32	1,264.00
Miscellaneous expenses	489.63	264.04
Total	**3,931.96**	**3,187.08**

*Above does not include other expenses pertaining to life insurance fund as disclosed in Note 33C.

Notes forming part of the Consolidated financial statements

35. Commitments, contingent liabilities and contingent assets

(Rs. in lakhs)

Particulars		**As at 31.03.2020**	**As at 31.03.2019**
A.	**Capital commitments**		
(i)	Estimated amount of contracts remaining to be executed on property, plant and equipments not provided for (net of advances)	2,278.74	1,329.00
(ii)	Commitments made and outstanding for investments and loans	3,788.72	2,763.00
B.	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts (Refer note a)		
(i)	Disputed demands raised by custom authorities	451.71	440.54
(ii)	Disputed demand raised by tax authorities (See note b)*	886.11	7,648.97
(iii)	Notice for non-compliance with corporate governance requirements (See note c)	11.40	11.40
(iv)	Disputed demand raised by income tax authorities (See note d)	-	159.04
(v)	Litigation against the Company relating to Company Law matters (See note e)	-	-
(vi)	Others (See note f)	3,063.81	2,409.31
(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 g)	-	-
(viii)	Partly paid-up investment	-	438.26
(ix)	Claims, other than against policies, not acknowledged as debts	1,917.83	1,299.15

C. Contingent assets

Certain insurance claims are in the final stage of recovery for which amounts are not quantifiable and hence not reported.

* Inclusive of Interest and penalty of Rs. 175.25 lakhs and Nil respectively as at March 31, 2020 (Rs. 2,690.00 lakhs and Rs. 2,128.00 lakhs respectively as at March 31, 2019)

Notes :

a. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums / authorities. Based on management estimation and opinions from legal advisors, management believes that its position is likely to be upheld in appellate process. No tax has been accrued in the financials statements for tax / legal case demands. The management believes that the ultimate outcome of the proceedings will not have material adverse effect on the Company's financial position and result of operations.

b. The Company has not made any provision for the demands in service tax cases as the Company believes that they have a good case based on existing judicial pronouncements. Advance paid against the same is Rs. 12.00 lakhs (As at 31 March, 2019 : Rs. 12.00 lakhs).

   Decrease in contingent liability is due to favourable order from "Customs Excise and Service Tax Appellate Tribunal" (CESTAT) on Service tax matter

Notes forming part of the Consolidated financial statements

c. The Company has received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company has deposited Rs. 11.40 lakhs under protest and has requested NSE and BSE for waivers.

d. Income tax cases represent the cases pending with income tax authorities / appellate authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various courts / authorities. The Company has not made any provision for the demands in income tax cases as the Company believes that they have a good case based on existing judicial pronouncements.

e. During the year 2006, the Ministry of Corporate Affairs had carried out an inspection, wherein certain technical offences were alleged by the Inspection Officer, based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petition against the prosecution proceedings with the Hon'ble High Court of Punjab and Haryana. The Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

   The Hon'ble High Court passed the following judgements in the three matters on 5 March 2019:

   1. Non-display of registered office address at its corporate office in a prominent manner: Decided in favour of the Company with no costs.

   2. Providing interest free loans to group companies: A nominal compounding fee of Rs. 0.50 lakhs has been levied on the Company and the matter was disposed off. The Company has paid the compounding fee of Rs. 0.50 lakhs vide demand draft number 033477 dated 7 March 2019.

   3. Non-charging of interest on the excess remuneration received and refunded by former executive directors: The Hon'ble High Court directed the former executive directors to pay simple interest @ 12% per annum for the period such excess remuneration was retained by them. The Company recorded the interest receivable in the financial statements for the year ended 31 March, 2019. The amounts have been recovered subsequent to year end.

f. Represents potential liability in respect of repudiated Policyholders' claims Rs. 3,038.81 lakhs (March 31, 2019 Rs. 2,384.00 lakhs) and bank guarantee placed with bank for UIDAI of Rs. 25.00 lakhs (March 31, 2019 Rs. 25.00 lakhs).

Notes forming part of the Consolidated financial statements

g. 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)

(Rs. in lakhs)

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 1999-00 and not AY 1998-99. 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 1999-00 and not AY 1998-99. 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 2006-07, 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 [Details as stated in note (g) above] was being contested both by the Company and the Income Tax Department for multiple years, pending before various Appellate Authorities and previously disclosed as contingent liabilities.

The settlement proposed by the Company under the Scheme has been accepted by the Tax Department for all the years under dispute viz. Assessment Year 1998-99, Assessment Year 1999-2000 and Assessment Year 2006-07 and the Company has paid the cumulative tax amount of Rs. 12,378.21 lakhs in May 2020, determined under the provisions of the Scheme, towards full and final settlement of the tax arrears. The Company has made provision of Rs. 12,378.21 lakhs for the same and is disclosed as 'current tax' in the year ended March 31, 2020.

Notes forming part of the Consolidated financial statements

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 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
a. Segment Revenue						
Revenue from external customers	1,490.64	2,058.56	1,822,507.20	1,948,906.66	**1,823,997.84**	**1,950,965.22**
Inter segment revenue	48,002.97	29,604.40	5.77	10.90	**48,008.74**	**29,615.30**
Total Segment Revenue	**49,493.61**	**31,662.96**	**1,822,512.97**	**1,948,917.56**	**1,872,006.58**	**1,980,580.52**
Less: Inter segment elimination (net)	48,002.97	29,604.40	5.77	10.90	**48,008.74**	**29,615.30**
Revenue from operations	**1,490.64**	**2,058.56**	**1,822,507.20**	**1,948,906.66**	**1,823,997.84**	**1,950,965.22**
b. Segments Results before taxes	**39,644.23**	**7,548.28**	**50,957.14**	**60,743.73**	**90,601.37**	**68,292.01**
Less: Inter segment elimination (net)					46,502.94	17,839.63
Sub-total					**44,098.43**	**50,452.38**
Unallocated Expenses (Net of unallocated income)					150.12	(2,368.40)
Profit before tax					**44,248.55**	**48,083.98**
Provision for taxation (includes provision for Deferred Tax)					16,963.12	6,436.77
Profit after tax					**27,285.43**	**41,647.21**
Less: Profit transferred to non-controlling interest					12,786.06	15,391.14
Profit after tax (after adjusting non-controlling interest)					**14,499.37**	**26,256.07**

Notes forming part of the Consolidated financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
c. Segment Assets		
Business Investments	252,555.81	219,557.79
Life Insurance business	7,369,427.90	6,653,185.20
Total	**7,621,983.71**	**6,872,742.99**
Inter segment elimination (net)	(169,361.74)	(157,128.93)
Total Assets	**7,452,621.97**	**6,715,614.06**
d. Segment Liabilities		
Business Investments	24,523.67	19,556.50
Life Insurance business	7,122,153.90	6,376,258.55
Total	**7,146,677.57**	**6,395,815.05**
Inter segment elimination (net)	24,059.00	36,489.16
Total Liabilities	**7,170,736.57**	**6,432,304.21**

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.

MFSL

The Group recognised Rs. 452.00 lakhs (previous year: Rs. 529.00 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, 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.

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.

Notes forming part of the Consolidated financial statements

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

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Discount rate(s)	6.50%-7.10%	7.20%-7.60%
Expected return on plan assets	7.10%-7.50%	7.50%-7.60%
Salary escalation	7.50%-10.00%	7.50%-10.00%
Retirement age	58-65 years	58-65 years
Mortality tables	IALM (2012 - 14)	IALM (2006 - 08)
Attrition (%) - All ages	5%-25%	5%-25%
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	3,722.33	2,104.63

(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 31.03.2020	Year ended 31.03.2019
Service cost		
- Current service cost	389.54	353.34
Interest cost	257.68	243.20
Expected return on plan assets	(130.00)	(185.25)
Components of defined benefit costs recognised in profit or loss	**517.22**	**411.29**
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amounts included in net interest expense)	199.96	45.33
- Actuarial (gains) / losses arising from changes in demographic assumptions	0.06	-
- Actuarial (gains) / losses arising from changes in financial assumptions	258.78	1.68
- Actuarial (gains) / losses arising from experience adjustments	687.91	514.81
Components of defined benefit costs recognised in other comprehensive income	**1,146.71**	**561.82**
Total	**1,663.93**	**973.11**

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.

Notes forming part of the Consolidated financial statements

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 31.03.2020	As at 31.03.2019
Present value of funded defined benefit obligation	(5,273.51)	(4,186.03)
Fair value of plan assets	1,420.26	1,946.22
Net liability arising from defined benefit obligation	**(3,853.25)**	**(2,239.81)**

(d) Movements in the present value of the defined benefit obligation are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Opening defined benefit obligation	4,186.03	3,910.76
Current service cost	389.54	353.34
Interest cost	257.68	243.20
Liability transferred	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	258.78	1.68
- Actuarial gains and losses arising from experience adjustments	687.91	514.81
Benefit paid - Paid by the Enterprise	(105.68)	(202.73)
Benefit paid - Payment made out of the Fund	(456.00)	(635.03)
Closing defined benefit obligation	**5,273.51**	**4,186.03**

(e) Movements in the present value of the plan assets as computed by Actuarial are as follows:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Plan assets at beginning of the year	1,946.22	2,441.33
Expected return on plan assets	130.00	185.25
Actual group contributions	-	-
Actuarial gain / (loss) on plan assets	(199.96)	(45.33)
Benefits paid	(456.00)	(635.03)
Plan assets at the end of the year	**1,420.26**	**1,946.22**

(f) Disaggregation of plan assets into classes:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
The plan assets are invested in insurer managed funds	100.00%	100.00%
Asset allocation:		
Government securities	17.76%	21.47%
Corporate Debt	33.77%	29.22%
Equity shares	40.20%	42.97%
Net Current Assets including Money Market Items	1.35%	2.52%
Reverse/ Repo	6.92%	3.82%
Total	**100.00%**	**100.00%**

Notes forming part of the Consolidated financial statements

(g) The following are expected defined benefit payments in future years:

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Within the next 12 months (next annual reporting period)	248.18	1,592.29
Between 2 and 5 years	1743.45	3,398.06
Beyond 5 years	4511.99	1,343.52
Total expected payments	**6,503.62**	**6,333.87**

The weighted average duration of the defined benefit plan as at 31 March 2020 is 10.88 years. (31 March 2019: 10.68 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. 9,619.29 lakhs (increase by Rs. 10,670.43 lakhs) [as at 31 March, 2019: decrease by Rs. 7,856.29 lakhs (increase by Rs. 8,012.97 lakhs)].

ii) If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 10,641.90 lakhs (decrease by Rs. 9,641.04 lakhs) [as at 31 March, 2019: increase by Rs. 7,985.04 lakhs (decrease by Rs. 7,866.85 lakhs)].

iii) If the expected withdrawal rate increases (decreases) by 100 basis points, the defined benefit obligation would decrease by Rs. 5,030.00 lakhs (increase by Rs. 5,084.00 lakhs) [as at 31 March, 2019: decrease by Rs. 3,953.00 lakhs (increase by Rs. 3,970.0 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 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.

Notes forming part of the Consolidated financial statements

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

(Rs. in lakhs)

Particulars	Gratuity				
	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Present value of DBO	5,273.51	4,186.03	3,910.76	3,546.86	3,281.14
Fair value of plan assets	1,420.26	1,946.22	2,441.33	2,648.37	1,071.68
Funded status [Surplus / (Deficit)]	(3,853.25)	(2,239.81)	(1,469.43)	(898.49)	(2,209.46)
Experience gain / (loss) adjustments on plan liabilities	(946.69)	(516.49)	69.27	111.75	153.89
Experience gain / (loss) adjustments on plan assets	(199.96)	(45.33)	(38.75)	35.42	153.18

b. Provident Fund:

The Group is contributing in a provident fund trust “Max Financial Services Limited Employees Provident Trust Fund” 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 Trust Fund” which is a common fund for the Group.

The details of fund and plan asset position as at March 31, 2020 as per the actuarial valuation of active members are as follows:

	March 31, 2020	March 31, 2019
Plan assets at year end at fair value	35,654.75	29,999.06
Present value of defined benefit obligation at year end	35,350.67	29,369.33
Surplus as per actuarial certificate	304.08	629.73
Shortfall recognised in balance sheet	**-**	**-**

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

	March 31, 2020	March 31, 2019
Discount rate	5.45%	6.76%
Yield on existing funds	8.50%	8.65%
Expected guaranteed interest rate	8.50%	8.65%

Contribution to Defined benefit Plan, recognised as expense for the year is as under:

	March 31, 2020	March 31, 2019
Employer's Contribution towards Provident Fund (PF)	3,966.55	2,465.77
	3,966.55	**2,465.77**

Notes forming part of the Consolidated financial statements

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

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Basic EPS		
Profit attributable to shareholders of the Company (Rs. in lakhs)	14,499.37	26,256.07
Weighted average number of equity shares outstanding during the year (Nos.)	269,431,688	268,605,095
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**5.38**	**9.77**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding (Nos)	142,130	254,562
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,573,818	268,859,656
Diluted Earnings Per Share (Rs.)	**5.38**	**9.77**

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.

The following share based arrangements were in existence during the current and prior years :

Options Series	Number	Grant date	Expiry 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

Notes forming part of the Consolidated financial statements

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, 2020	March 31, 2019
Risk- free interest rate	6.58% - 7.91%	7.49% - 7.91%
Expected volatility (standard dev - annual)	35.30% -42.82%	36.82% -41.82%
Expected life (years)	3.00-6.00	3.00-8.52
Expected dividend yield	0% - 0.51%	0% - 0.51%

The following table illustrates the number and movements in, share options during the year:

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	131,015	224.82	1,132,767	219.48
Granted during the year	147,430	89.38	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(123,708)	278.87	(1,001,752)	218.78
Outstanding at the end of the year	154,737	85.25	131,015	224.82
Exercisable at the end of the year	-	-	-	-

For the period, the weighted average share price at the exercise date was Rs. 509.29 (previous year: Rs. 425.52)

The weighted average exercise price for stock options outstanding as at March 31, 2020 was Rs. 85.25 per share (March 31, 2019: Rs. 224.82 per share).

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2020 is 2.02 years (31 March, 2019: 0.56 years). The range of exercise prices for options outstanding at the end of the year was Rs. 2.00 to Rs. 404.45 (31 March, 2019: Rs. 2.00 to Rs. 311.34).

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 (PSP Plans - 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. 112.22 lakhs (previous year: Rs. 1,052.09 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:

Notes forming part of the Consolidated financial statements

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Option outstanding at the beginning of the year	191,467	5.68	222,478	5.68
Granted during the Year	-	-	173,723	5.38
Exercised during the year	(163,327)	5.17	(204,734)	6.00
Outstanding at the end of the year	28,140	2.00	191,467	5.68
Exercisable at the end of the year	28,140	2.00	135,189	5.83

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, 2020	March 31, 2019
Risk- free interest rate	5.22%	6.66% - 6.77%
Expected volatility (standard dev - annual)	53.58%	42.79%
Expected life (years)	2.00	2.00 - 3.00
Expected dividend yield	0.00%	0.00%

The weighted average remaining contractual life for the stock options outstanding as at 31 March, 2020 is Nil years (31 March, 2019: 1.00 year).

39 Max Life Insurance Company Limited

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. Accordingly Rs. 2,263.23 lakhs [previous year (Rs. 2,436.00 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
Date of Grant	1-Aug-12	1-Dec-14	1-Mar-16	24-May-18	22-May-19
No. of options outstanding	765000	-	1,838,000	4,687,000	9,371,000
Exercise Price (Rs.)	29.97	43.3	53.64	96.4	83.9
Graded Vesting Period					
1st Year	10%	-	-	25%	25%
2nd Year	20%	-	20%	25%	25%
3rd Year	30%	50%	30%	25%	25%
4th Year	40%	50%	50%	25%	25%
Mode of Settlement	Cash	Cash	Cash	Cash	Cash

Notes forming part of the Consolidated financial statements

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, 2020	March 31, 2019
Risk- free interest rate	5.25%-6.34%	6.42%-7.14%
Expected life (years)	2.14-5.0 Years	0.67-5.15 Years
Expected volatility (standard dev - annual)	52.05%-43.32%	42.79%
Expected dividend yield	1.97%	1.61%

The following table illustrates the number and movements in, share options during the year:

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the beginning of the year	12,549,000	63.77	12,301,000	32.09
Granted during the Year	9,981,000	83.90	6,182,000	96.40
Forfeited during the year	(1,567,000)	63.77	(1,603,000)	32.09
Exercised during the year	(4,301,000)	63.77	(4,331,000)	32.09
Outstanding at the end of the year	16,662,000	75.83	12,549,000	63.77
Exercisable at the end of the year	-	-	-	-

The range of exercise prices for options outstanding at the end of the year was Rs. 29.97 to Rs. 96.40 (31 March 2019: Rs. 29.97 to Rs. 96.40)

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. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted.

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. 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 ended ended March 31, 2020:

Particulars	Category of ROU assets Building
Balance as on 01 April, 2019 (on adoption of IndAS 116)	29,317.23
Addition	6,103.85
Addition through business combination	-

Notes forming part of the Consolidated financial statements

Depreciation expense	(6,217.81)
Transition Difference	-
Balance as of 31 March, 2020	29,203.27

b. The following is the break-up of current and non-current lease liabilities as of March 31, 2020:

Particulars	**Amount as on March 31, 2020**
Current Liabilities	5,147.01
Non-Current Liabilities	26,774.64
Total	31,921.65

c. The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	**Amount as on March 31, 2020**
Balance as on 01 April, 2019 (on adoption of IndAS 116)	30,755.77
Addition	6,098.69
Finance cost accrued during the period	2,537.43
Payment of Lease liabilities	(7,470.24)
Balance as of 31 March, 2020	**31,921.65**

d. The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

Particulars	**Amount as on March 31, 2020**
Less than one year	7,471.19
One to five years	23,936.76
More than five years	9,386.02
Total	**40,793.97**

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, 2020 is Rs. 2,541.00 lakhs.

Notes forming part of the Consolidated financial statements

41. Related parties disclosures

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
	-	Mr. Analjit Singh (Chairman)
Key Management Personnel (KMP)	-	Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
	-	Mr. Mohit Talwar (Managing Director)
	-	Mr. Ashwani Windlass (Director) (till January 16, 2020)
	-	Mr. Rajesh Khanna (Director) (till 11 February, 2019)
	-	Mr. Aman Mehta (Director)
	-	Mr. D.K. Mittal (Director)
	-	Ms. Naina lal Kidwai (Director)
	-	Mr. Sahil Vachani (Director) (w.e.f. 25 May, 2018)
	-	Mr. Jai Arya (Director) (w.e.f. 14 November, 2018)
	-	Mr. Charles Richard Vernon Stagg (Director) (w.e.f. 11 February, 2019)
	-	Mr. Sanjay Nayar (Director) (till February 06, 2020)
	-	Ms. 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
	-	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 Learning Limited
	-	Max UK Limited
	-	KKR Capital Market India Private Limited
	-	Delhi Guest House Private Limited
	-	New Delhi House Services Limited
	-	Pharmax Corporation Limited
	-	Advaita Allied Health Services Limited
	-	Forum I Aviation Private Limited
	-	SKA Diagnostic Private Limited
	-	Max Healthcare Institute Limited
	-	ALPS Hospital Limited
	-	Wise Zone Builders Private Limited
	-	Max Speciality Films Limited
	-	Max Asset Services Limited
Employee benefit funds	-	Max Financial Services Limited Employees' Provident Fund Trust

Note : The related parties have been identified by the management.

41.1 Transactions with related parties during the year:

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	Parties	Total	
		Year ended 31.03.2020	Year ended 31.03.2019
Reimbursement of expenses (Received from)	Max Bupa Health Insurance Company Limited	1.38	22.02
	Max Ventures and Industries Limited	3.46	3.64
	Max India Limited	67.65	1.46
	Max Skill First Limited	1.38	1.46
	Antara Senior Living Limited	1.38	1.46
	Advaita Allied Health Services Limited	1.80	-
	Max Healthcare Institute Limited	1.80	1.46
	Antara Purukul Senior Living Limited	-	4.85
	Max Learning Limited	-	1.25
	ALPS Hospital Limited	-	2.40
Sale of Services	Max India Limited	300.00	809.80
	Max Ventures and Industries Limited	153.00	159.15
	Max Healthcare Institute Limited	60.00	248.60
	Max Bupa Health Insurance Company Limited	-	5.19
	Antara Purukul Senior Living Limited	-	2.09
Reimbursement of expenses (paid to)	Delhi Guest House Pvt Limited	-	24.26
	Max India Limited	9.06	34.04
	Max Ventures and Industries Limited	-	9.41
	Max Asset Services Limited	228.00	-
Training expense	Max Skill First Limited	4,424.00	2,697.00
Repairs and maintenance - others	New Delhi House Services Limited	151.28	189.02
Miscellaneous expenses	New Delhi House Services Limited	26.24	-
	Antara Purukul Senior Living Limited	1.00	1.00
Employer contribution to provident fund	Max Financial Services Limited Employees' Provident Fund Trust	3,966.55	2,465.77
Finance costs	KKR Capital Market India Pvt Limited	-	2,034.00
Insurance Expense	Max Bupa Health Insurance Company Limited	10.31	10.40
Legal and professional expenses	Max India Limited	2,700.00	2,700.00
	Max UK Limited	74.70	51.49
Rental Income	Max Skill First Limited	137.00	-
	Max Ventures and Industries Limited	173.00	-
	Wise Zone Builders Private Limited	590.00	-
	Max Bupa Health Insurance Company Limited	176.00	33.00

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	Parties	Total	
		Year ended 31.03.2020	Year ended 31.03.2019
Premium Income	Max Skill First Limited	9.00	7.00
	Max Ventures and Industries Limited	1.00	1.00
	Max India Foundation	0.30	2.00
	Antara Senior Living Limited	6.00	3.00
	Antara Purukul Senior Living Limited	2.00	1.00
	Max Bupa Health Insurance Company Limited	202.00	125.00
	Max Healthcare Institute Limited	18.00	18.00
	Max Speciality Films Limited	19.00	18.00
Miscellaneous income	Max Skill First Limited	6.00	-
	Max Bupa Health Insurance Company Limited	3.00	3.00
	Max Healthcare Institute Limited	6.00	7.00
	Max Speciality Films Limited	1.00	1.00
Rent including lease rentals	Delhi Guest House Pvt Limited	99.97	189.05
	Pharmax Corporation Limited	3.80	26.96
	Max India Limited	214.82	184.87
	SKA Diagnostic Private Limited	58.33	-
CSR and voluntary donations	Max India Foundation	1,223.00	1,339.00
Travelling and conveyance	Forum I Aviation Private Limited	82.62	-
Payment for purchase of Investment property	Wise Zone Builders Private Limited	21,281.00	-
Security Deposit paid	Delhi Guest House Pvt Limited	-	4.82
Security Deposit received	Max India Limited	0.45	-
	Advaita Allied Health Services Limited	0.45	-
	Max Healthcare Institute Limited	0.45	-
	Max Ventures and Industries Limited	168.00	-

41.2 Transactions with the key management personnel during the year:

(Rs. In lakhs)

Name of key management personnel	Nature of transaction	Year ended 31.03.2020	Year ended 31.03.2019
Mr. Mohit Talwar (Note 1)	Remuneration	1,251.86	974.08
Ms. Sujatha Ratnam (Note 1)	Remuneration (including severance pay)	332.17	204.58
Mr. Sandeep Pathak (Note 1)	Remuneration	19.48	86.26
Mr. Jatin Khanna (Note 1)	Remuneration	86.22	-
Mr. V Krishnan (Note 1)	Remuneration	100.93	-
Mr. Analjit Singh	Director sitting fee	4.00	3.00
Mr. Ashwani Windlass	Director sitting fee	10.00	27.00
Mr. Rajesh Khanna	Director sitting fee	-	22.00
Mr. Aman Mehta	Director sitting fee	10.00	7.00

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Name of key management personnel	Nature of transaction	Year ended 31.03.2020	Year ended 31.03.2019
Mr. D.K. Mittal	Director sitting fee	17.00	28.00
Ms. Naina lal Kidwai	Director sitting fee	5.00	21.00
Mr. Sahil Vachani	Director sitting fee	5.00	3.00
Mr. Jai Arya	Director sitting fee	3.00	2.00
Mr. Charles Richard Vernon Stagg	Director sitting fee	2.00	2.00
Mr. Rajesh Khanna	Commission	-	26.05
Mr. Aman Mehta	Commission	20.00	30.00
Mr. D.K. Mittal	Commission	20.00	30.00
Ms. Naina Lal Kidwai	Commission	20.00	30.00
Mr. Jai Arya	Commission	20.00	11.34
Mr. Charles Richad Vernon Stagg	Commission	20.00	4.03

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.

41.3 Balance outstanding as at the year end:

(Rs. In lakhs)

Nature of transaction	Name of related party	As at 31.03.2020	As at 31.03.2019
Trade Receivables	Max Bupa Health Insurance Company Limited	1.63	5.05
	Max Healthcare Institute Limited	149.02	388.01
	Max Ventures and Industries Limited	165.18	157.24
	Max Skill First Limited	594.00	548.00
Other Receivables	Antara Purukul Senior Living Limited	-	3.25
	Pharmax Corporation Limited	19.56	19.16
	Delhi Guest House Private Limited	-	20.96
	Advaita Allied Health Services Limited	0.49	-
	Max Ventures and Industries Limited	168.00	-
	Wise Zone Builders Private Limited	208.00	-
	Max Bupa Health Insurance Company Limited	9.00	-
	Max Healthcare Institute Limited	6.00	-
Security Deposit Receivable	Pharmax Corporation Limited	-	4.50
	Delhi Guest House Private Limited	22.82	22.38
	SKA Diagnostic Private Limited	25.00	-
Capital advance	Wise Zone Builders Private Limited	-	6,710.00
Advance lease rental payments	SKA Diagnostic Private Limited	66.67	-
Trade Payables	New Delhi House Services Limited	30.57	22.36
	Max India Limited	448.15	625.96
	Max UK Limited	74.70	-
	Max Asset Services Limited	3.00	-

Notes forming part of the Consolidated financial statements

42. Financial Instruments

(a) Capital Management

Company 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 objectives and maximise shareholders value

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.

Company 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 Company has a Board approved Risk Appetite Statement which defines the minimum level of capital that the Company 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 Company'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 Company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the 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 :

Notes forming part of the Consolidated financial statements

- 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.

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

Notes forming part of the Consolidated financial statements

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.

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

Notes forming part of the Consolidated financial statements

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 period.

(Rs. in lakhs)

Market indices	Change in Interest rate	As at 31 March, 2020		As at 31 March, 2019	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Interest rate	25 Basis Point down	-	942.00	-	1,836.00
	50 Basis Point down	-	1,885.00	-	3,673.00
	25 Basis Point Up	-	(942.00)	-	(1,836.00)
	50 Basis Point Up	-	(1,885.00)	-	(3,673.00)

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 31.03.2020		Year ended 31.03.2019	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Equity price	10% rise	1,008.00	-	1,319.00	-
	10% fall	(1,008.00)	-	(1,319.00)	-

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

Notes forming part of the Consolidated financial statements

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 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 11th April 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 of the Company, Max Life Insurance 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

Notes forming part of the Consolidated financial statements

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.

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 is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group.

Maturity profile of financial liabilities:

(Rs. in lakhs)

Particulars	As at 31 March, 2020		
	Within 12 months	After 12 months	Total
- Trade Payables	76,445.02	4,499.25	80,944.27
- Derivative financial instruments	3,802.22	-	3,802.22
- Lease Liability	5,147.01	26,774.64	31,921.65
- Other Financial Liabilities	100,617.12	14,123.92	114,741.04
Total	**186,011.37**	**45,397.81**	**231,409.18**

(Rs. in lakhs)

Particulars	As at 31 March, 2019		
	Within 12 months	After 12 months	Total
- Trade payables	89,256.33	8,661.09	97,917.42
- Derivative financial instruments	11.06	-	11.06
- Other Financial Liabilities	100,995.77	31,227.57	132,223.34
Total	**190,263.16**	**39,888.66**	**230,151.82**

Notes forming part of the Consolidated financial statements

(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 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.

Notes forming part of the Consolidated financial statements

Industry Analysis
As on March 31, 2020

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	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
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**

As on March 31, 2019

(Rs. in lakhs)

Particulars	Manufacturing	Government	Financial and Insurance	Infrastructure	IT Services	Others	Grand Total
FVOCI Financial Assets							
Debt	27,470.00	4,692.00	42,040.00	116,886.00	-	10,186.00	201,274.00
Government Securities	-	68,958.00	-	-	-	-	68,958.00
Others	-	-	4,854.00	-	-	2,499.00	7,353.00
Financial Assets At FVTPL							
Alternate Investment Funds	-	-	4,752.00	-	-	-	4,752.00
Debt Securities	77,005.00	519.00	118,859.00	205,612.00	-	14,634.00	416,629.00
Equity Instruments	547,517.00	-	486,462.00	119,482.00	194,235.00	17,719.00	1,365,415.00
Government Securities	-	489,575.00	-	-	-	-	489,575.00
Infrastructure Investment Trusts	-	-	-	3,109.00	-	-	3,109.00
Mutual funds	-	-	-	-	-	243,969.70	243,969.70
Preference Shares	-	-	-	-	-	-	-
Others	-	-	2,000.00	-	-	9,993.00	11,993.00
Financial Assets At Amortised Cost							
Debt	11,946.00	2,662.00	205,087.00	654,729.00	-	29,941.00	904,365.00
Government Securities	-	2,572,287.00	-	-	-	-	2,572,287.00
Others	-	-	-	-	-	34,798.00	34,798.00
Total Credit Risk Exposure	**663,938.00**	**3,138,693.00**	**864,054.00**	**1,099,818.00**	**194,235.00**	**363,739.70**	**6,324,477.70**

Notes forming part of the Consolidated financial statements

Credit Exposure by Credit Rating
As on 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**

As on March 31, 2019

(Rs. in lakhs)

Particulars	AAA or Equivalent	AA+ or AA'	AA- or lower upto A+ or Equivalent	SOVEREIGN	UNR	Total
FVOCI Financial Assets						
Debt	190,438.00	9,224.00	1,611.00	-	-	201,273.00
Government Securities	-	-	-	68,958.00	-	68,958.00
Others	2,499.00	-	-	-	4,854.00	7,353.00
Financial Assets At FVTPL						
Alternate Investment Funds	-	-	-	-	4,752.00	4,752.00
Debt Securities	286,112.00	100,677.00	29,839.00	-	-	416,628.00
Equity Instruments	-	-	-	-	1,365,415.00	1,365,415.00
Government Securities	-	-	-	489,575.00	-	489,575.00
Infrastructure Investment Trusts	-	-	-	-	3,109.00	3,109.00
Mutual funds	-	-	-	-	243,971.70	243,971.70
Preference Shares	-	-	-	-	-	-
Others	9,993.00	-	-	-	2,000.00	11,993.00
Amortised Cost Financial Assets						
Debt	736,934.00	166,931.00	500.00	-	-	904,365.00
Government Securities	-	-	-	2,572,287.00	-	2,572,287.00
Others	34,798.00	-	-	-	-	34,798.00
Total Credit Risk Exposure	**1,260,774.00**	**276,832.00**	**31,950.00**	**3,130,820.00**	**1,624,101.70**	**6,324,477.70**

Notes forming part of the Consolidated financial statements

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 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 01 April, 2018	52.00
Provided during the year	504.54
Reversals of provision	-
As at 31 March, 2019	**556.54**
Provided during the year	10,254.02
As at 31 March, 2020	**10,810.56**

(iv) Insurance and Financial Risk of Insurance Business

The principal risk the company 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.

Notes forming part of the Consolidated financial statements

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

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

Notes forming part of the Consolidated financial statements

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
Change in liabilities

(Rs. in lakhs)

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Liability at the beginning of the year	**3,149,001.00**	**1,905,856.00**	**636,480.00**	**5,691,337.00**	**2,569,519.00**	**1,634,709.00**	**503,248.00**	**4,707,476.00**
Add/(Less)								
Premium	641,620.00	424,463.00	159,985.00	1,226,068.00	532,034.00	281,146.00	129,580.00	942,760.00
Unwinding of the discount /Interest credited	170,851.00	86,683.00	42,087.00	299,621.00	175,640.00	173,554.00	29,602.00	378,796.00
Claim Liability released	(276,645.00)	(247,089.00)	(63,597.00)	(587,331.00)	(108,200.00)	(296,835.00)	(47,051.00)	(452,086.00)
New Business	13,962.00	154,917.00	100,587.00	269,466.00	42,059.00	160,995.00	41,219.00	244,273.00
Others	2,121.06	(453,919.00)	(60,430.00)	(512,227.94)	(62,051.00)	(47,713.00)	(20,118.00)	(129,882.00)
Liability at the end 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**

Investment Contracts Liabilities

(Rs. in lakhs)

Particulars	As at 31 March, 2020				As at 31 March, 2019			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	**16.00**	**109,195.00**	**-**	**109,211.00**	**31.00**	**119,387.00**	**-**	**119,418.00**
Additions								
Premium	-	5,195.00	-	5,195.00	-	6,541.00	-	6,541.00
Interest and Bonus credited to policyholders	1.00	(8,339.00)	-	(8,338.00)	2.00	10,299.00	-	10,301.00
Deductions								
Withdrawals / Claims	11.00	28,112.00	-	28,123.00	17.00	26,555.00	-	26,572.00
Fee Income and Other Expenses	-	387.50	-	387.50	-	477.00	-	477.00
At the end of the year	**6.00**	**77,551.50**	**-**	**77,557.50**	**16.00**	**109,195.00**	**-**	**109,211.00**

Notes forming part of the Consolidated financial statements

Reinsurance Assets	(Rs. in lakhs)		Deferred Acquisition Cost	(Rs. in lakhs)
Particulars	**As at 31 March, 2020**	**As at 31 March, 2019**	**Particulars**	**Amount**
At the beginning of the year	**49,872.39**	**12,479.15**	**As at 01 April, 2018**	**171.06**
			Expenses deferred	-
Add/(Less)			Amortisation	(48.55)
Impact of new business	36,235.88	20,156.44	**As at 31 March, 2019**	**122.51**
Others	56,240.18	17,236.80	Expenses deferred	-
			Amortisation	(35.92)
At the end of the year	**142,348.45**	**49,872.39**	**As at 31 March, 2020**	**86.59**

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

Notes forming part of the Consolidated financial statements

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.

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	Mortality rates Investment return				Lapse and surrender rates	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Insurance						
Participating Life products - Endowment (closed to new business) - Life Gain Plus	38% to 163% of IALM 12-14	36% to 143% of IALM 06-08	5.45%	5.45%	2% to 19%	2% to 8%
Participating Life products - Whole Life (closed to new business) - Whole Life	38% to 163% of IALM 12-14	36% to 143% of IALM 06-08	5.45%	5.45%	2% to 19%	2% to 8%

Notes forming part of the Consolidated financial statements

Assumptions for key categories of business impacting net liabilities	Mortality rates		Investment return		Lapse and surrender rates	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Participating Life products - Endowment (open to new business) - Monthly Income Advantage Plan	57% to 75% of IALM 12-14	58% to 80% of IALM 06-08	5.45%	5.45%	2% to 11%	3% to 12%
Participating Life products - Endowment (open to new business) - Life Gain Premier	63% to 97% of IALM 12-14	58% to 83% of IALM 06-08	5.45%	5.45%	3% to 15%	3% to 17%
Key Individual Linked product - Fast Track Super	48% to 102% of IALM 12-14	30% to 78% of IALM 06-08	5.70%	5.75%	2% to 11%	4% to 10%
Individual Non-Participating Life products - Savings - Gteed. Monthly Income Plan	66% to 78% of IALM 12-14	48% to 84% of IALM 06-08	5.70%	5.75%	0.4% to 6%	0.4% to 6%
Individual Non-Participating Life products - Savings - Gteed. Income Plan	57% to 90% of IALM 12-14	51% to 81% of IALM 06-08	5.70%	5.55%	1% to 6%	2% to 6%
Individual Non-Participating Life products - Protection - Online Term Plan	30% to 54% of IALM 12-14	29% of IALM 06-08	5.25%	5.25%	2% to 8%	2% to 3%
Group Credit Life - Credit Life Secure	72% to 84% of IALM 12-14	72% to 84% of IALM 06-08	5.70%	5.75%	0.6% to 2%	1% to 3%

* Mortality and lapse/surrender assumptions are provided for the top two distribution channels.

Portfolio assumptions by type of business impacting net liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Insurance						
With DPF	NA	NA	660.00	660.00	5.45% p.a.	6% p.a.
Linked Business	2.50%	2.50%	935.00	908.00	5.45% p.a.	6% p.a.
Others	NA	NA	594.00	594.00	5.45% p.a.	6% p.a.

*Commission scales have been allowed in accordance with the company practice.

Notes forming part of the Consolidated financial statements

Sensitivity to Insurance Risk
Embedded Value (EV) and Value of New Business (VNB) Analysis:
Sensitivity analysis as at 31 March, 2020

Sensitivity	EV		New Business	
	Value (Rs. Cr)	% Change	VNB (Rs. Cr)	% 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

Sensitivity analysis as at 31 March, 2019

Sensitivity	EV		New Business	
	Value (Rs. Cr)	% Change	VNB (Rs. Cr)	% Change
Base Case	**9,257.00**	-	**856.00**	-
Lapses/Surrender - 10% increase	9,103.00	-2%	821.00	-4%
Lapses/Surrender - 10% decrease	9,420.00	2%	893.00	4%
Mortality - 10% increase	9,126.00	-1%	826.00	-4%
Mortality - 10% decrease	9,390.00	1%	887.00	4%
Expenses - 10% increase	9,177.00	-1%	808.00	-6%
Expenses - 10% decrease	9,338.00	1%	905.00	6%
Risk free rates - 100 bps increase	9,102.00	-2%	914.00	7%
Risk free rates - 100 bps reduction	9,403.00	2%	779.00	-9%
Equity values - 10% immediate rise	9,330.00	1%	856.00	Negligible
Equity values - 10% immediate fall	9,185.00	-1%	856.00	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)

Notes forming part of the Consolidated financial statements

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 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 2020.
- 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:

- assumptions are based on LAST one Year experience and expectations of future experience given the likely impact of current and proposed management actions on such assumptions.
- Aims to avoid arbitrary changes, discontinuities and volatility where it can be justified.
- Aims to exclude the impacts of non-recurring factors

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.

Notes forming part of the Consolidated financial statements

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:

As at 31 March, 2020 **(Rs. In lakhs)**

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Derivative financial instrument				
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
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
	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
Forward rate agreements	-	3,802.22	-	3,802.22
	-	**3,802.22**	**34,814.46**	**38,616.68**

* other investment includes fixed deposits and reverse repo.

Notes forming part of the Consolidated financial statements

There have been no transfer between Level 1, 2 and 3 during the year.

As at 31 March, 2019 **(Rs. In lakhs)**

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Interest rate swap	-	6,021.01	-	6,021.01
FVOCI Assets:				
Government Securities	-	68,957.60	-	68,957.60
Debt Securities	-	201,273.17	-	201,273.17
Other Investments*	-	7,352.67	-	7,352.67
FVTPL Assets:				
Government Securities	-	489,575.45	-	489,575.45
Debt Securities	-	416,628.00	-	416,628.00
Equity Instruments	1,348,326.04	114.00	-	1,348,440.04
Preference Shares	-	-	-	-
Mutual Funds	243,969.61	-	-	243,969.61
Alternate Investment Fund	-	4,752.31	-	4,752.31
Additional Tier 1 Bonds	-	16,974.82	-	16,974.82
Infrastructure Investment Trusts	3,109.05	-	-	3,109.05
Other Investments*	-	11,992.94	-	11,992.94
	1,595,404.70	**1,223,641.97**	**-**	**2,819,046.67**
Liabilities measured at fair value				
Liability on written put options	-	-	48,526.11	48,526.11
Interest rate swap	-	11.06	-	11.06
	-	**11.06**	**48,526.11**	**48,537.17**

* other investment includes fixed deposits and reverse repo.

There have been no transfer between Level 1, 2 and 3 during the year.

C 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.

Notes forming part of the Consolidated financial statements

Asset Classification	Valuation
Fixed Deposits	Valued at cost plus interest accrued on agreed coupon rate
Infrastructure Investment Trusts	Valued at Market Value or latest NAV published by trust, in case the market value is not available for last 30 days.
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.
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 **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)

Notes forming part of the Consolidated financial statements

Asset Classification	Valuation
	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:

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 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	80,944.27	-	80,944.27	-	80,944.27
Lease liability	31,921.65	-	31,921.65	-	31,921.65
Other financial liability	79,926.58	-	79,926.58	-	79,926.58
Total Financial Liabilities	**192,792.50**	**-**	**192,792.50**	**-**	**192,792.50**

Notes forming part of the Consolidated financial statements

As at 31 March, 2019 **(Rs. In lakhs)**

Particulars	Notional amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	68,864.03	68,864.03	-	-	68,864.03
Bank balances other than cash and cash equivalents	267.22	267.22	-	-	267.22
Trade and other receivables	63,436.44	-	63,436.44	-	63,436.44
Loans and Advances					
Loan against policy	32,650.49	-	32,650.49	-	32,650.49
Security Deposit	3,209.34	-	3,209.34	-	3,209.34
Other loans	7.37	-	7.37	-	7.37
Investment Securities					
Measured at amortised cost	3,511,450.75	-	3,590,074.00	-	3,590,074.00
Other assets	42,472.85	-	42,472.85	-	42,472.85
Total Financial Assets	**3,722,358.49**	**69,131.25**	**3,731,850.49**	**-**	**3,800,981.74**
Financial liabilities					
Trade payables	97,917.42	-	97,917.42	-	97,917.42
Other financial liability	83,697.23	-	83,697.23	-	83,697.23
Total Financial Liabilities	**181,614.65**	**-**	**181,614.65**	**-**	**181,614.65**

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 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.

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44. Derivative financial instruments

The Company has guaranteed products where the returns to the policy holders are fixed and the Company is exposed to interest rate risk on account of investment from receipt of subsequent premiums and sum of interest and maturity from investment made out of premiums received.

The Company 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 Company 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 Company has executed International Swaps and Derivatives Association (ISDA) master agreements and two way Credit Support Annexure (CSA) with the banks. The Company uses Value at Risk (VAR) to measure and monitor risk of its derivatives portfolio. Derivatives are undertaken by the Company 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 indicative of either the market risk or credit risk.

During the year, the Company 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.

Notes forming part of the Consolidated financial statements

Considering the above guidance, the Company 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. 918.00 lakhs was credited to the Statement of Profit and Loss during the year ended March 31, 2020. Owing to such conversion of trades from IRS to FRA, there is upliftment in the portfolio yield and resulting in the lower requirement of reserves in the non participating segment.

A) Amount outstanding and Mark to Market values

(Rs. In lakhs)

Particulars	At March 31, 2020		At March 31, 2019	
	FRA derivatives	Interest rate derivatives	FRA derivatives	Interest rate derivatives
Cash Flow Derivatives				
1 Derivatives (Outstanding Notional Amount)	445,437.14	-	-	1,187,173.95
2 Derivatives(Average Notional Amount)	NA	-	-	159,577.67
3 Marked to market positions				
a) Asset (+)	3,317.60	-	-	6,021.01
b) Liability (-)	(3,802.22)	-	-	(11.06)
4 Credit exposure				
Current Credit Exposure	3,317.60	-	-	6,021.01
Potential Future Credit Exposure	4,609.72	-	-	23,304.85

B) Benchmark wise derivative position

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	328,344.00	1,515,517.95	-
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

Notes forming part of the Consolidated financial statements

C) Counterparty Wise derivative position

S. No.	Counterparty	At March 31, 2020			At March 31, 2019		
		Notional of Derivative Contract o/s	Current Credit Exposure	Potential Future Credit Exposure	Notional of Derivative Contract o/s	Current Credit Exposure	Potential Future Credit Exposure
1	JP Morgan Chase	131,758.94	619.61	1,520.65	29,618.55	229.87	682.61
2	Standard Chartered Bank	195,913.61	1,726.66	1,970.24	-	-	-
3	HSBC Bank	21,996.55	625.06	132.98	564,477.34	2,471.65	11,186.94
4	DBS Bank	74,035.57	280.73	653.52	-	-	-
5	Credit Suisse	14,353.98	14.47	227.27	-	-	-
6	CITI Bank	7,378.49	51.05	105.06	579,562.30	3,319.49	11,185.31
7	Axis Bank	-	-	-	13,515.76	-	249.99

D) Derivative designated as hedging instruments

a) The impact of the hedging instruments on the balance sheet is, as follows

As at 31 March, 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)
Interest Rate Swap	-	-	-	-

As at 31 March, 2019

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
Interest Rate Swap	1,187,173.95	6,009.95	Derivative Financial Asset/ Liability	8,623.75

b) The impact of hedged items on the balance sheet is, as follows:

As at 31 March, 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	-

*Company has pre-terminated all of the existing Interest Rate Swaps (IRS) and realised hedge fluctuation reserve of Rs. 7,750.00 lakhs out of which Rs. 918.00 lakhs recycled to statement of profit and loss during the FY 2019-20.

Notes forming part of the Consolidated financial statements

As at 31 March, 2019

Derivative financial instruments	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging
Interest Rate Swap	8,654.70	6,023.15	-

c) The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

As at 31 March, 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)	N/A	-	-	-	N/A
Interest Rate Swap*	(6,023.15)	-	N/A	-	918.00	-	N/A
*Company has pre-terminated all of the existing Interest Rate Swaps (IRS) and realised hedge fluctuation reserve of Rs. 7,750.00 lakhs out of which Rs. 918.00 lakhs recycled to statement of profit and loss during the FY 2019-20.							

As at 31 March, 2019

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
Interest Rate Swap	8,653.36	1.34	N/A	-	-	-	N/A

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:

Notes forming part of the Consolidated financial statements

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and Cash Equivalents	76,701.57	-	76,701.57	68,864.03	-	68,864.03
Bank balances other than cash and cash equivalents	153.59	11.20	164.79	256.02	11.20	267.22
Derivative financial instruments	3,317.60	-	3,317.60	6,021.01	-	6,021.01
Trade Receivables	82,326.73	-	82,326.73	63,436.44	-	63,436.44
Investments						
at amortised Cost	45,483.16	4,179,040.60	4,224,523.76	98,483.45	3,412,967.30	3,511,450.75
at Fair Value through Other Comprehensive Income	104,967.96	147,413.06	252,381.02	23,390.75	254,192.69	277,583.44
at Fair Value through Profit and Loss	480,506.60	1,899,148.16	2,379,654.76	172,755.72	2,362,686.50	2,535,442.22
Other Financial Assets	68,859.92	45,999.24	114,859.16	43,339.68	35,000.37	78,340.05
Total financial assets	**862,317.13**	**6,271,612.26**	**7,133,929.39**	**476,547.10**	**6,064,858.06**	**6,541,405.16**
Non Financial Assets						
Current tax assets (net)	192.59	812.96	1,005.55	382.27	606.21	988.48
Deferred tax assets (net)	-	993.74	993.74	-	-	-
Investment Property	-	50,946.36	50,946.36	-	21,302.54	21,302.54
Property, plant and equipment	-	11,138.50	11,138.50	-	9,568.26	9,568.26
Capital work-in progress	-	95.88	95.88	-	547.46	547.46
Goodwill	-	52,525.44	52,525.44	-	52,525.44	52,525.44
Intangible assets	-	12,849.58	12,849.58	-	12,141.45	12,141.45
Right of use asset	-	29,203.27	29,203.27	-	-	-
Other non-financial assets	141.50	159,792.76	159,934.26	5,436.59	71,698.68	77,135.27
Total non-financial assets	**334.09**	**318,358.49**	**318,692.58**	**5,818.86**	**168,390.04**	**174,208.90**
Total assets	**862,651.22**	**6,589,970.75**	**7,452,621.97**	**482,365.96**	**6,233,248.10**	**6,715,614.06**
Financial Liabilities						
Trade Payables	76,445.02	4,499.25	80,944.27	89,256.33	8,661.09	97,917.42
Derivative financial instruments	3,802.22	-	3,802.22	11.06	-	11.06
Lease Liability	5,147.01	26,774.64	31,921.65	-	-	-
Other Financial Liabilities	100,617.12	14,123.92	114,741.04	100,995.77	31,227.57	132,223.34
Total financial liabilities	**186,011.37**	**45,397.81**	**231,409.18**	**190,263.16**	**39,888.66**	**230,151.82**
Non financial liabilities						
Current tax liabilities (net)	12,378.21	-	12,378.21	-	-	-
Provisions	650.14	6,915.03	7,565.17	615.38	5,001.27	5,616.65
Deferred tax liabilities (net)	-	-	-	-	5,650.79	5,650.79
Contract liabilities of life insurance	94,395.23	6,771,294.56	6,865,689.79	158,921.41	5,977,745.54	6,136,666.95
Other Non-financial Liabitilies	51,300.94	2,393.28	53,694.22	52,155.61	2,062.39	54,218.00

Notes forming part of the Consolidated financial statements

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Total non-financial liabilities	**158,724.52**	**6,780,602.87**	**6,939,327.39**	**211,692.40**	**5,990,459.99**	**6,202,152.39**
Total liabilities	**344,735.89**	**6,826,000.68**	**7,170,736.57**	**401,955.56**	**6,030,348.65**	**6,432,304.21**
Equity						
Equity share capital	-	5,390.19	5,390.19	-	5,387.72	5,387.72
Other equity	-	209,261.80	209,261.80	-	200,515.72	200,515.72
Equity attributable to owners of the Company	**-**	**214,651.99**	**214,651.99**	**-**	**205,903.44**	**205,903.44**
Non Controlling Interest	-	67,233.41	67,233.41	-	77,406.41	77,406.41
Total equity	**-**	**281,885.40**	**281,885.40**	**-**	**283,309.85**	**283,309.85**
Total liabilities and equity	**344,735.89**	**7,107,886.08**	**7,452,621.97**	**401,955.56**	**6,313,658.50**	**6,715,614.06**

46. Investment Property

Information regarding income and expenditure of Investment property

(Rs. In lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Rental income derived from investment properties	2,541.16	1,216.00
Direct operating expenses (including repairs and maintenance) generating rental income	(352.83)	(106.00)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(156.92)	-
Profit arising from investment properties before depreciation and indirect expenses	**2,031.41**	**1,110.00**
Less – Depreciation expense	742.93	376.00
Profit arising from investment properties before indirect expenses	**1,288.48**	**734.00**

As at March 31, 2020 and March 31, 2019, the fair values of the properties are Rs. 54,604.00 lakhs and Rs. 21,950.00 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 01 April, 2018	**2,290.00**
Fair value difference	211.00
Purchases	19,449.00
Closing balance as at 31 March, 2019	**21,950.00**
Fair value difference	2,267.00
Purchases	30,387.00
Closing balance as at 31 March, 2020	**54,604.00**

Notes forming part of the Consolidated financial statements

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) March 31, 2020	Range (weighted average) March 31, 2019
Office property (Bangalore)	Income capitalisation approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 50 - Rs. 55	Rs. 40 - Rs. 45
		Security Deposit (No. of months rental)	6	6
		Interest on deposit	6.50%	7.00%
		Property tax, insurance and others	Rs. 1.22 Mn p.a.	4.00%
		Yield rate	6.75%	6.50%

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average) March 31, 2020
Office property (Pune)	Discounted Cash Flow Approach (refer below)	Estimated rental value per sq. ft. per month	Rs. 75 - Rs. 85
		Security Deposit (No. of months rental)	8
		Interest on deposit	6.50%
		Property tax and insurance	Rs. 7.31 Mn p.a. and Rs. 0.74 Mn p.a.
		Yield rate	8.50%

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 company 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. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Rs. In lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(i) The principal amount remaining unpaid to any supplier	-	97.90
(ii) Interest due thereon remaining unpaid at the end of the year	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-
	-	-

Notes forming part of the Consolidated financial statements

(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid 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 & spent Rs. 1,337.32 lakhs (31 March, 2019: Rs. 1,264.00 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 31.03.2020	Year ended 31.03.2019
Village Adoption	Rural Development	-	316.80
Surgeries & Treatments	Health	-	309.85
NGO work on Healthcare platform	Health	-	348.80
Can support	Health	124.00	-
Immunisation/Health camp/Blood donation camp	Health	-	53.13
Health centre	Health	40.61	36.48
Artificial Limb and polio callipers	Health	-	33.72
Health Awareness	Health	-	46.89
Training in Health Programs	Health	-	-
Disaster Relief	Health	-	11.66
Mobile Health Clinic	Health	-	5.46
Financial Literacy CSR	Education, Environment, Health, etc.	200.32	101.21
Environment / Sanitation	Rural Development	34.69	-
Education - Existing Ngo Relationships	Education	196.10	-
Education - New Ngo Engagement	Education	509.32	-
Value Based Education - See Learning India	Education	65.82	-
Misc Expd (Including Disaster Relief And Unscheduled Events)	Disaster,Education & Health Relief, etc.	111.82	-
Administrative expenses of Max India Foundation	Office expenses	54.64	-
TOTAL		**1,337.32**	**1,264.00**

Notes forming part of the Consolidated financial statements

49. Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statement for the year ended March 31, 2020

(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	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%	247,277.25	170.54%	46,533.58	100.96%	1,310.66	167.38%	47,844.24
Eliminations/ Consolidation Adjustments	(68.62%)	(193,423.97)	(170.43%)	(46,502.95)	-	-	(162.69%)	(46,502.95)
Total	100.00%	281,885.40	100.00%	27,285.43	100.00%	1,298.21	100.00%	28,583.64

Additional information pursuant to Schedule III of Companies Act, 2013 for Consolidated financial statement for the year ended March 31, 2019

(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	70.59%	200,001.29	11.86%	4,938.51	(22.52%)	(29.67)	11.75%	4,908.84
Subsidiary								
Max Life Insurance Company Limited	97.75%	276,926.64	94.03%	39,160.26	87.96%	115.88	94.01%	39,276.14
Eliminations/ Consolidation Adjustments	(68.34%)	(193,618.08)	(5.89%)	(2,451.56)	34.56%	45.54	(5.76%)	(2,406.02)
Total	100.00%	283,309.85	100.00%	41,647.21	100.00%	131.75	100.00%	41,778.96

50. Material partly-owned subsidiary

Financial information of subsidiary that have material non-controlling interests is provided below:

Name of the entity	Principal Place of Business	Proportion of Ownership Interest	
		As at 31.03.2020	As at 31.03.2019
Max Life Insurance Company Limited	India	72.52%	71.79%

Notes forming part of the Consolidated financial statements

(Rs. In lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Proportion of interest held by non-controlling interest	27.48%	28.21%
Accumulated balances of material non-controlling interest	67,233.41	77,406.41
Summarised financial information for material non-controlling interest		
Financial Assets	1,952,737.07	1,843,613.00
Non-Financial Assets	72,165.50	34,790.70
Financial Liabilities	54,030.27	50,984.14
Non-Financial Liabilities	1,902,928.66	1,749,298.62

(Rs. In lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Profit/(loss) allocated to material non-controlling interest:		
Revenue from Operations	500,773.09	549,450.14
Profit for the period	12,786.06	15,388.09
Other comprehensive income	360.13	45.54
Total comprehensive income	13,146.19	15,433.63
Cash flow allocated to material non-controlling interest:		
Cash flow from /(used in) operating activities	267,222.62	257,588.26
Cash flow from /(used in) investing activities	(241,781.54)	(247,939.85)
Cash flow from /(used in) financing activities	(23,283.58)	(13,508.04)
Net increase/(decrease) in cash and cash equivalents	**2,157.51**	**(3,859.63)**

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 making business investment in its subsidiaries. The investments (financial assets) and dividend income (financial income) on the same has resulted in financial income to be in excess of 50% of its total income and its financial assets to be more than 50% of total assets. The Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systemically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated 01 July, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

54. During the previous year ended March 31, 2019, the Company had incurred finance cost aggregating to Rs. 2,724.62 lakhs towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable the Company to provide its portion of shareholders' contribution for a potential acquisition opportunity pursued by its subsidiary company. However, subsequently the subsidiary company decided not to pursue the said acquisition opportunity and hence no fund raising was done by the Company.

55. The Company had entered into a option arrangement relating to equity shares of Max Life Insurance Company Limited ('MLIC") executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited. As per the arrangement, the Company has

Notes forming part of the Consolidated financial statements

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.

As per the terms of the above arrangement, the Company has partially settled its put option obligation during the year ended March 31, 2020 and March 31, 2019 amounting to Rs. 18,988.89 lakhs and Rs. 16,536.63 lakhs respectively. In the absence of any mandatorily applicable accounting guidance, the Company has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

56. The Board of Directors of the Company in its meeting held on March 3, 2020, had considered and approved the issuance and allotment of up to 75,458,088 equity shares of the Company of the face value of Rs. 2 each, fully paid up, on a preferential basis to Mitsui Sumitomo Insurance Company Limited (MSI) for consideration other than cash, i.e. through swap of 394,775,831 equity shares of Rs. 10 each of Max Life Insurance Company Limited ('MLIC')["MSI Swap"], based on the valuation report obtained by the Company in accordance with applicable laws. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at Rs. 85 for every equity share of Rs. 10 each held by MSI in MLIC ("MSI Put/Call Option"). In this regard, the Company has executed definitive agreements with the parties.

The Company had issued Notice dated March 3, 2020 for convening an extra ordinary general meeting (EGM) of the shareholders of the Company on April 2, 2020 to seek approval of shareholders via Special Resolution. The EGM got adjourned to April 16, 2020 in view of the situation arising from COVID-19 pandemic. On account of extension of nationwide lockdown till May 3, 2020, the adjourned EGM of the Company was cancelled due to inability to organise requisite quorum. On April 24, 2020, the Company issued Postal Ballot Notice to the shareholders seeking the approval for MSI Share Swap and MSI Put/Call Option. The results of the Postal Ballot will be announced on May 27, 2020.

The above transaction is subject to receipt of requisite shareholders and regulatory approvals and hence, no adjustments have been made in the financial statements.

The Company has thus far received approval from Competition Commission of India and is pursuing approval of other regulatory authorities namely Department of Economic Affairs and Insurance Regulatory and Development Authority of India.

57. 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 further 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"), subsidiary Company, to Axis Bank which will have the effect of Max Life becoming a 70:30 joint venture between the Company and Axis Bank after series of transactions. On May 13, 2020, the Company issued Postal Ballot Notice seeking the approval for the proposed transaction from shareholders of the Company by way of a Special Resolution.

Further, the Company will work towards delivering the following value creation options to Axis Bank as agreed under the definitive agreements. The Company, along with Max Life and promoters of the Company, will take all steps to merge the Company into Max Life, resulting into a listed insurance company in terms of applicable law ('Merger'). From the Closing Date, Axis Bank will have the right to subscribe to equity shares of the Company in lieu of all or part of the equity shares held by Axis Bank in Max Life ('Swap Transaction') and the Company will undertake all actions to effect the Swap Transaction. Any income tax payable pursuant to the Swap Transaction shall be split equally between the Company and Axis Bank.

Notes forming part of the Consolidated financial statements

If the Merger is not completed within 5 years from the Closing Date, and Axis Bank has exercised its right for the Swap Transaction, but the Company fails to consummate the Swap Transaction, then Axis Bank shall have the right to require the Company to purchase all the shares held by Axis Bank in Max Life at Rs. 294 per share, subject to the terms of the definitive agreements. The put option right shall be subject to receipt of requisite regulatory approvals.

The above transaction is subject to receipt of requisite shareholders approvals, regulatory approvals (including approvals from the Insurance Regulatory and Development Authority of India (IRDAI), Competition Commission of India and the Reserve Bank of India) and hence, no adjustments were made in the financial statements.

58. 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:

In respect of the Company:

The Company has considered the impact of COVID-19 on its operations as well as its financial statements, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2020. In assessing the carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these 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.

In respect of the subsidiary Company, Max Life Insurance 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 year ended March 31, 2020. To the best of information available, the subsidiary Company has provided additional Rs. 1,000.00 lakhs 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.

59. During the year ended March 31, 2020, the subsidiary Company has reassessed the useful lives of certain business applications. 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 depreciation for the year ended March 31, 2020, has reduced by Rs. 505.00 lakhs (March 31, 2019: Rs. 643.00 lakhs)

60. Change in Business model:

The subsidiary Company has changed the business model in reclassifying the Group credit life (GCL) non-par fund assets from amortised cost (AC) measurement model to fair value through other comprehensive (FVOCI) measurement model. The change in the business model has been made in the quarter ended March 31, 2020, accordingly the reclassification date would be April 01, 2020. The reclassification will be applied prospectively from the reclassification date. The subsidiary Company intends to change its business model for classification and measurement of its GCL fund to manage its ALM and interest rate risk.

Notes forming part of the Consolidated financial statements

Impact of reclassification:

- On reclassification date, all the financial assets of GCL non-par fund at amortised cost of Rs. 96,567.00 lakhs as at April 01, 2020 shall be measured at fair value of Rs. 103,234.00 lakhs;
- Gain of Rs. 6,667.00 lakhs arising on reclassification shall be recognised 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 recognised till April 01, 2020 will not change however, the loss allowance is derecognised (and will no longer be recognised as an adjustment to gross carrying amount) but the same amount will be recognised as an accumulated impairment amount in Other Comprehensive Income on April 01, 2020.

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

62. The Consolidated financial statements were approved for issue by the Board of Directors on 26 May, 2020.

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 : New Delhi

Date : May 26, 2020