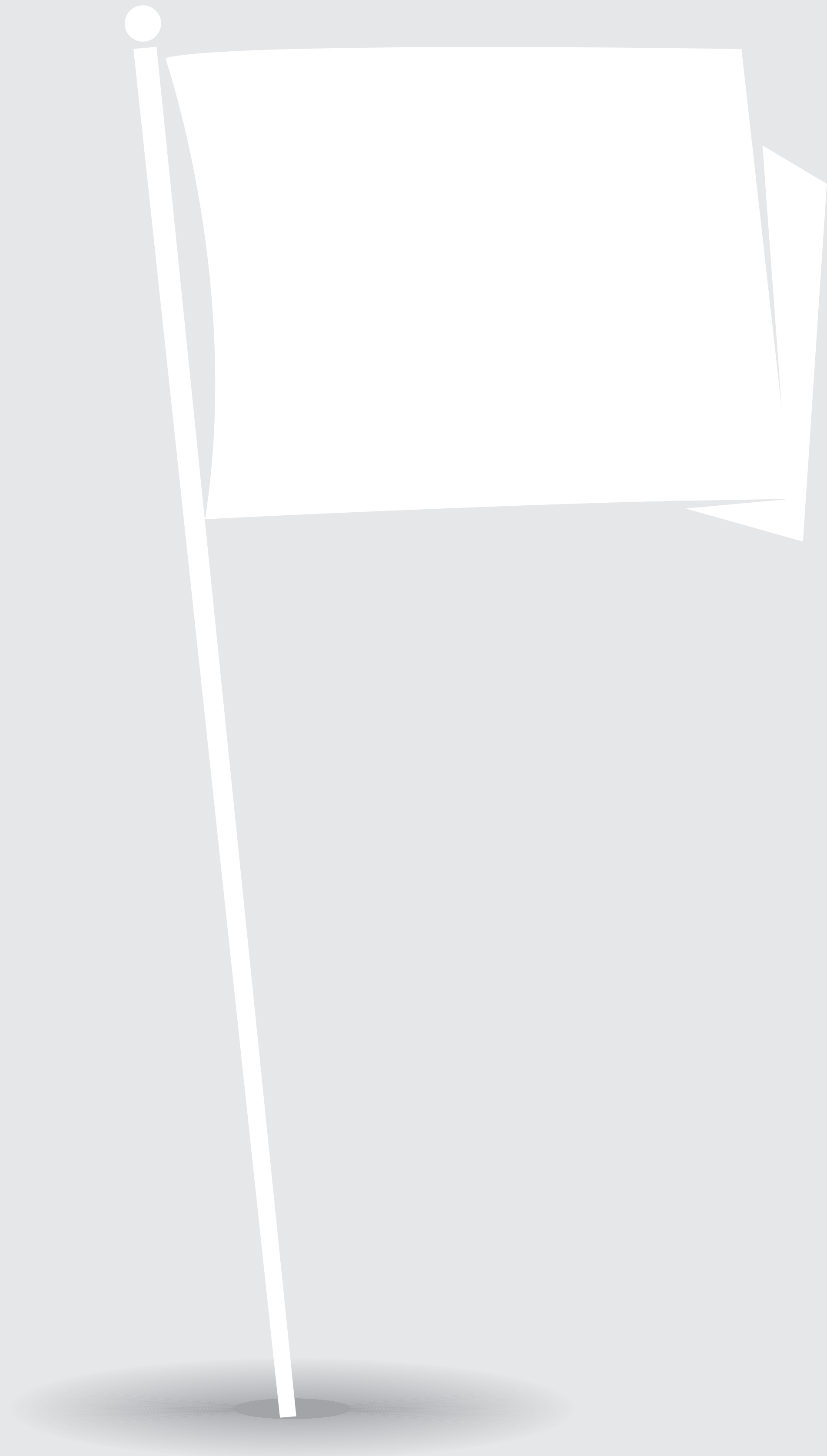
TRANSFORMING TO ENHANCE VALUE

ANNUAL REPORT 2015-16

MAX | FINANCIAL SERVICES

INDEX



01

CORPORATE REVIEW

OUR ENTERPRISE

Max Financial Services owns and actively manages a majority stake in Max Life Insurance Company Limited, making it India's first listed Company focused exclusively on life insurance. Max Life is a joint venture with Mitsui Sumitomo Insurance (MSI), a Japan headquartered global leader in life insurance.

Launched in 2000, Max Life is a joint venture with MS&AD, Japan. It is India's largest non-bank private life insurer, with revenues of ₹ 9,216 crore and a customer base of 3.8 million across 215 offices in 138 cities in India.

MAX INDIA LIMITED

Max India Limited, a multi-business corporate, owns and actively manages a 46% stake in Max Healthcare, a 51% stake in Max Bupa Health Insurance and a 100% stake in Antara Senior Living.

MAX HEALTHCARE

Launched in 2000, Max Healthcare is an equal JV partnership between Max India and Life Healthcare, South Africa. It is a leading provider of standardised, seamless and world-class healthcare services, focused on tertiary and quaternary care. Max Healthcare Network has revenues of ₹ 2,181 crore from over 2,500 beds across 14 hospitals.

MAX Bupa HEALTH INSURANCE

Launched in 2008, Max Bupa is a 51:49 JV with Bupa Finance Plc., UK. It is one of India's leading standalone health insurance companies with Gross Premium of ₹ 476 crore, about 13,000 agents and tie-ups with over 3,600 quality hospitals across over 350 cities in India.

ANTARA SENIOR LIVING

Launched in 2013, Antara is a 100% subsidiary of Max India. It is pioneering the concept of 'Age in Place' for people over 55, by developing Senior Living communities in India. The first Antara community will open in late 2016 near Dehradun, Uttarakhand.

MAX VENTURES & INDUSTRIES

Max Ventures & Industries is the holding Company for Max Speciality Films and serves as the Group's entrepreneurial arm to explore the 'wider world of business', especially taking cues from the economic and commercial reforms agenda of the present Government, including 'Make in India', 'Skill India', 'Digital India', among others.

MAX SPECIALITY FILMS

Launched in 1988, Max Speciality Films is a subsidiary of MaxVIL, based in Railmajra, Punjab. It is a leading manufacturer of speciality packaging films, with revenues of ₹ 710 crore

MAX ESTATES

Max Estates will leverage the Max Group's in-house experience in activities aligned with Real Estate and its access to the sponsor's private and Group land bank. The Company has already commenced work on our maiden project in Dehradun.

Max I. Limited

Max I. Ltd, a fully owned subsidiary, will provide intellectual and financial capital to early-stage organizations, with sound business models and proven revenue stream, across identified sectors.

Max Learning Limited

MaxVIL's Education vertical recognises the gap in provision of quality education in India and views this as a genuine opportunity not merely in terms of business but also in terms of making a significant positive social impact.

MAX INDIA FOUNDATION

Launched in 2008, Max India Foundation (MIF) represents the Max Group's social responsibility aspirations. The Foundation's work is focussed on healthcare for the underprivileged and has benefitted over 17,00,000 people in over 600 locations since its inception.

MEASURES OF SUCCESS

Final Dividend of ₹ **1.80**
per share declared in addition to
Interim Dividend of
₹ **1.80** per share

₹ 271 crore
Treasury Corpus

Consolidated Revenues at
₹ 10,875 crore#,
up 14%

240
Offices

138
Cities

70,000
Total People Strength

Consolidated Profit Before Tax at
₹ 465 crore,
up 9%

Excludes Max Life Unit Investment Income
* as at March 31, 2016
Growth numbers calculated against restated numbers for previous year for like to like comparison

Benefitted over **17 lakh** lives in **600 locations** across India through Max India Foundation

Investor base comprising marquee global financial institutions such as **Goldman Sachs, KKR, IFC Washington, Fidelity, Wasatch**

Max Life Embedded Value (MCEV) at **₹ 5,617 crore** *; Operating RoEV **17%**

Max Life Value of new business at **₹ 388 crore** and new business margin at **18.3%**

Long-term renewal of strategic partnership with **Axis Bank**

OUR PATH

Our Vision

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

Our Mission

Be the most preferred category choice for customers, policy holders, shareholders and employees

Do what is right for our customers and treat them fairly

Lead the market in quality and reputation

Be the go-to standard for partnerships and alliances with all distributors and partners

Maintain cutting edge standards of governance

OUR VALUES

Sevabhav

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

Excellence

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

Credibility

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

BOARD OF DIRECTORS

MR. ANALJIT SINGH
Founder & Chairman Emeritus

Mr. Analjit Singh is the Founder and Chairman Emeritus, Max Group, and Chairman of Max Ventures & Industries and Antara Senior Living. An industry statesman, he was awarded the Padma Bhushan, one of India's top civilian honours in 2011. He is also the Chairman of Vodafone India, and is on the Board of Tata Global Beverages and Sofina NV/SA, Belgium. He has significant interests in real estate in India and lifestyle related ventures in the Western Cape, South Africa, pertaining to viticulture, wine making and hospitality. Mr. Analjit Singh is a member of the Founder Executive Board of the Indian School of Business (ISB) and has served as Chairman of Board of Governors of the Indian Institute of Technology (IIT), Roorkee. He was awarded the Ernst and Young Entrepreneur of the Year Award (Service Category) in 2012 and the US India Business Council Leadership Award in 2013. In 2014, he was awarded with Spain's second highest civilian honour, the Knight Commander of the Order of Queen Isabella. He is an alumnus of Doon School and Shri Ram College of Commerce (SRCC), Delhi University, and holds an MBA from Boston University. He also serves as the Honorary Consul General of the Republic of San Marino in India.

MS. NAINA LAL KIDWAI
Chairman

Ms. Naina Lal Kidwai is Chairman, Max Financial Services and Senior Advisor, Advent Private Equity. She is also a Non-Executive Director on the boards of Nestle SA, CIPLA Ltd and Larsen & Toubro Limited and has been Past President of FICCI (Federation of Indian Chambers of Commerce & Industry). She retired on December 2015 as Executive Director on the board of HSBC Asia Pacific and Chairman HSBC India. She is Chairman of the Harvard Business School, South Asia Board. An MBA from Harvard Business School, she makes regular appearances on listings by Fortune since 2002 and others of international women in business. She has received many awards and honours in India and was awarded the Padma Shri, for her contribution to Trade & Industry, from the Government of India in 2007. Her interest in Water and the environment and empowerment of women are reflected in her board positions of not-for-profit institutions like Shakti Sustainable Energy Foundation, The Energy Resources Institute, International Advisory Council of the Inquiry of United Nations Environment Program (UNEP), Commissioner for the Global Commission on Economy & Climate, Chair of FICCI's Water Mission and FICCI's Inclusive Governance Council and Chair of the India Sanitation Coalition.

MR. MOHIT TALWAR
Managing Director

Mr. Mohit Talwar is the Managing Director of Max Financial Services and Max India, and Vice Chairman of Max Ventures & Industries Limited. In addition, he is the Chairman of Max Speciality Films and serves on the Boards of Max Life Insurance, Max Healthcare, Max Bupa and Antara Senior Living. In his tenure with the Max Group, he has successfully leveraged his strong relationships with institutional investors, hedge funds, banks and private equity firms, and led several complex corporate finance and financial structuring deals to ensure adequate investment and liquidity for the Group's operations. He has played a central role in executing key transactions including the setting up of Max Bupa Health Insurance, bringing on board MS&AD Insurance Group Holdings, as the new JV partner for the Group's life insurance business, Life Healthcare's investment of 26% in Max Healthcare, and later the equalization of its stake in the business. In his new role, Mr. Talwar has been instrumental in completing the mega-restructuring of the erstwhile Max India into three new listed companies, which received a significantly positive reaction from the capital markets. Currently, he is closely involved with the execution of a three-way merger of Max Life Insurance Company and Max Financial Services with HDFC Standard Life to create India's largest private life insurance company.

MR. AMAN MEHTA
Independent Director

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

MR. ASHWANI WINDLASS
Non-Executive Director

Mr. Ashwani Windlass was part of the founding team at Max India, having served the Max Group in different capacities including as its Joint MD as well as MD, Hutchison Max Telecom from 1994 until 1998. He has continued as a Board member of the Company ever since. He has been the Chairman, MGRM (Asia-Pac) and Vice Chairman, and the MD of Reliance Telecom. He serves on leading advisory and statutory Boards, including acting as Chairman SA&JVs, MGRM Holdings Inc., USA, and member at Max India Limited, Antara Senior Living Limited, Max Ventures Pvt. Ltd. Vodafone India Ltd. and Hindustan Media Ventures Ltd. He holds degrees in B.Com (Gold Medal), Bachelor of Journalism and MBA.

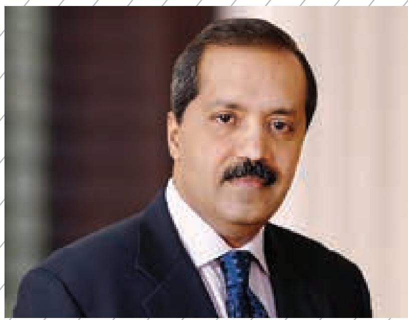
MR. D. K. MITTAL
Independent Director

Mr. D. K. Mittal is a former Indian Administrative Service (IAS) officer from the batch of 1977 and has served the Government of India in various capacities, including Secretary, Department of Financial Services, Secretary, Ministry of Corporate Affairs and Additional Secretary, Department of Commerce. Mr. Mittal has hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance. He holds a Master's degree in physics with specialisation in Electronics from the University of Allahabad, India.

BOARD OF DIRECTORS

MR. RAJESH KHANNA
Independent Director

Mr. Rajesh Khanna is the founder and CEO of Arka Capital Advisors Pvt. Ltd, and is an investor in various companies. He is a Director on the Board of Max Life Insurance Company Ltd. Mr. Khanna is a member of the Equity Investment Committee of Piramal Fund Management Pvt. Ltd and is a Senior Advisor of Kae Capital. Previously, he served as a Managing Director and India Head of Warburg Pincus, a global private equity firm, and was a member of its global Executive Management Group. He received an MBA from the Indian Institute of Management, Ahmedabad and is a Chartered Accountant.

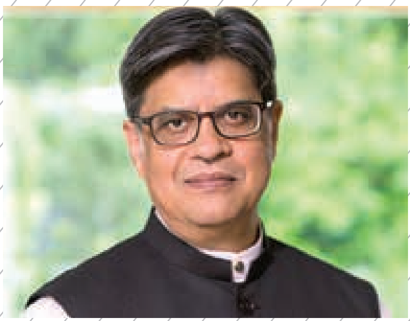


MR. SANJAY NAYAR
Non-Executive Director

Mr. Sanjay Nayar is a Member and CEO of KKR India. He is also a member of the Asia Portfolio Management Committee. He is on the board of KKR's portfolio companies Alliance Tire Group, Bharti Infratel, Magma Financial Services, Dalmia Bharat Cement, and Coffee Day Holdings, and has had significant involvement with KKR's investment in Apollo Hospitals and Avantha. He also supports expanding the range of KKR's credit and capital markets offerings across the region. Prior to joining KKR, he served as CEO of Citigroup's Indian and South Asian operations and as a member of Citigroup's Management Committee and Asia Executive Operating Committee. He also serves on the Committee of the Reserve Bank of India tasked with building a Centre for Advanced Financial Learning (CAFL). Currently, he is on the board of Habitat for Humanity, Pratham and Grameen Capital, and is a founding member of the Brookings Foundation, India. He was recently appointed to the Board of Emerging Markets Private Equity Association (EMPEA), and serves as the Chairman of the Indian Private Venture Capital Association. In addition, he is also on the Board of the Indian School of Business (ISB).

MR.SANJEEV MEHRA
Non-Executive Director

Mr. Sanjeev Mehra is Managing Director and Vice Chairman of global private equity investing at Goldman, Sachs & Co. He serves on the Board of ARAMARK Corporation, Sigma Electric, Suja Juice LLC., TVS Logistics, Neovia Holdings, Max India Limited, Max Ventures and Industries Limited and as a Trustee of Oakham School Foundation and Friends of the Doon School. He holds a BA in Economics from Harvard College and an MBA from Harvard Business School.



MR. RAHUL KHOSLA
Permanent Invitee

Mr. Rahul Khosla is a seasoned business leader with deep management experience, broad leadership skills and wide business perspectives developed over the last 30 years of working in India and globally. He is currently President, Max Group, Executive President, Max Financial Services, Chairman, Max India, Max Life and Max Healthcare. Under his leadership, the Max Group has delivered superior financial performance, significantly grown market capitalization, and concluded seminal corporate transactions. He led the mega-restructuring of the erstwhile Max India into three new listed entities and is currently spearheading the proposed merger of Max Life and Max Financial Services with HDFC Life, which will result in the creation of India's largest private life insurance company. Before joining Max, Mr. Khosla spent 11 years based in Singapore as the Group Head of Products at Visa Inc for Asia Pacific, Central Europe, Middle East and Africa, following his role at Visa Inc as Chief Operating Officer for the Asia Pacific region. He held several senior roles prior to this – as Country Head for ANZ Grindlays' consumer banking businesses in India; Head of Retail Assets, Strategy, Finance and Legal at Bank of America.

MS. LAVANYA ASHOK
Alternate Director*

Ms. Lavanya Ashok is an Executive Director in the Principal Investment Area (private equity investing effort) of Goldman, Sachs & Co. She also serves on Goldman Sachs's India Diversity Committee. Ms. Ashok currently focuses on investments across sectors including financial services, consumer, healthcare, agri, logistics, and infrastructure. She sits on the Boards of Nova Medical Centers, Azure Hospitality, Pepperfry and Global Consumer Products Pvt. Ltd and also an alternate Director in Max India Limited and Max Ventures and Industries Ltd. Earlier, she worked as an investment associate at SPO Partners & Company, a $10 billion California-based hedge fund focused on value-oriented investing. Ms. Ashok earned a BS in Economics and Finance summa cum laude from The Wharton School at the University of Pennsylvania in 2004 and an MBA in 2010 from Stanford University where she was a Barrett Fellow and President of the South Asia Students' Association.

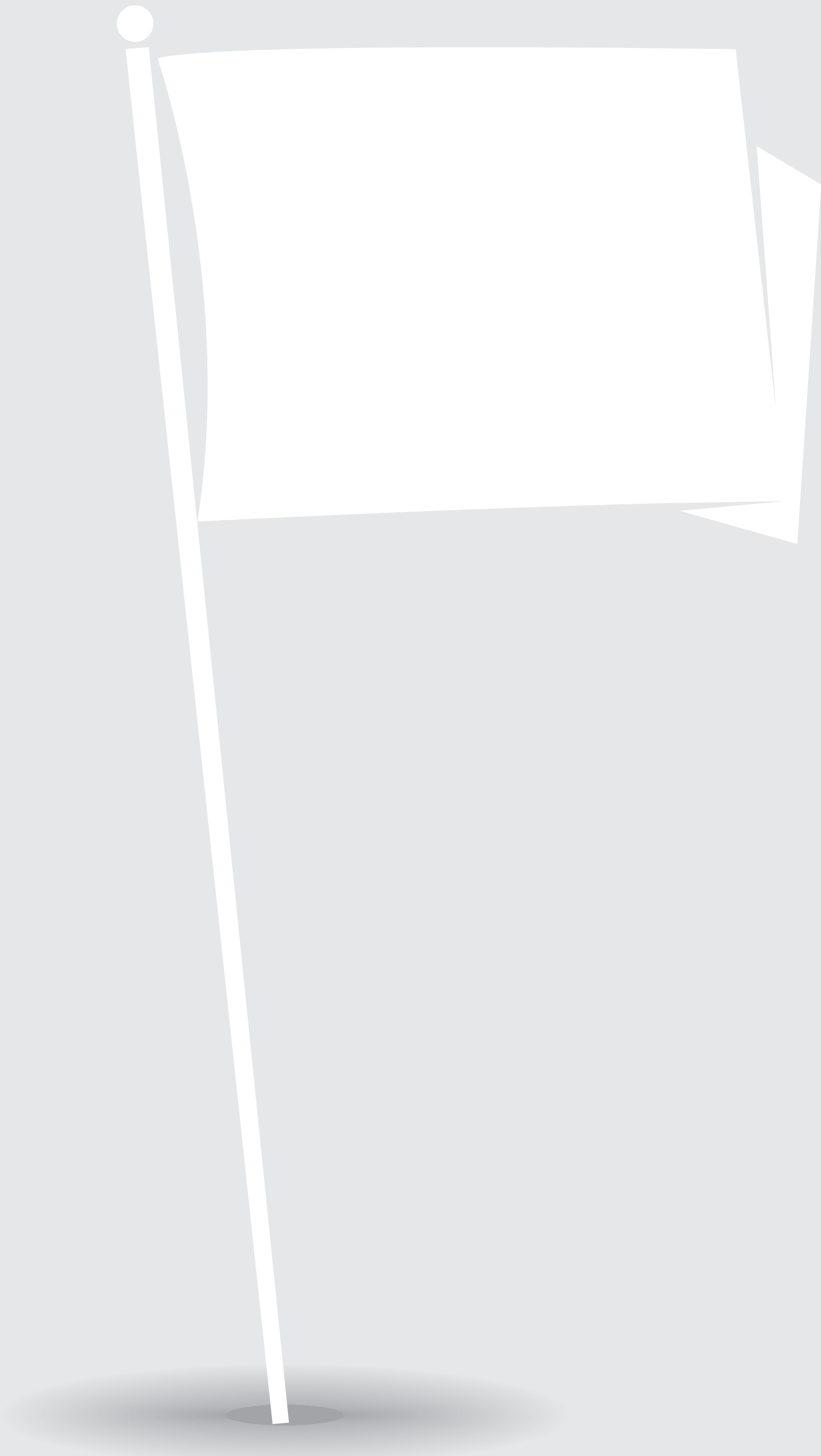
*** Alternate Director to Mr. Sanjeev Mehra**

BOARD OF DIRECTORS

MAX LIFE INSURANCE COMPANY LIMITED

Mr. Rahul Khosla	Chairman
Mr. Rajesh Sud	Vice Chairman & Managing Director
Mr. D. K. Mittal	Independent Director
Mr. Hideaki Nomura	Non-Executive Director
Mr. John Poole	Non-Executive Director
Mr. K. Narasimha Murthy	Independent Director
Ms. Marielle Theron	Non-Executive Director
Mr. Masataka Kitagawa	Non-Executive Director
Mr. Mohit Talwar	Non-Executive Director
Mr. Rajesh Khanna	Independent Director
Mr. Rajit Mehta	Non-Executive Director

MAX INDIA FOUNDATION - BOARD OF TRUSTEES



02

STRATEGIC REVIEW

CHAIRMAN'S LETTER

EXECUTIVE PRESIDENT'S LETTER

BUSINESS REVIEW

CHAIRMAN'S LETTER

Dear Shareholders,

This has been a watershed year for your Company. In January, Max Financial Services became the first Indian listed company exclusively focused on life insurance through its 68% shareholding in Max Life Insurance.

This is a matter of great pride for the Company. Over the years, as you know, Max Life has established itself as a profitable, dividend-paying Company, and has emerged as a leader in relevant fields. The listing of MFS enables the markets to specifically recognise the value Max Life has created and is capable of creating in the future. The listing also grants not only far greater visibility to the markets, but also increased accountability and will deliver a high value-creating opportunity for shareholders.

Governance has always been a core strength of Max Group's businesses. Through the demerger of the erstwhile Max India, we have further strengthened governance by creating the right composition and number of independent directors, ensuring diversity with respect to functional and industry expertise and separating the role of the executive head and the Chairman.

This listing has also paved way for another significant development for the Company – a potential merger of the life insurance business of Max Life with HDFC Life, to create the largest private life insurer in the country, both in terms of assets under management and new business premiums.

As I write this, we are working with HDFC Life to bring this merger to fruition. The potential tie-up will create a ₹ 25,500 crore annual premium Company with Assets under Management of over ₹ 1.1 lakh crore.

This proposed merger comes at an exciting time in India when changing demographics and rising affluence have emerged as key factors that are driving life insurance penetration. India is witnessing the fastest growth of 'middle-class' population while population distribution is shifting towards the 25-45 age range – a time of life when people typically invest in insurance policies.

Such a merger, featuring highly complementary strengths, will bring all-round and important benefits to customers, employees and shareholders alike and create a promising new path forward.

The proposed merger is subject to applicable shareholders, regulatory, respective High Courts and other third-party approvals.

Let me turn now to the positive economic environment in which the life insurance industry has been operating.

This has been a year of positives for the life insurance industry which is evolving rapidly and there is still significant headroom available for growth due to low penetration and the earlier-mentioned favourable demographic factors.

The Union Budget 2015-16 set the agenda for the life insurance industry by putting larger focus on social security with the government launching social security schemes for providing life insurance cover and retirement plans.

The life insurance sector witnessed healthy premium growth of 14% during FY 2015-16, marking a reversal of several years of consistent decline in new business. It is important to note that market share also is slowly, but steadily, shifting from the LIC towards the private players.

Focusing now on the Company's performance, Max Life has been one of the fastest-growing players with an equal emphasis on profitability. This year as well, Max Life Insurance performed well on all business parameters, further strengthening its position as the best-in-class provider of long-term savings and protection products.

It is my pleasure to report to you that your Company MFS reported consolidated operating revenues of ₹ 9,173 crore, and consolidated profit before tax of ₹ 465 crore during FY 2015-16. We have retained our position as the fourth-largest private life insurer and the largest non-bank owned life insurance Company in India for a fourth consecutive year.

Max Life continues to lead in the branch productivity parameters and it remains in the top quartile across comprehensive measures of success. Also, through the year we have been consistently recognized for our performance, industry best practices, brand and technology. For instance our underwriting standard was ranked 'Excellent' by Swiss Re after benchmarking our performance against global and local best practices and ET Wealth rated Max Life claims settlement as highest in the industry at 99.58%.

Aided by strong governance and stable management, Max Life is a clearly differentiated life insurer with such key strengths as multi-channel distribution, a balanced portfolio mix and is investing in future-ready digital solutions to improve distribution capabilities. It will also leverage new distribution structures like Insurance Marketing Firms to strengthen its agency channel. Further, Max Life has strengthened its long-term bancassurance relationships with Axis Bank and Yes Bank while also forging new bancassurance relationships. These priorities will be highly beneficial for the merged entities when the proposed HDFC Life and Max Life merger concludes successfully.

Thank you for your continued support during this journey.

Best wishes,

Naina Lal Kidwai
Chairman, Max Financial Services

EXECUTIVE PRESIDENT'S LETTER

Dear Shareholders,

The past one year has been one of seminal developments for your Company. Before I proceed with highlighting the Company's key financial achievements during FY 2015-16, I want to share a significant recent development, which underlines our constant commitment to you to drive and enhance shareholder value.

As you are aware, the Board of Directors of Max Financial Services and Max Life Insurance in August 2016, approved the amalgamation of life insurance business of Max Life, with HDFC Life, subject to requisite shareholder and other regulatory approvals, to eventually create the biggest private-sector life insurance Company in India.

As per the agreed valuation and exchange ratio, the relative valuation of HDFC Life and Max Life would be 69% and 31% respectively.

If this merger comes to fruition, the combined entity would be ahead of its private sectors competitors by a wide margin and transform the life insurance landscape in India. This development is testimony to the reputation that Max Life has built over the years, for being a well-run, well-managed Company with strong fundamentals, high levels of governance and ethics, motivated and capable employees led by a high-calibre leadership team, a customer-first orientation, an attractive product portfolio marketed through a balanced distribution network and its strong brand equity supporting superior financial performance.

Another key development this year was the renewal of our corporate agency relationship with Axis Bank as our Bancassurance partner for an additional period of at least five years till 2021. This renewal marked an important accomplishment and is a strong reflection of our deep relationship with Axis Bank and recognition of the robust execution model which gave Axis Bank the requisite comfort to continue building this business together.

The tie-up with Axis Bank has grown from strength to strength since its launch in 2010 and has emerged as the 'largest non-captive' bancassurance partnership in the industry. Our partnership with the Bank has a unique structure that demonstrates a high degree of alignment between the parties and commonality of objectives to build a truly value-accretive business in the long term. To accomplish this, we have invested significantly in creating a fully dedicated relationship management structure with over 2,200 on-field personnel deployed to support the bank.

The new agreement will provide fresh impetus to achieving our joint objectives of growth and customer-centricity and the conclusion of this agreement creates a potential valuation upside since the partnership is expected to add significant new business premiums to the Company.

In another development that marked a significant vote of confidence for the Company, both YES Bank and Lakshmi Vilas Bank decided to opt for exclusive life insurance corporate agency relationships with Max Life Insurance. Yes Bank, the fastest-growing retail bank in the country, recorded high growth in new business during the year and now has over 500 retail banking branches across the country.

FY 2015-16 Financial Performance

Looking back at the past financial year, Max Life continued on its trajectory as one of the largest and fastest-growing private life insurers in the country with an Embedded Value of ₹ 5,617 crore, as at March 31, 2016. This represents an Operating Return on EV (RoEV) of 17% during FY 2015-16.

The Value of New Business (VNB) written during FY 2015-16 was ₹ 388 crore with the new business margin at a healthy 18%. There is significant headroom for more growth thanks to such favourable factors as low penetration – India's premium-to-GDP ratio is currently 2.6% compared with much higher rates in some other Asian countries – and a favourable demographic profile with a rapidly expanding middle-class population.

The holding Company Max Financial Services reported consolidated revenues of ₹ 10,875 crore , growing 14% over the previous financial year, and declared a dividend of ₹ 365 crore

In addition to strong financials, Max Life's all-round business performance received significant external recognition from its peers and industry bodies. The Company won the India Insurance Awards, 2015 for the 'Bancassurance Leader' and 'Agency Productivity' categories, and was ranked No.1 in 'Claims Settlement' amongst private life insurers as well as in 'Outstanding Claims Ratio' in FY 2014-15. The Company was awarded the 'Life Insurance Provider of the Year' at Outlook Money Awards 2015, and it was classed second amongst Indian life insurance companies in 'Great Places to Work'. Max Life also became the first organization in the 'Services' category to win the IMC Ramkrishna Bajaj National Quality Award 2015.

Outlook

Over the next one year, Max Life and Max Financial Services' key priority will be ensuring successful completion of the three-way merger with HDFC Life.

On the operating side, we will continue to focus on our strengths of selling long-term savings and protection products and ensuring the best returns for our policyholders by using sophisticated techniques for managing investments. Most importantly, if the merger with HDFC Life is concluded successfully, the resulting entity will gain substantially from Max Life's gold standard agency channel as well as its portfolio of traditional savings and protections-based products.

Taken together, the combination of our solid financial foundation and focused operating vision, set against the backdrop of a rapidly evolving insurance industry operating in the world's fastest-growing large economy, gives us the ability to look forward to the future with assurance and confidence.

Best wishes,

Rahul Khosla
Executive President, Max Financial Services

[1] excludes MLIC Unit Linked Investment Income since it pertains to Unit linked policy holders

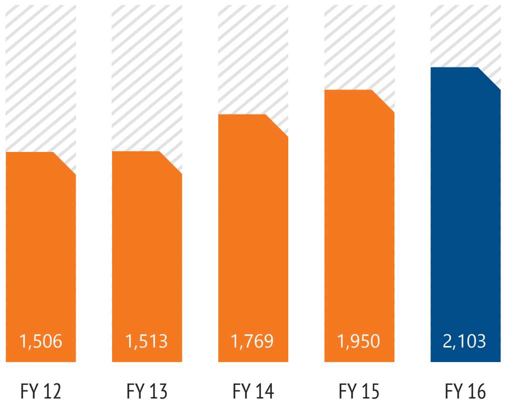
BUSINESS REVIEW

Value of New Business at
₹ **388 crore**

Solvency Surplus of ₹ **1,932 crore** and Margin at **343%**

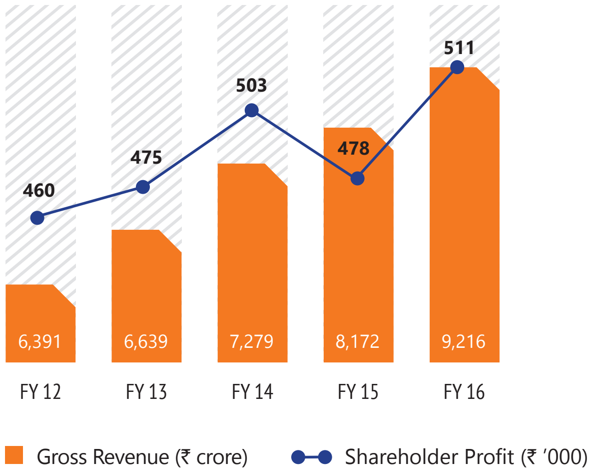
INDIVIDUAL ADJUSTED PREMIUM EQUIVALENT APE

(₹ Cr.)



New business grows 8%

GROSS WRITTEN PREMIUM AND SHAREHOLDER PROFIT



Healthy new business growth and improvement in renewal conservation drives strong overall premium growth

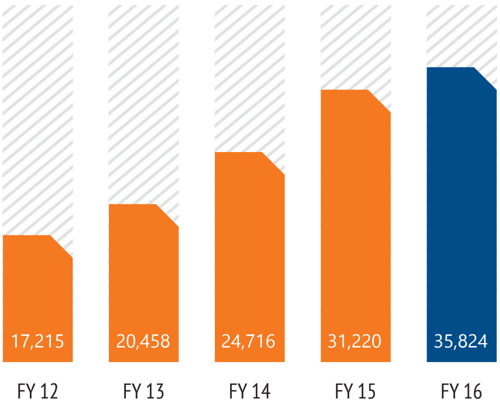
New Business Margin (Post-overrun) at a healthy **17.9%**

Over **3.8 million** policies in force with sum assured touching ₹ **2,71,633 crore**

Embedded Value (EV) at
₹ **5,617 crore***, operating returns **17%**

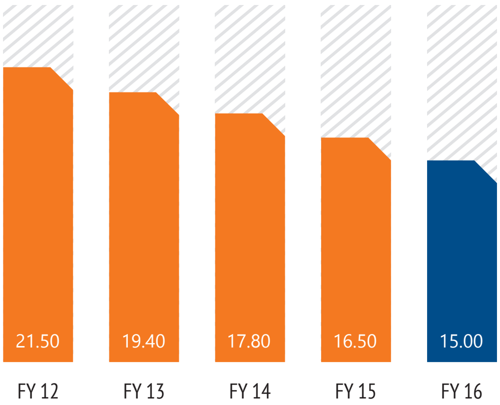
Long-Term Renewal of Partnership with Axis Bank

ASSETS UNDER MANAGEMENT (₹ Cr.)



15% growth in AUM led by stock market buoyancy and strong renewals

OPERATING EXPENDITURE RATIO (OPEX/NET PREMIUM) (%)

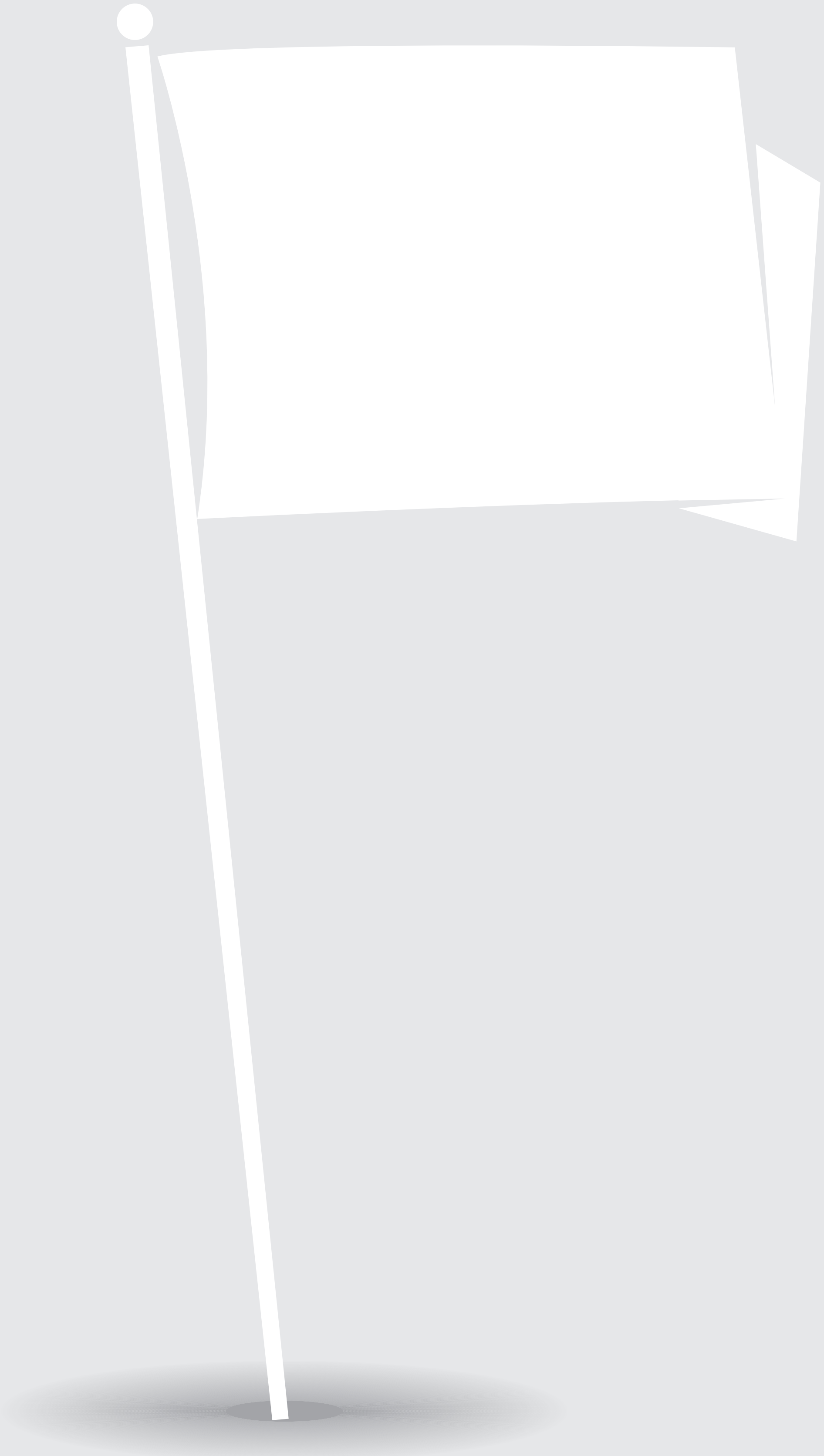


Concerted cost optimisation efforts continue to bear results

Declared Dividend of ₹ **365 crore**

Conservation Ratios at **86%**;
13th month persistency at **79%**

* as at March 31, 2016



03

MANAGEMENT DISCUSSION & ANALYSIS

Mohit Talwar
Managing Director

Rahul Khosla
President, Max Group

Archana Pandey
Sr. Director - Corporate Affairs

Sujatha Ratnam
Chief Financial Officer

Sandeep Pathak
Company Secretary

Vandana Trehan
EA to President

MAX FINANCIAL SERVICES LIMITED
(formerly Max India Limited)

Max Financial Services ('MFS' or 'the Company'), a part of the US$ 2.1 billion Max Group, is the holding Company for Max Life, India's largest non-bank owned, private life insurance Company. It is committed to attaining the highest standards of service in protecting and enhancing the financial future of its customers by adhering to a set of values that is shared across the Group – Sevabhav (spirit of service), Excellence and Credibility.

As a result of the demerger of the erstwhile Max India Limited made effective on January 15, 2016 with effect from April 1, 2015, the resultant entity MFS became the first listed Company in India focused exclusively on life insurance, thus providing an opportunity for Indian investors to get access to a pure life insurance business.

MFS provides undiluted access to investors in a well-run and fundamentally strong life insurance business. The Company currently holds 69% stake in Max Life.

In FY 2015-16, MFS reported Group Revenues of ₹ 10,875 crore, growing 14% over the previous year, while the Group PBT grew 9% to ₹ 465 crore.

Its subsidiary Max Life reported Gross Written Premium of ₹ 9,216 crore in FY 2015-16, growing 13% over the previous year and a Profit before Tax of ₹ 511 crore in FY 2015-16, up 7% from ₹ 478 crore last year. As on March 31, 2016, Max Life's Embedded Value (EV) stood at ₹ 5,617 crore with a Return on EV of 17%, and it was managing assets worth ₹ 35,824 crore, 15% higher compared to the previous year. Both these facts are indicative of Max Life's financial robustness and stability.

Corporate Developments

In June 2016, the Board of Directors of MFS approved entering into a confidentiality, exclusivity and standstill agreement to evaluate a potential combination through a merger of Max Life and Max Financial Services into HDFC Life by way of a scheme of arrangement. Further in August 2016, the Board of Directors of both MFS and Max Life approved the amalgamation of life insurance business of Max Life, with HDFC Life, subject to requisite shareholder and other regulatory approvals, to eventually create the biggest private-sector life insurance Company in India, surpassing all other Indian private life insurers in size, customer base, distribution reach and assets under management. As per the agreed valuation and exchange ratio, the relative valuation of HDFC Life and Max Life would be 69% and 31% respectively.

This development is testimony to the reputation that Max Life has built for being a well-run, well-managed Company with strong fundamentals, high level of governance and ethics, motivated and capable employees led by a high calibre leadership team, a customer first orientation, attractive product portfolio marketed through a balanced distribution network and strong brand equity. The combined entity would gain substantially from the long-standing and productive bancassurance partnerships that Max Life has cultivated over the years with large banks such as Axis Bank and Yes Bank, as well as from Max Life's gold standard Agency channel. Similarly, Max Life's traditional savings and protection based products, when combined with HDFC Life's product portfolio will provide customers a rich and comprehensive choice of policy offerings.

Another key development last year was the long-term renewal of Max Life's strategic alliance with Axis Bank as a key bancassurance partner. The renewed arrangement is valid for a five-year period, ending in 2021 and reflects a high degree of alignment between the parties and commonality of objectives to build a truly value accretive business in the long term. As of date, Axis Bank is Max Life's single largest partner. We have invested significantly in creating a fully dedicated relationship management structure with over 2,200 on-field personnel deployed to support the bank. The new arrangement includes a key provision for minimum committed sales volume from the Bank both on individual & group businesses, while also protecting us from open architecture regulations, making this renewal extremely critical and fruitful for the Company.

Outlook

With its subsidiary, Max Life, having established a prominent market position and solid financial foundation over the past decade and a half, MFS is now set to embark on a new journey of redefining the landscape of the life insurance industry in India.

The scheme of arrangement for the potential merger with HDFC Life is still subject to definitive documentation and applicable shareholder, regulatory, respective High Courts/ NCLT and other third-party approvals and, of course, until the merger obtains all requisite approvals, it will be business as usual for MFS and Max Life.

Rajesh Sud
Executive Vice Chairman & Managing Director

Aalok Bhan
Director - Product Solutions & Customer Marketing

Amitabh Lal Das
Director & Head - Legal, Compliance & Regulatory Affairs

Ashish Vohra
Senior Director & Chief Distribution Officer

Mihir Vora
Director &
Chief Investment Officer

Jose C. John
Director & Appointed Actuary

Shailesh Singh
Director & Chief People Officer

Prashant Tripathy
Senior Director &
Chief Financial Officer

Manik Nangia
Director & Chief Digital Officer

V. Viswanand
Senior Director &
Chief Operations Officer

Indian Economy – Laying the Foundation for a Sustained Growth

India emerged as the fastest growing major economy during FY 2015-16 with a growth of 7.6% in GDP. The growth in Indian GDP assumes significance as the global economy recorded a 3.4% growth, whereas the emerging and developing economies recorded a growth of 4.3%. Of importance, the economic activities in the areas of financing, insurance, real estate and business services grew by 11.5%.

Inflation, as measured by the Consumer Price Index, reduced to 5.2% from 6.1% in the previous year. The Government also kept its promise to keep the fiscal deficit in check at 3.5%. As a result of positive movement on the economic front, RBI cut the repo rate by 150 bps since the turning of the policy cycle over the past year.

During the year, the Government of India took several initiatives to drive higher growth in the economy. The 'Make in India' programme was launched by Prime Minister Narendra Modi in September 2014 as part of a wider set of nation-building initiatives devised to transform India into a global design and manufacturing hub. According to a report shared in Parliament by Ms. Nirmala Sitharaman, Minister of State (Independent Charge) for Commerce & Industry and Minister of State for Finance & Corporate Affairs, FDI inflow increased 29% during October 2014 to December 2015 (15 months after 'Make in India') compared to the 15 months period prior to the launch of this initiative.

The impact of global slowdown was visible on Indian economy too. The continued reduction in commodity prices raised concerns regarding the economic growth in many countries. While soft commodity prices helped India reduce its Current Account Deficit to 1.7%, it reduced exports from India by 16.7%. FDI inflow increased during the year, where FIIs were the net sellers and, as a result, the Indian stock markets witnessed a decline. After a superlative performance in FY 2014-15, whereby the stock market delivered 25% return, the Indian stock market recorded a decline of 10% for FY 2015-16.

Life Insurance Industry – A Year of Positive Developments

In India, life insurance penetration stood at 2.6% of GDP and has been static to declining over the last three years. Specifically to the insurance players, LIC has been steadily declining though; it recorded a 3% growth in FY 2015-16. As a result, the market share of private life insurers has increased from 48% to 52% in FY 2015-16. In terms of Individual Adjusted First Year Premium, the company maintained its 4th rank with a market share of 9.3% amongst the private players and 4.8% at the industry level, including LIC.

The Indian life insurance industry is getting into a phase where growth opportunities will fructify into reality. Low penetration of life insurance in India, a stable government at the centre, healthy growth in the economy and changing demographics of the country offer immense possibilities to grow the life insurance business in India.

Growing awareness of the need for protection, coupled with the propensity of Indians to save, will play a critical role in promoting life insurance as a key component in the financial plan of every Indian household.

The Union Budget 2015-16 set the agenda for the life insurance industry by laying greater focus on social security. The Government launched social security schemes such as the Pradhan Mantri Jeevan Jyoti Bima Yojana providing life cover of ₹ 2 lakh, the Pradhan Mantri Suraksha Bima Yojana for accidental death cover and the Atal Pension Yojana to provide guaranteed pension.

A. New regulations

i. Towards the end of last financial year (FY 2014-15), the Indian parliament approved the Insurance Laws (Amendments) Bill, 2015. The Bill paved the way for major reforms in the Insurance industry and Insurance Regulatory and Development Authority of India (IRDAI) which came out with several new regulations to bring the proposed reforms into force. The year witnessed foreign partners in several insurance companies filing applications for increase in equity holding of foreign promoters. IRDAI also issued draft guidelines with regard to the filing of IPOs for insurance companies to enable participation of retail investors in the growth opportunity offered by the insurance industry.

ii. Distribution plays a critical role in the penetration of the life insurance industry. Life insurance solutions are served to Indians by over 20 lakh agent advisors as well as by banks and other third party distributors across the country. During the year, two major distributions related regulations were implemented, which opened the opportunity for a corporate agent and an individual agent to tie-up with more than one life insurance company. After a long deliberation with all the key stakeholders, IRDAI approved the optional multiple corporate agency set-up. As per the regulation, Corporate Agents are now allowed to exercise the option of having more than one and maximum of three partners each from life insurance, general insurance and health insurance. This regulation has become applicable from April 1, 2016. As per the regulation, banks had to file their Board approved policy on corporate agency by the end of FY 2015-16 and around 50 banks have opted for the same. This is expected to open up the opportunities for new partnerships for both banks and insurance companies.

   IRDAI approved setting up of Insurance Marketing Firms (IMFs). This regulation allowed insurance agents to tie-up with two life insurance, general insurance and health insurance companies. The financial service executives of IMFs will also be allowed to sell other financial products like Mutual Funds, Credit Cards, NPS and loans from NBFCs. The IMF structure will promote cross sell and will provide greater access to Tier-II and III towns.

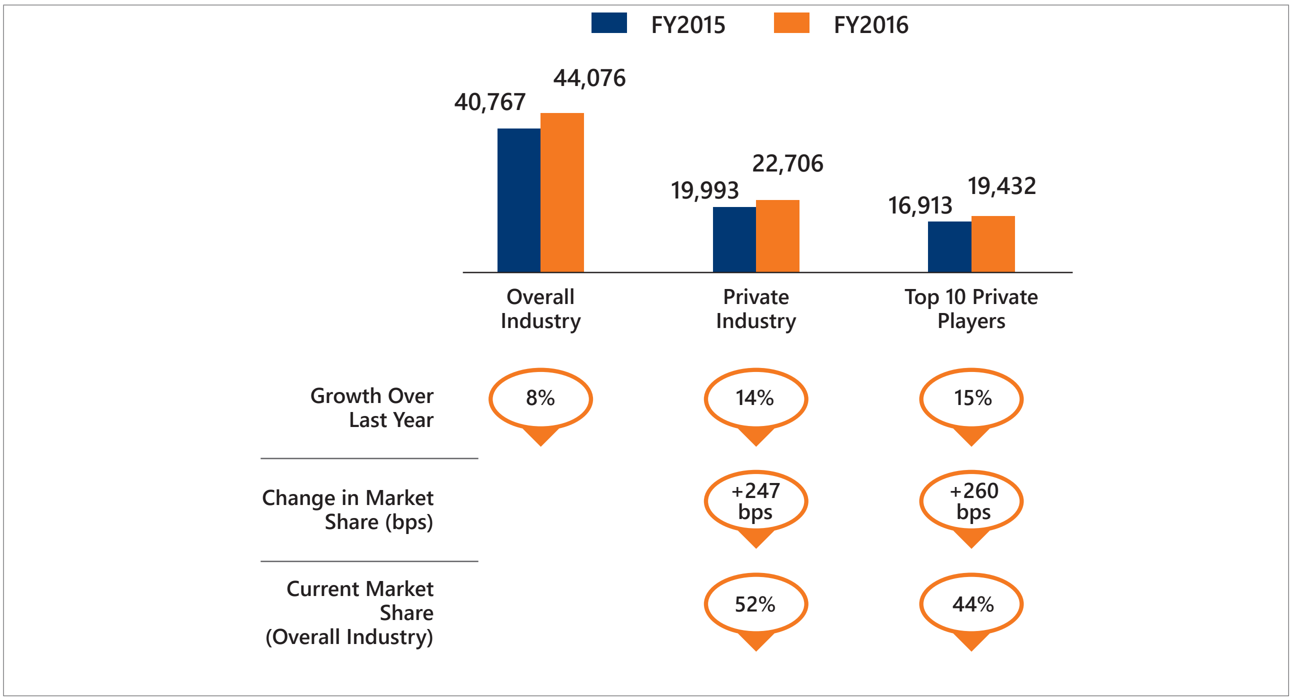
iii. In FY 2015-16, several draft regulations were also issued by IRDAI for discussion with all stakeholders. The prominent ones included Expenses of Management Regulations and discussion draft on distribution compensation. The industry shared its point of view with IRDAI and the Expenses of Management regulations were released in May 2016.

Competitive Landscape

The Indian life insurance industry is highly competitive with 23 private players and Life Insurance Corporation of India having a national presence. The top 10 players including LIC hold 91% of the total individual adjusted new business. The bank owned life insurance companies led the growth of private industry in FY 2015-16. The growth in the life insurance industry is polarised with top few player recording faster growth than the smaller players. The top four players own almost 65% of the private life insurance market share. In addition, the dynamic economic and regulatory environment of the industry may lead to greater activity in the area of mergers and acquisitions.

INDIVIDUAL ADJUSTED FYP

(₹ Cr.)



Opportunities

Demographic Opportunity

India as a country is uniquely placed, given that the population in the working age group 20-64 is still increasing. By 2025, the population in this age group is expected to increase from 604 million in 2000 to 942 million in 2025 i.e. from 60%-67% of the total population. At the same time, the 60+ years old population is also growing at a fast rate and is expected that, over the next 20 years, the population in this age group will almost double from 45 million to 89 million. This demographic dividend is panning out on 2 counts – in the segment that we already sell in (35-55 years old) which will increase and also the retirement segment which will see a multi-fold increase.

With life expectancy increasing in the country, the incidence of health problems, especially lifestyle diseases, are also on the rise. As per estimates of several global and domestic health organisations, one out of four Indians is at risk of dying from lifestyle non-communicable diseases like diabetes, cardio-vascular or cancer before the age of 70. This clearly demonstrates that not only will Indians need to protect themselves against the uncertainties of life through life cover but will also have to protect themselves financially to meet the growing cost of healthcare. This opens up opportunities for health insurance riders and standalone products for Indian life insurance companies.

Economic Opportunity

Over the last six years, the per capita GDP of India has grown from US$ 1,146.7 in FY 2009-10 to US$ 1,581.4 in FY 2015-16. According to The Centre for International Development (CID) at Harvard University, India is projected to achieve its highest annual GDP growth rate of 7.9 % upto 2023. This will result in giving more wealth into the hands of Indian households. With India being a country of savers, there is immense potential to save this extra money by investing in financial instruments. Physical assets like real estate and gold, which generally compete with financial savings instruments, have not seen a major upside in the last few years and are expected to remain muted over the next few years too. This will make savings in financial instruments like life insurance, which are safe and provide steady returns over the longer term, more attractive. However, there is a need to promote financial savings, through incentives in the form of further income tax deductions to bring in a larger set of the population into its ambit.

Digital Opportunity

The adoption rate of mobile technology and especially smartphones has opened up a new digital opportunity for the financial services industry. Statistics have shown that, India has the second largest number of people in the world that are connected through mobile internet. The rapid increase of smartphone penetration in India will provide the life insurance industry in India access to a new set of customers, across the spectrum, at a much lower cost.

In the digital world, consumers unknowingly share a large amount of data about their preferences and aspirations. This data will help the life insurance industry develop sharper consumer segmentation. Data analytics (Big Data) will then use this segmentation and data prints of customers to work towards better customisation of products and services to these customers.

Challenges

Reducing Interest Rate

India is moving towards a reducing interest rate regime.

While this will promote higher economic activity in the country, the lower interest rates will continue to strengthen the positive momentum in the economy by lowering borrowing costs and increasing consumer spending. This should positively impact the gross domestic product (GDP) of India, putting the economy back on a consistent high-growth path. However, it is also important to note that a fall in interest rates may impact the returns of financial products, including life insurance saving products.

Fast Pace of Change in Consumer Preferences

The preferences of modern consumers are changing at a fast pace. Listening to existing and prospective customers for insights remains critical for all life insurance companies so that they can then be converted into agile actions for the benefit of the consumers.

Customer Retention

In recent years, there has been a significant improvement in the 13th month persistency for the industry at large. However, there is still significant headroom for improvement so that Indian life insurance consumers can get the true benefits of life insurance. Therefore, there is an increasing need to educate Indian consumers, about the benefits of staying invested in a life insurance policy for the long-term, to derive the real benefits of life insurance. Insurance awareness programmes will become key to sustain the growth of the industry and are expected to be a focus area for Insurance companies and the regulator.

The Company Insurance – Building the Foundation for Sustained Profitable Growth

Developments at the Max Group Level

Investors of Max India, the erstwhile holding company of Max Life, believed that the Max India stock offered a mix of strong and diversified businesses. This mix of business limited the ability of investors to invest in a specific industry of their choice, if they wished to. Max India recognised this need and proceeded to demerge the holding company into three listed entities – Max Financial Services Limited, Max India Limited and Max Ventures and Industries Limited.

This structure provides investors with specific and undiluted access to its diverse lines of businesses, unlocks shareholder value while enabling sharper focus on each operating business. In January 2016, Max Financial Services, the holding company of Max Life, became the first listed entity on Indian bourses (National Stock Exchange and Bombay Stock Exchange) having an exclusive focus on life insurance business.

Customer Centricity at the Core of all Business Decisions

Max Life continues its passion for customer centricity and initiatives that connect and engage better with its customers.

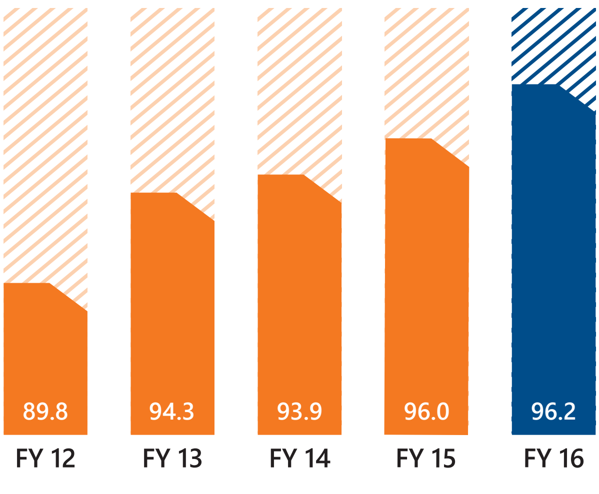
The company has been following the internationally accepted six principles of Treating Customers Fairly (TCF). These principles not only ensure focus on customer service but also ensure equitable distribution of benefits between the customer, the distributor and the shareholder. During FY 2015-16, the company further customised these principles to take TCF to the next level.

The company introduced the use of a Customer Confidence Index (CCI) to provide a more holistic view of the customer confidence in the company across products, processes, culture and quality of sale, among others. This is in addition to the Customer Experience Index (CEI) that the company already tracks on a monthly basis, which is an amalgamation of 12 'Customer Transaction Assessments' for key customer processes.

The CEI forms part of the "top two box" scores by customers on five point scale and is one of the company's measures of success. During FY 2015-16, the CEI improved to 75% (from 69% in FY 2014-15). The company continues to focus on customer listening and takes actions based on the feedback received from its customers.

A key measure of customer satisfaction is the rate at which claims are paid to our policyholders. During FY 2015-16, the company further improved its claims paid ratio to 96.23%. In FY 2015-16, 99.43% of all death claims paid by the company were processed within 10 working days. The company paid 8,895 individual claims in FY 2015-16 translating to approximately one claim per hour.

CLAIMS SETTLEMENT RATIO (%)



Satisfaction of products and services of the company are measured by the customer complaints incidence rate. In FY 2015-16, the customer complaints incidence rate of the company came down from 331 per 10,000 to 304 per 10,000. The company continues to monitor and improve its focus on need based sales. Over 95% of the sales were based on fact-findings gathered from the customers. The company believes that the use of fact finding before making a sale will play a major role in reducing mis-selling and other grievances.

Persistency levels of a life insurer reflect the confidence customers have in the company's life insurance solution they have purchased. During the year, 13th month persistency moved up by 190 bps to touch 79.0% and the conservation ratio improved to 85.9%, a growth of 103 bps. Whereas, customers who value their long-standing relationship with the company increased by 11% as seen by the 61st month persistency which touched 43%. The company will continue to strive towards improvement of this metric by working towards establishing superior sales process and efforts to engage and retain customers.

Strategising for sustainable and profitable growth

The company has been a growth leader in the industry for the last several years, when the industry was struggling to cope with the fast pace of economic and regulatory changes. To further strengthen its position, as one of the leading life insurers in the country, the company continued with its long-term growth strategy with clearly identified focus areas for the financial year. During FY 2015-16, the company decided to focus on the following key themes:

- **Manage Cost and Drive Profitability:** During the year the company continued its focus on cost rationalisation and operational efficiency resulting in the Policyholder Cost to Gross Premium Ratio improving to 22.5% (Previous Year: 24.4%). Thus, the company delivered revenue growth without any increase in cost.

- **Focus on Digital:** The digital world is soon going to be the new normal. The company is tracking all developments in the digital environment and exploring new trends and consumer behaviour. The company thus, established a "Digital Centre of Excellence" to lead and drive all digital initiatives.

- **Product Strategy to Promote Long-term Savings and Protection:** The company continues its focus on long-term savings and protection and has launched several new products focusing on this strategy. The company also launched its first High Net Worth Individual (HNI) ULIP Product called Platinum Wealth Plan (PWP). To promote protection, the company launched three Riders across the Individual and Group Business.

- **Distribution:**
    - **Continued Focus on Proprietary Channels:** Since its inception, the company has a strong presence in agency distribution. In recent years, this has been further strengthened with the development of direct channels such as Customer Advisory Team (CAT) and e-commerce. The three channels together combine to form the proprietary distribution architecture of the company. The company has paid special attention to promote profitable growth in these channels. This has resulted in a 9% growth in proprietary channels which was higher in comparison to that of the third party channels during FY 2015-16.

    - **New Channels:** Insurance Marketing Firms (IMFs), a new distribution structure initiated by the regulator has been identified by the company to build its distribution network. The company has activated 9 IMFs, against a total of 14 in the industry.

    - **Bancassurance:** In FY 2015-16, the company renewed its highly acclaimed relationship with Axis Bank and strengthened its existing tie-ups with Yes Bank Ltd. and Lakshmi Vilas Bank. The company is also well placed to explore new bancassurance relationships in the multiple corporate agency optional regimes.

Below is a snapshot of the company's performance measured through key financial parameters:

- Individual Adjusted First Year Premium increased by 8% to ₹ 2,103 crore.

- Gross Written Premium (GWP) increased by 13% to ₹ 9,216 crore with a 13% increase in renewal premium to ₹ 6,334 crore, while first year premium (including single year premium) increased 12% to ₹ 2,882 crore.

- Assets Under Management (AUM) increased by 15% to ₹ 35,824 crore.

- Sum Assured (Individual) at ₹ 2,71,633 crore as on March 31, 2016 recorded an increase of 21% over the previous financial year.

- Solvency Ratio of 343%, more than 2 times the mandatory 150%, indicates the company's strong and stable financial position.

- Policyholder Cost to Gross Premium ratio improved to 22.5% (Previous Year: 24.4%) and Policyholder Opex to Gross Premium ratio was better at 13.6% (Previous Year: 15.2%).

- Consequently, the shareholders Profit after Tax (PAT) were ₹ 439 crore, up 6% from ₹ 414 crore in the previous year.

- The company also declared a shareholder dividend amounting to ₹ 365 crore (post DDT) and policyholder bonus amounting to ₹ 766 crore (Previous Year: ₹ 596 crore).

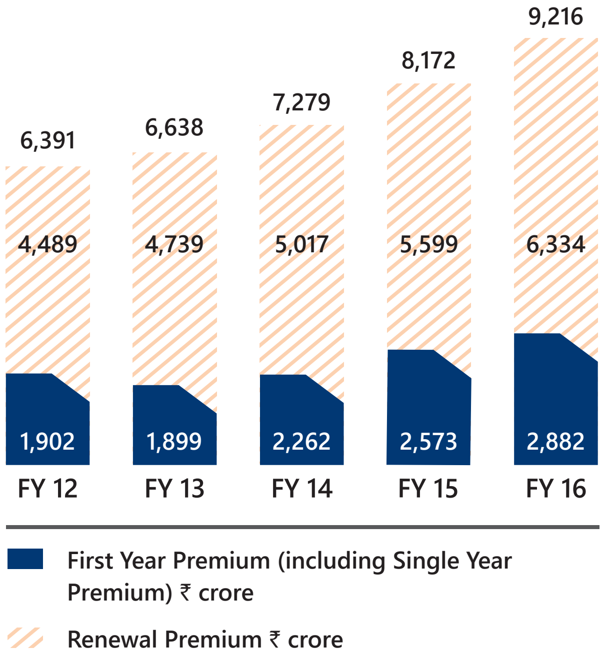
- Customer retention measured as "Conservation Ratio" improved further to 85.9% in FY 2015-16 (Previous Year: 84.9%) and 13th month persistency improved to 79.0% (Previous Year: 77.1%).

- Claims settlement ratio (% of claims paid) improved further to 96.23% in FY 2015-16 (Previous Year: 96.03%).

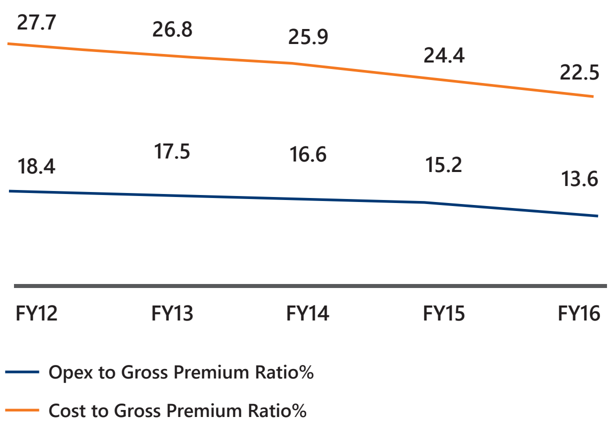
KEY BUSINESS PERFORMANCE PARAMETERS

Key Parameters	Measure	(FY 2015-16) (₹ crore)	Increase/ (Decrease)
Gross Written Premium	Premium Income	9,216	13%
Customer Retention	Conservation Ratio 13th month Persistency 61st month Persistency Policies in force - Individual	85.9% 79.0% 43% 37,59,365	103 bps 190 bps 11% (absolute) 2%
Operating Efficiency	Policyholder Opex to Gross Premium ratio	13.6%	160 bps
Profitability	Shareholders Profit after Tax	439	6%
Investments	Asset Under Management	35,824	15%
Protection Value	Sum Assured in force	2,71,633	21%

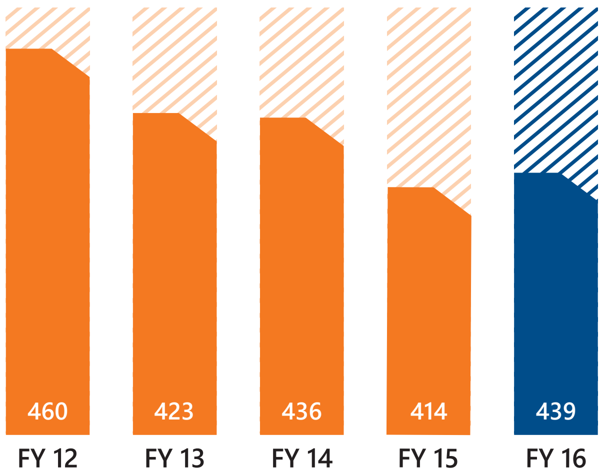
PREMIUM (₹ Cr.)



POLICYHOLDER COST & OPEX RATIO (₹ Cr.)

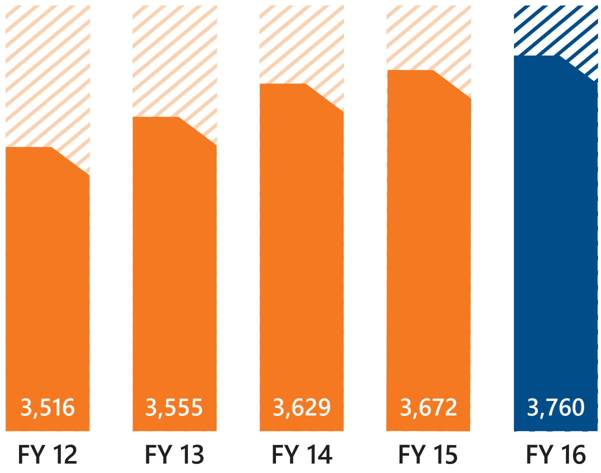


PROFIT AFTER TAX (SHAREHOLDERS) (₹ Cr.)

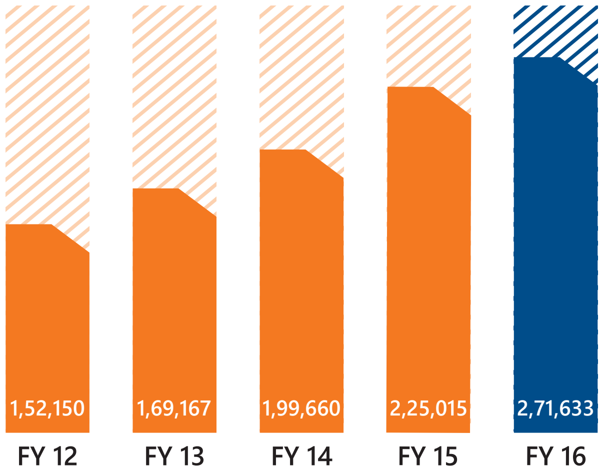


** FY 2011-12 – The company did not pay Tax*

NO. OF (INDIVIDUAL) IN-FORCE POLICIES (# in '000)



SUM ASSURED IN FORCE (₹ Cr.)



Multi-Channel Distribution Architecture for Reach with a Strong Focus on Owned Distribution Channels

The company believes that, in a country as diverse and vast as India, multi-channel distribution architecture is essential for success in the life insurance industry. The company has worked towards strengthening its own distribution channels (Agency Distribution, Customer Advisory Team and E-Commerce) as well as building long-term relationships with existing and new partners (Bancassurance and Third Party Distributors). In addition, the company's Group Business continued to promote protection through group policies.

Owned Distribution Channels

a. **Agency Distribution**

Agency distribution is core to owned distribution channels of the company. The channel has recorded a steady growth throughout the year, while significantly reducing the cost of sourcing or acquisition. The agency distribution recorded a growth of 6% while, at the same time, reduced the direct operating expense ratio by close to 1,000 bps. In the last quarter of the year, the agency channel recorded a strong growth and will carry this momentum into the next financial year. Initiatives to reduce operating expenses will bring about a structural change in the cost structure of this channel and will lead to greater efficiency in the years to come.

The recruitment of quality agents is of critical importance for the success of agency distribution. These agent advisors are the face of the company in the marketplace and many a time, the only medium to build long-term relationships with our customers. In the process of need-based sales, they create greater awareness about the role of life insurance in financial planning and build relationships that can be leveraged in the future. The number of agent advisors at the end of year went up by 4% to 45,275. Besides the traditional channels of recruitment, service to recruitment and marketing led recruitment initiatives also played an important role.

To improve the efficiency of agent advisors, the company focused on adoption of technology by our agent advisors and front line agency distribution managers. All the agency distribution managers and agent advisors are equipped with tablets to promote a need-based sales process. The company also launched an "Automated Book of Business" which provides consumer details at the click of a button, to the company's agent advisors, helping them suggest the right product option to customers and improving levels of customer satisfaction.

b. Customer Advisory Team (CAT)

A life insurer has 6-7 opportunities during the lifetime of a consumer to sell life insurance solutions and build long-term relationships with customers. However, this is not possible without a quality service model. The service to sales business model of CAT is built on this premise. The channel engages with existing customers, to provide quality service and once they are satisfied, cross sell new product solutions to meet their identified needs. During the year, the CAT channel augmented its capacity and recorded a productivity improvement to achieve healthy growth in new business sales. It continues to enjoy the best persistency record across all the brick and mortar distribution channels. At the same time, it provides quality service and product solutions to the company's customer base, whose agent advisors are no longer active.

c. E-commerce

The E-commerce channel had a challenging year as new product launches were delayed. Despite these challenges, the channel recorded a double digit growth and maintained its second position in the online term market. With a focus on protection, the channel has been able to increase the sum assured by 30%. The E-commerce channel is operating at 95.8% for its 13th month persistency, which is the highest amongst all channels. With new protection products and savings suite slated for launch during FY 2016-17, it is expected that this channel will grow at a significant rate this year.

Third Party Distribution Channels

a. Bancassurance

The company has corporate agency distribution relationships with three private banks (Axis Bank, YES Bank and Lakshmi Vilas Bank) and 11 urban cooperative banks.

The bancassurance relationship with Axis Bank is today the largest and the most productive non-captive bancassurance relationship in the country. In FY 2015-16, the company renewed its corporate agency relationship with Axis Bank, with continued access to the strong network of 2,904 branches of Axis Bank in the country. In collaboration with Axis Bank, the company launched 'Maxis 2020' a nationwide transformation of the life insurance selling processes at the bank, used data analytics, including smarter customer targeting, and introduced a digital solution to enable sellers to perform needs-based sales for customers, across a variety of devices such as desktops, tablets and smartphones. The use of technology for life insurance sales rapidly picked up momentum, with over 70% of policies being sold using this new digital solution in the final quarter of the FY 2015-16. This now enables the company to issue a policy in just 4 hours.

Both YES Bank and Lakshmi Vilas Bank also decided to opt for exclusive relationship with the company, which clearly shows a significant vote of trust for the company in the multiple corporate agency regimes.

b. Third Party Distribution

The company has long-standing relationships with Peerless and Amsure. Regulatory changes during the course of FY 2015-16 resulted in the need to restructure the business models of these organisations. The company is working closely with both Peerless and Amsure in this endeavour. Given the focus on putting in place a new business model, new business sales were low in this channel for FY 2015-16.

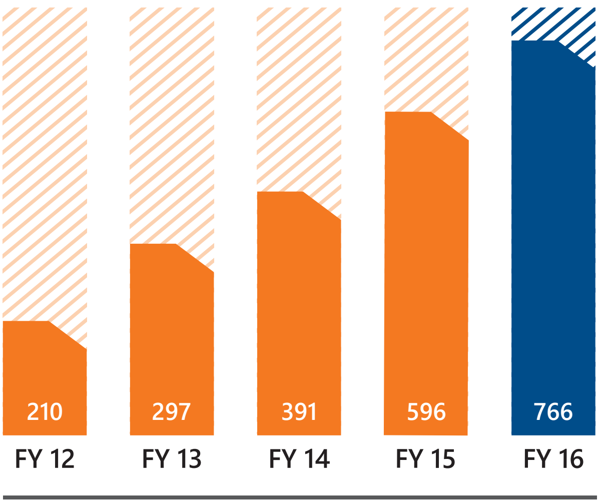
c. Group Business

Group Business grew by 18% in FY 2015-16 backed by strong performance in both Credit Life and Employee Benefits business. The Credit Life Business grew by 20% in FY 2015-16. During the year, the company focused on the deepening of existing relationships and enhancing execution capabilities. The company also delivered steady growth in the Employee Benefits business and added 241 new Corporate Accounts in FY 2015-16, to take the overall portfolio to 600+ relationships

Policyholder Bonus – Reward for Faith in the company

In FY 2015-16, the company decided to maintain the 2015 regular bonus rates for all the old products which are closed to new business. For the products open to new business (except Monthly Income Advantage Plan), the 2015 regular bonus rates were reduced by 1% to reflect the reducing trends in interest rate. The total cost of distribution of bonuses to participating policyholders over the next 12 months is ₹ 766 crore. This is an increase of ₹ 170 crore from the bonus distributed in the previous year, mainly driven by the increased size and ageing of the in-force participating business.

POLICYHOLDER BONUS (₹ Cr.)

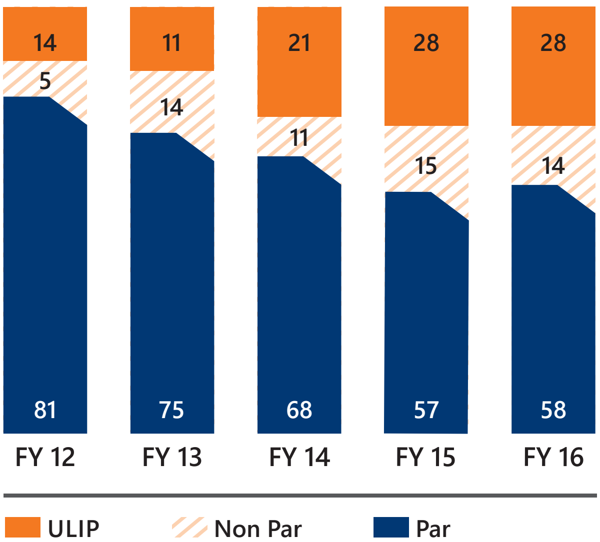


Product Mix – A Balancing Act

The company introduced 3 new products and 4 new Riders in FY 2015-16, covering both Long-Term Savings and Protection. Of the 7 new products and Riders, Max Life Platinum Wealth Plan (PWP) and Max Life Monthly Income Advantage Plan (MIAP), proved to be the most successful in FY 2015-16. PWP, an investment solution for the High Net Worth (HNI) segment contributed 3% to individual sales and MIAP, a traditional plan across segments offering an optimal combination of monthly income and protection, contributed 15% to total individual sales. In addition to the new product launches, Max Life Guaranteed Income Plan – an existing guaranteed income plan, was re-launched with a unique derivative investment strategy to hedge interest rate risk. This is the first of its kind use of derivatives in the life insurance industry. The company also participated in the "Pradhan Mantri Jeevan Jyoti Bima Yojana" as an initiative of the Government, to promote life insurance across masses and enrolled 2 lakh members during the year.

New riders launched in FY 2015-16 completed the riders suite and further supplemented the superior bouquet of protection solutions of the company. The penetration of rider attachment stood at 22.3% during FY 2015-16 indicating that 1 out of approximately every 5 policies opted for additional protection through riders.

INDIVIDUAL PRODUCT MIX (%)



Creating Business Excellence using Information Technology

In the current business environment, technology will always remain core to the journey of business excellence. In FY 2015-16, the company has made noteworthy progress in its digital journey to enhance its distributors' and customers' experience.

The Maxis 2020 project launched for integrating processes between the company and Axis Bank, its distribution partner, continues to show considerable improvement across customer experience metrics. To take this a step further, the company is focusing on building capabilities across various platforms like mobile, tablet and browser applications. Some of the other key projects across channels included digitization of prospecting, policy servicing and enablement of agent recruitment.

Other initiatives in technology integration included upgrades to shared services like Human Resources, Finance and Legal and Compliance.

Strengthening Brand through Sachchi Advice

We believe that honesty is the only way to build enduring relationships and trust. The brand has been striving to live up to this value through its products, people and processes. Since 2012, the brand has taken the industry issue of mis-selling head-on and given honest advice to consumers by addressing key issues faced by them during the pre and post sales process.

FY 2015-16 marked the evolution from "Aapke Sachche Advisor" to "Sachchi Advice". The new positioning is in line with changing reality that company's sellers are not just agents, but also bank partners, corporates and the new, E-commerce channel. The positioning therefore, takes a channel-neutral stance and helps consumers focus on what the company delivers, irrespective of which channel they use to reach us.

The honesty philosophy has helped us make significant progress evident from the rise in the brand's consideration by 7% over FY 2014-15 moving up our rank to 6th within the private sector. We have also won awards for our efforts which continue to inspire us to work harder to deliver honest advice and solutions to our customers to help them meet their long-term financial goals and secure their financial future.

Superior Investment Performance

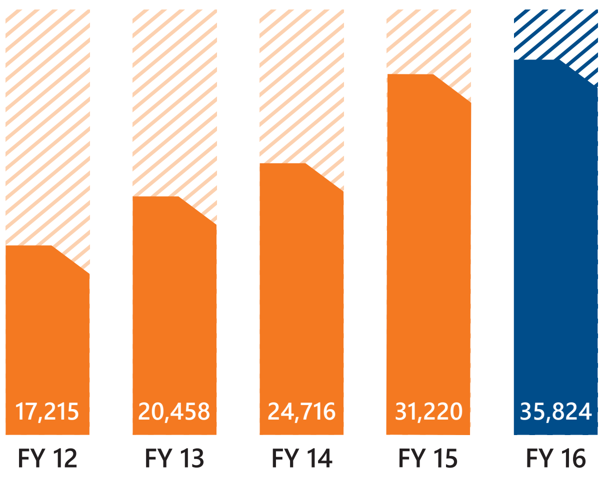
The company's Assets under Management (AUM) of ₹ 35,824 crore recorded a growth of 15% over last year.

The performance of both traditional and unit linked funds has been commensurate with the risks assumed in respective funds.

During the year, the company expanded the investments team with the addition of fund managers and analysts in Fixed Income, Real Estate and Equities. The company also relocated its Investment Office from Gurgaon to Mumbai, the financial capital, thereby increasing its capability to retain and acquire fresh talent.

The traditional funds are invested safely, with over 99% of the debt investments in AAA or equivalent instruments and a minimum of 70% of equity exposure to quality large cap equities which are expected to provide superior returns over the long-term.

ASSETS UNDER MANAGEMENT (₹ Cr.)



(₹ Cr.)

Type of Fund	As on March 31, 2015	As on March 31, 2016
Linked Fund	13,400	13,154
Controlled Fund	17,820	22,670
Total	**31,220**	**35,824**

As at March 31, 2016, 63% of the AUM was in traditional funds and 37% in ULIP funds.

Business Excellence

FY 2015-16 was a significant year in the company's journey on business excellence. The company became the first service company ever to win the prestigious and acclaimed Ramakrishna Bajaj National Quality Award in the very first year of participation with an impressive score in 750-850 range, pegging the company as a 'Benchmark Leader' in the Service category.

A Robust Risk Management Framework to Address Enterprise-wide Risks

The company's overall approach to managing risk is based on a 'three lines of defence' model with clear segregation of roles and responsibilities for all the lines.

Risk management is integral to all aspects of the company's activities and is the responsibility of all staff. Managers have a particular responsibility to evaluate their risk environment and put in place appropriate controls. The risk management culture emphasises due analysis and management of risk in all business processes. This constitutes the first line of defence.

The Risk Management Function together with the Compliance Function forms the second line of defence, under the aegis of the Board and the Statutory Risk Management Committee. The Risk Management Function is responsible for monitoring and reporting the firm's risk exposures and the extent to which the risks inherent in any proposed business strategy and plans are consistent with the company's risk appetite and tolerance. The Compliance Function is responsible for monitoring the compliance levels across the company and for highlighting any potential compliance risks to the risk function as well as the management teams. Compliance includes compliance with both external obligations and internal standards and the latter includes standards on ethical behaviour. The third line of defence is Audit Committee, supported by the Internal Audit Function, who provides an independent assurance to the Board. The majority of the members of the Audit Committee are independent directors, one of whom chairs the Committee. The Audit Committee has a particular responsibility in relation to financial statement risk and would also provide assurance that the Risk Management Framework has been implemented.

Risk Governance

The company follows a multi-layered governance approach for execution and monitoring the risk management activities performed across all of its three lines of defence. The Risk Management Function is responsible for embedding the risk culture across the company and assists the Board, Board Committees and the senior management for developing, maintaining and implementing all elements of the Risk Management Framework.

Risk management activities are supervised on behalf of the Board by a Board Risk Management whose responsibilities conform to those prescribed by the IRDAI. The Board Committee is assisted by a Management Risk Committee, chaired by the Executive Vice Chairman, and is in turn supported by an Operational Risk Group (ORG) and an Asset Liability Management Group. The role of the ORG is to identify, measure, manage, report and control operational risks for the company. The ALM Group works to identify measure, manage, report and control the risks related to the matching of cash flows, duration gaps, and interest rates.

Risk Outlook

As an insurer, the company is in the business of accepting risk. The risk management framework ensures that the level of risk accepted is within the company's risk management capacity and the level of capital adequacy is well in excess of the level prescribed in the public interest via legislation.

However, the need for operating models is to evolve in the face of shifting community expectations and public interest requirements. The pace of these changes together with the impact of innovative business models and emerging technologies create additional risk exposures for the company. The company is also wary of potential risks driven by changes in the geopolitical environment. The company scans its operating environment continuously and risk capabilities and controls are augmented accordingly.

The company's existing risk management elements are being progressively integrated into the risk management framework which, when fully implemented, will establish a pervasive risk culture within the company insurance.

The company has an operationally independent Risk Management Function in place, headed by a Chief Risk Officer (CRO). The Risk Management function assists the Board Risk Management Committee in defining the risk appetite, monitors the implementation of the risk management practices and maintains an aggregated risk view across the company.

Within the framework, a Risk Appetite Statement is in place which identifies the material risks to which the company is exposed and conveys the degree of risk that the company is willing to accept in pursuit of its objectives. These material risks have been grouped in the areas of Strategic Risks, Insurance Risks, Investment Risks and Operational Risks.

The identified material risks are actively managed and addressed in accordance with a Risk Management Strategy which defines the approach to manage the risk through acceptance, avoidance, transfer and/or mitigation. The degree and intensity of the management action is guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls.

The functional owners, with the assistance from the risk management function, develop and implement policies and procedures which are used to manage the risks.

Other framework elements include specific risk oriented management information and an assessment of capital requirements that reflect the company's specific risk exposures and appetite for risk. This assessment supplements the statutory assessment of capital requirements prescribed.

Finally, the entire risk management framework is subject to both internal and external assurance reviews.

Generating Insurance Awareness amongst the Public-at-large

During FY 2015-16, the company looked to build and create awareness amongst the public at large about the true benefits of life insurance. In order to resonate with the customer and create mindspace, it opted for the following routes:

A. Building Awareness and Educating Customers through TV Campaigns:

In an attempt to build awareness amongst customers about the importance of long-term savings and protection through life insurance, the company utilised television campaigns to emphasise and drive home the message. Through these campaigns, the company tried to bring customer focus on the overall importance of long-term savings and protection, thereby encouraging people to act in earnest to protect and safeguard the future of their loved ones.

A television campaign was conceptualised around making consumers aware of the need to start investing in life insurance early in their careers. Over the past few years, the brand, through its 'Aapke Sachche Advisor' campaign, has attempted to raise awareness about the most common mis-selling practices, so that consumers can make the right decision at the time of policy purchase.

B. Building Awareness and Educating Customers about Long-term Protection through Print and Online Portals:

A critical aspect of giving honest advice is to create educational content and make it visible through media formats such as print and internet that large masses of people consume. Throughout the calendar year, the company published over 130 unique articles on common issues with regard to personal finance. These were published across online portals and in 23 pan-India publications like The Economic Times, India Today, Business Standard, Financial Express, Hindustan, Dainik Jagran, Dainik Bhaskar, Amar Ujala, and so on. The medium of print and internet were used aggressively throughout the year to drive customer awareness about life insurance and its importance with regard to savings and protection through various articles on personal finance.

C. Repository of Information on the company Website to Educate Consumers about the Finer Points of Staying Protected:

During FY 2015-16, the focus of the company's website was to simplify life insurance as a product and provide simple and clear communication on the subject of life insurance. Our aim was to unclutter the minds of our customers thereby ensuring that life insurance is purchased only when they are convinced that the product features match their needs. Throughout FY 2015-16, the company has successfully educated customer through articles on various topics, uploaded on the company's website, to help them understand the various nuances of life insurance. The website has become an important source of information for customers looking to find simple answers to their questions on life insurance. We believe that consumers visiting our website should not only know about the products and services offered by the company, but also understand life insurance more comprehensively for them to take informed decisions.

D. Direct to Customer Campaigns – Educate Customers on the Importance of Long-term Protection:

During FY 2015-16, the company looked to add value for its customers by educating them on the finer points and the benefits of life insurance via bi-monthly newsletters to create awareness about important aspects of life insurance.

E. Prevention of Fraud & Spurious Calling to Safeguard the Long-term Financial Goals of Customers:

To make people aware of the pitfalls of spurious calling, prominent banner was displayed across the company website, notices warning people about the pitfalls of spurious calling and an electronic mailer were sent out to all our policyholders. All television advertising, radio advertising and customer mailers also carried warning against spurious calling.

F. Financial Literacy and Insurance Awareness Camps Conducted in Dhakrani:

The company's Uttarakhand team, led by the Regional Manager and the Uttarakhand branch worked tirelessly to build awareness of the need to invest in long-term savings and protection to insure the families against any calamity that may befall upon the family which might leave them in a state of financial duress. In FY 2015-16, in two camps, approximately 115 people, including agents and employees, volunteered and conducted door-to-door meetings with the villagers. Over 200 houses were covered where villagers were educated on the importance of being financially literate. The key messages revolved around creating awareness about Prime Minister's Health Insurance Schemes – Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jivan Jyoti Bima Yojana and its benefits. Volunteers helped the 200 households identify their long-term financial needs, the current gap in their corpus and the financial product solutions including life insurance available to meet their needs. The goal of the campaign is to educate the people of Dhakrani about the importance of financial literacy through financial health check-ups of households and making the families self-reliant by introducing the villagers to the process of financial planning.

Corporate Social Responsibility

The company continued to work with Max India Foundation to implement its CSR programme which has a focus on healthcare, sanitation, safe drinking water, environment protection, Financial Literacy & Insurance Awareness and Village Adoption. The company adopted Dhakrani village in Uttarakhand which was inaugurated by the then Chief Minister of Uttarakhand, Mr. Harish Rawat. The company increased its activities in the areas of immunisation, health camps and health awareness. During the year, the Board Committee for Corporate Social Responsibility met twice in the year to approve the CSR Strategy and Policy for FY 2015-16 and review the progress made on the agenda. More details about the company's CSR initiatives are mentioned under the Business Responsibility Report in the Annual Report and as part of the Annexure to Directors' Report.

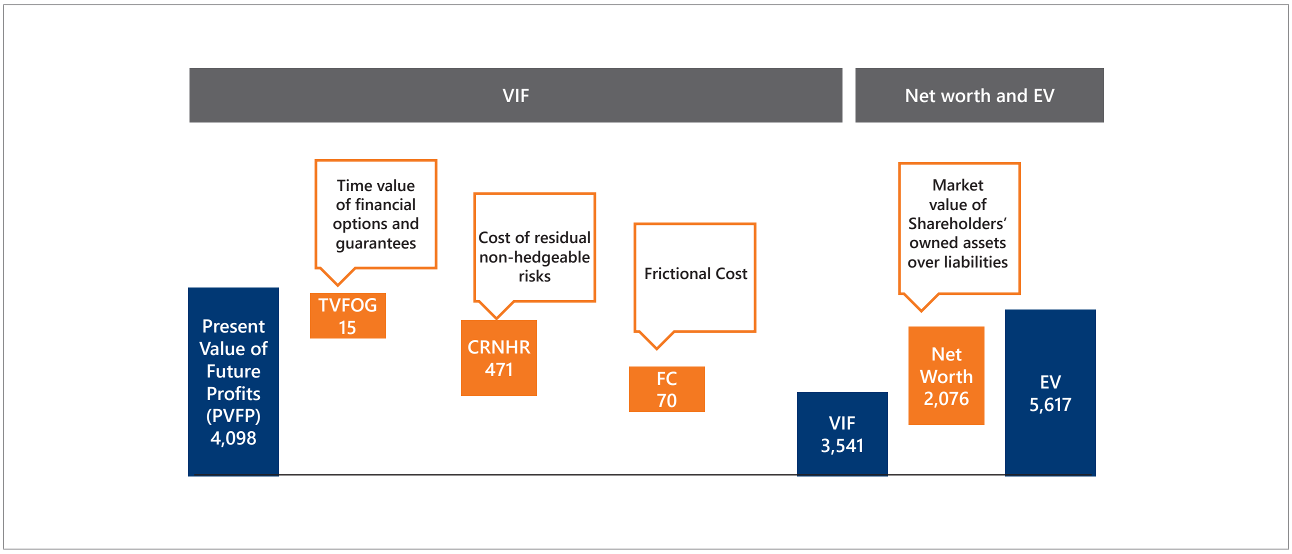
Report on Market Consistent Embedded Value

Keeping in view the requirements of long-term investors, the company has been reporting the Embedded Value (EV) for the past several years and has graduated to a market consistent methodology from FY 2014-15. The EV of the company, as at March 31, 2016, stood at ₹ 5,617 crore.

The EV is a measure of the shareholder value arising from the in-force policies and the net worth of the company as at the valuation date. The company uses a market consistent methodology approach as this approach better reflects the value of an insurance company by explicitly allowing for insurance and economic risks rather than using implicit overall allowance for risks through Risk Discount Rate in the traditional approach.

THE FOLLOWING CHART PROVIDES AN OVERVIEW OF THE COMPONENTS OF THE EV AS AT MARCH 31, 2016:

(₹ Cr.)



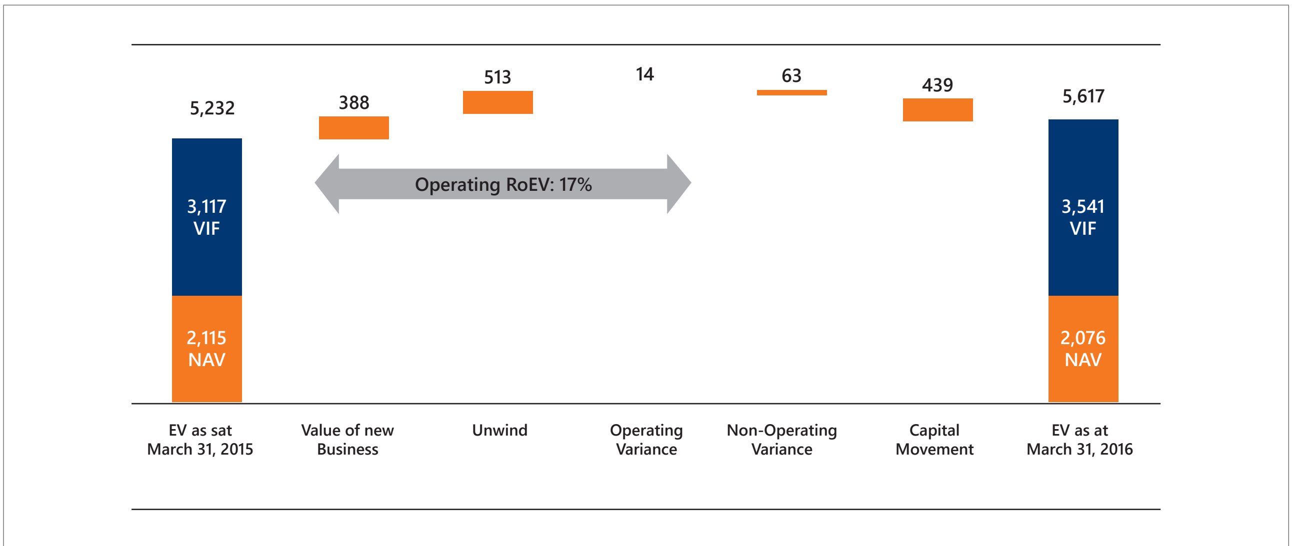
Market Consistent Embedded Value (MCEV) method

The EV of the company is calculated keeping in view the MCEV principles issued by the Stitching CFO Forum Foundation and the Actuarial Practice Standard 10 as issued by the Institute of Actuaries of India. However, the methodology and results are not intended to be compliant with these standards.

In MCEV, 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).

EV MOVEMENT ANALYSIS: MARCH 2015 TO MARCH 2016

(₹ Cr.)



Figures in ₹ crore.

- Operating Return on EV of 17% driven mainly by new business growth and unwind of discounting.
- Operating variance mainly constitutes cost overrun chargeable to shareholders.
- Non-operating variance driven mainly by equity and interest rate movements since March 2015.

Value of New Business (VNB)

The VNB represents the value added to the EV due to the new business written by the company during the year. For FY 2015-16, the VNB was ₹ 388 crore before allowing for cost overruns. Post overruns, the VNB was ₹ 378 crore. The new business margin was 18.3% (before overrun) and 17.9% (post overrun).

RECENT DEVELOPMENT

The Board of Directors of Max Financial Services and Max Life Insurance in August 2016, approved the amalgamation of life insurance business of Max Life, with HDFC Life, subject to requisite shareholder and other regulatory approvals, to eventually create the biggest private-sector life insurance company in India. As per the agreed valuation and exchange ratio, the relative valuation of HDFC Life and Max Life would be 69% and 31% respectively.

The potential merger, if it fructifies, will create the largest private life insurance company in India. The coming together of two large life insurance companies of India, Max Life Insurance and HDFC Life, is likely to be accretive to its various stakeholders as the two companies enjoys complementary areas of strengths. On the distribution front while Max Life Insurance has long-standing relationships with Axis Bank, Yes Bank and Lakshmi Vilas Bank, HDFC Life has relationships with HDFC Bank, RBL and IDFC Bank which could create a strong bancassurance growth engine. In addition, the highly productive agency distribution of Max Life Insurance and E-commerce play of both companies is expected to add strength to the multi-channel distribution architecture.

Looking forward

As the company looks forward, the following have been identified as key priorities:

1. **Acquiring New Relationships:** The company sees Banca open architecture as a large opportunity and will focus significant energies in acquiring new relationships to drive growth. This is supported by the expected steady growth in gross financial savings over the next 3 years due to the improving consumer sentiments and aided by government initiated structural reforms. Large portion of this growth will be garnered by bancassurance channels and bank linked insurers will continue to maintain their high market share.

2. **Focus on Proprietary Channels:** Indian consumer continues to evolve at a gradual pace and face-to-face advice will continue to be a dominant mechanism for selling in the near term, though the internet and digital mediums are increasingly being seen as driving awareness around financial product categories. The company will invest in building robust proprietary channels comprising of the Agent force and augmented with a superior E-commerce medium.

3. **Leveraging the Digital Influence:** The company recognises the importance of the increasing digital influence. Hence, efforts are being put towards establishing an integrated customer journey throughout the customer lifestyle, including smarter and more effective digital marketing, digitally enabling the seller as well as the fulfilment processes, and transforming the digital interfaces.

4. **Product Strategy:** The company has products available across all key customer segments. Going forward, the product strategy will focus on driving higher contribution of protection oriented product solutions across channels.

5. **Focus on Costs:** The company will continue on the cost journey taking cognizance of key bets for future growth and initiatives towards building the company for the future.

BUSINESS RESPONSIBILITY REVIEW

Max India Foundation – FY 2015 - 16

Rashid, 50, a motor mechanic by profession and a father of four children, living in Dhakrani village in Uttarakhand was suffering from a hip problem for the last two years due to which he had become totally immobile. The sole bread earner for his family, Rashid was in a quandary about curing this ailment. It was beyond his means to consult a good doctor.

It was one of those days when a health check-up camp was organised in his village – where he went to request for help from Max India Foundation (MIF). Mohini Daljeet Singh, CEO of MIF who was present at the camp helped and directed him to the doctors who examined him and concluded that he required hip surgery to cure his condition. Looking at his financial situation, with his family's total economic dependence on him, MIF facilitated his treatment at the Max Super Speciality hospital, Dehradun pro bono. Under the able supervision of doctors at the hospital, Rashid has undergone a successful surgery.

Fatima, Rashid's wife is elated as she says, "We could never imagine that we will ever be able to afford my husband's treatment. The family was totally dependent on his earnings and I didn't know how to pay my children's fees or even buy the next meal. I'm really grateful to Max India Foundation for supporting us in hard times".

Rashid's first surgery took place in March. Already feeling quite positive, Rashid is all set to begin his new phase of life!

Multiple other cases similar to Rashid's in 6 different medical specialities including cardiology, paediatrics and gynaecology have been supported by MIF in Dhakrani as part of the village adoption project.

Max India Foundation (MIF) represents the Max Group's social responsibility aspirations, and represents the CSR efforts of all 3 Max Group holding companies, including Max Financial Services. As a part of the extension of the Max Group's core value of 'Sevabhav', two villages in Uttarakhand – Dhakrani and Chandrothi gram sabha were adopted in 2015 to improve health and hygiene levels in these villages. Numerous initiatives on healthcare, sanitation, waste management and safe drinking water have been undertaken to improve the lives of the villagers.

The volunteers from Max Life Insurance's Dehradun office have been actively involved in village outreach to spread awareness on waste management, health and hygiene along with financial literacy. So far, 400 households have been covered under this drive.

A sewerage project has been initiated in the village through Punjab based Indo-Canadian Village Improvement Trust. Around 30,000 feet of sewerage network pipes have been laid in the village and a treatment plant has been installed.

Bi-weekly health camps for women and children have been organised in the region through Bella Healthcare Charitable Trust. 87 camps have been conducted till date benefitting 5,136 patients. In all 9,384 people were touched through different health awareness campaigns.

Nine multi-speciality camps benefiting 2,651 patients, were organised with the support of Max Healthcare, Dehradun during FY 2015-16. Twelve immunisation camps supporting 1,147 children were also organised during the year.

A solid waste management system covering the entire village has been operationalised. To sustain this initiative, measures such as door to door waste collection are now in force. Colour coded waste bins have been distributed in all 1,884 households in addition to installation of community dustbins.

A production unit for sanitary napkins aimed at better hygiene for local women is under installation in Dhakrani. This unit will be run entirely by women, thus providing employment opportunity to the local women.

Max India Foundation adopted Chandrothi Gram Sabha, Dehradun as the second village under its village adoption program along with Antara Senior Living. A solar street light project in the dark winding roads of Guniyal Gaon, Chandrothi Gram Sabha, was commenced in December 2015 and is expected to be completed in mid-2016. The

Government School in 'Guniyal Gaon' has been provided with library books, sports equipment and a fully equipped Audio Visual room. A cleaning vehicle has also been commissioned in the village.

A Health centre at Antara Labour camp site caters to the immediate basic medical requirement of the nearby villagers and the surrounding areas. 8,070 patients were treated at the health centre till March 2016.

The village adaption program in Uttarakhand is in line with Max India Foundation's (MIF) mission to provide quality healthcare to the underprivileged; provide holistic and focused healthcare for the wellbeing of underserved communities; village adoption; facilitate awareness of health related issues and work for an eco-friendly environment. The Foundation seeks to achieve its mission by engaging volunteering services of Max Group employees and partnering with reputed NGOs for the execution of its chosen projects. The employee volunteerism also encourages a strong spirit of bonding between employees of the Max Group.

Guided by its vision of "Caring for Life" the Foundation since its inception in 2008, has benefitted over 1.6 million people from the underserved communities, in 667 locations across the country in partnership with more than 400 NGOs. MIF's interventions include pan India immunisation camps, health and cancer screening camps, health centres and artificial limbs & polio callipers camps along with facilitating high end surgeries and treatment. Cancer has been a focus area recently due to the alarming increase in incidence and inability of the underserved to afford its treatment and the accompanying challenges.

MIF works on every aspect of health, from spreading awareness, screening, advocating early diagnosis to supporting treatment. The Foundation is also proactive on preventive health through immunisation and screening of children.

800 specially-abled people benefitted in FY 2015-16

800 specially-abled people were benefitted through different camps and medical interventions last year. Around 348 people were benefitted at the ‘artificial limbs and calipers camp’ held at Gaya district from March 5, to March 9, 2016 for the disabled. This camp was organised by Max India Foundation in association with Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS) – the organisation behind the promotion of ‘Jaipur Foot’, under the stewardship of His Holiness Karmapa Ogyen Trinley Dorje Dehradun.

A similar camp was organised in Dehradun with Manav Sewa Sannidhi where 219 differently-abled people benefitted.

Six motorised vehicles were given away to patients through Rajiv Gandhi Foundation while one wheelchair was donated to Agewell Foundation India, an NGO that works for the welfare of elderly.

A ‘viklang’ camp was organised by Bharat Vikas Parishad, Alaknanda Branch in association with Max India Foundation in January this year at Arya Samaj Mandir, GK II, and New Delhi where 46 people benefitted.

15 people are provided artificial limbs every month through Kiwanis Artificial Limb Centre.

Special Care and Support for Cancer Patients

Support to 25 oncology cases have been provided through Max Healthcare. 296 children have been supported with cancer treatment through its NGO partner – CanKids, Kidscan, an organisation dedicated to change for childhood cancer in India.

Since 2008, MIF works closely with CanSupport, an NGO that provides homecare and palliative care to patients with cancer. In the last year, 209 cancer patients have been provided palliative support while 2,557 home visits were made by the organisation with support from MIF. ‘Walk for Life’, an event to raise awareness on cancer is organised by CanSupport every year which is actively sponsored by MIF.

28 cancer HPV DNA tests were carried out through the Indian Cancer Society, New Delhi. Boarding and lodging of families of 45 cancer patients was provided through St. Jude India Child Care Centre, Noida.

Traditional Birth Attendant Training

Since a substantial section of the India population lives in remote areas, institutional births are not always possible. Training for traditional birth attendants (Dai) have been organised across all 13 districts of Uttarakhand. The Dehradun district Dai training phase was officially inaugurated on June 4, in Dehradun by the Honourable Health Minister Uttarakhand, Shri Surender Singh Negi. More than 1400 Dai’s were trained during this campaign.

Similar trainings are being done by NGO partner Seva Mandir, Udaipur that works towards improving Maternal Health in Tribal Population of Southern Rajasthan. With support from MIF the organisation has benefitted 8,236 people since January 2013.

Immunisation Camps – Through its pan India immunisation program, Max India Foundation has immunised 13,475 children through 283 camps across India. 35,530 immunity shots have been given during the entire year.

Surgeries and Treatment – Max India Foundation has supported 1,010 high-end surgeries for the under-privileged. These surgeries include a large number of paediatric cardiac surgeries, brain tumour surgeries, reconstructive surgeries, neuro surgeries, orthopaedic surgeries, cataract surgeries, oncology care and renal transplant.

Health Camps for the Underprivileged – MIF organises multi-specialty camps for the underprivileged in various semi-urban and rural locations where there is no access to specialised medical treatment. Poor patients are screened and given free medicines. Surgeries and treatment are also facilitated for those in need. This year 146,403 patients have been treated through 588 camps across India.

Health Centres – In pursuance of providing quality healthcare to the under privileged, the Foundation has set up 8 health centres in Delhi, Uttarakhand and Punjab regions in partnership with like-minded NGOs. 46,045 patients have so far been treated at these health centres.

Health Awareness – Max India Foundation has been proactively running Health awareness programs in different areas of its presence. In the last financial year, 33,830 people including women and children have been touched with awareness on issues like menstrual hygiene, hand washing, healthy eating, health & hygiene, dengue and tobacco related diseases.

Disaster Relief – Relief was provided for victims of Chennai floods in December 2015 with medicines and medical supplies through CII relief operations.

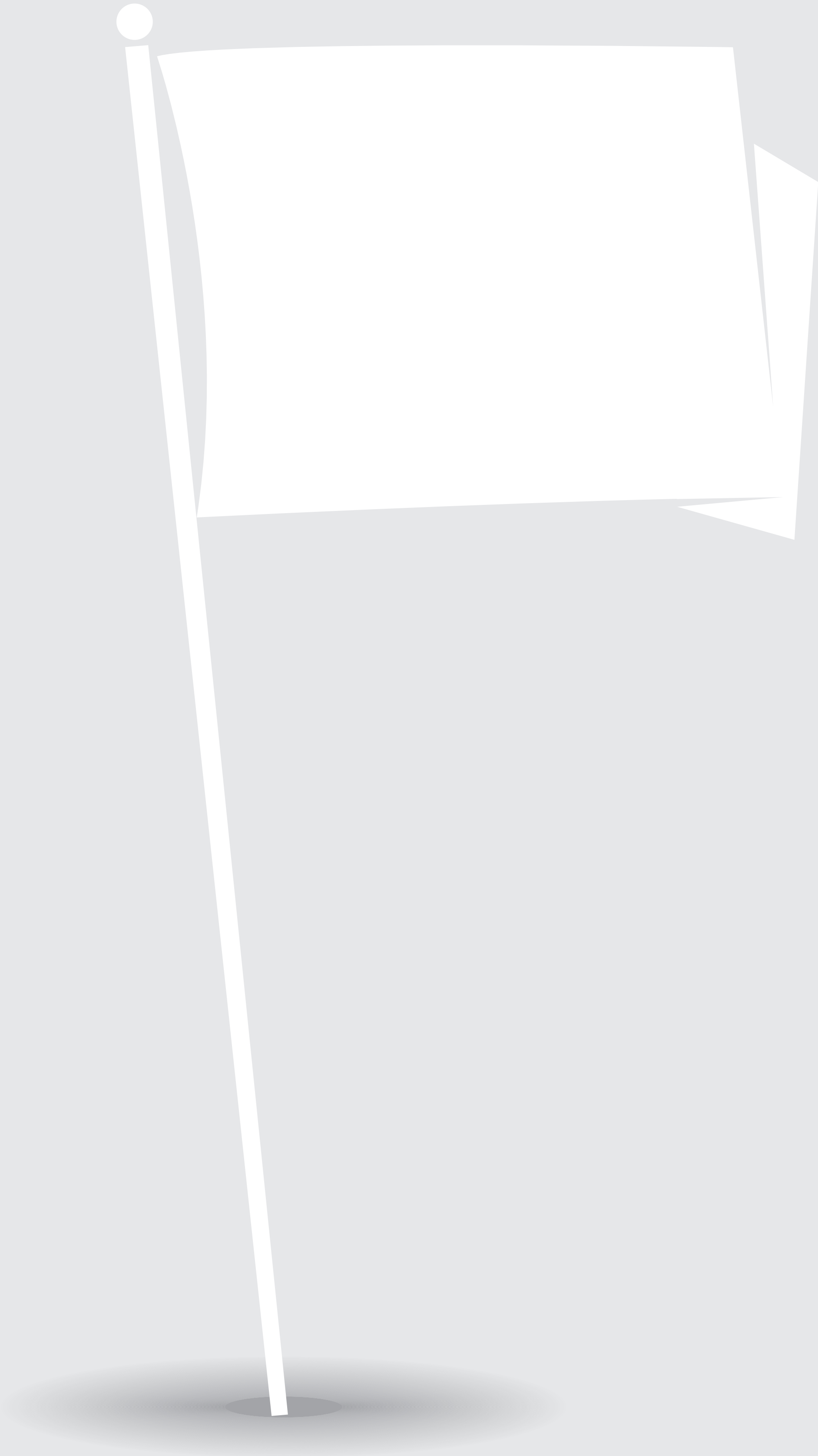
Max India Foundation in collaboration with Max Healthcare initiated Operation Sadbhavna, under which relief material was dispatched for the victims. A team of doctors and volunteers from Max Healthcare along with medicines worth ₹ 4 lakh were sent to Nepal to provide medical support to the injured.

Outlook

In its 8 years of existence, Max India Foundation has made significant strides in executing healthcare-focused CSR activities, carving a niche for itself with its quality of execution and compassion. Going ahead in FY 2016-17, MIF will continue its work in the principal verticals of Pan India Immunisation, Preventive Health Awareness through camps, screenings, talks, films, social media, Village Adoption, Environment Conservation.

Specifically the Foundation will focus on specific campaigns including an Anti-Tobacco Campaign, Prevention of Dengue, improving Oral Health among children, Cancer Screening, Waste Management, among others.

While Max India Foundation has consistently helped and benefitted an increasingly larger proportion of the underserved population, MIF firmly believes that there are yet significant milestones to achieve, which will be covered slowly but surely.



04

CORPORATE GOVERNANCE REPORT

OUR CORPORATE GOVERNANCE PHILOSOPHY

Max Financial Services Limited (formerly Max India) is committed towards maintaining the highest standards of Corporate Governance and recognizes that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent, and optimising capital sourcing and allocation across the Group.

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

Board Architecture

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

Board Processes

Various people processes of the Board have been optimised (viz. on-boarding of Directors, Board education and business engagement, enabling independence, adherence to code of conduct etc.). Key operational aspects such as ensuring a comprehensive and well-balanced meeting agenda, timely and adequate information-flow to the Board, inviting external speakers to take Board sessions, are in place to ensure that the Board time is spent optimally on all critical areas of the business. To enable this, detailed Standard Operating Procedures are in place to ensure that the Board materials are comprehensive, crisp and relevant for strategic discussions.

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

Board Effectiveness

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

BOARD OF DIRECTORS

Consequent to the Scheme of Arrangement as sanctioned by Hon'ble High Court of Punjab and Haryana, the Board of Directors of your Company was reconstituted. As on March 31, 2016, the Board comprises of eight members with one Executive Director and seven Non-Executive Directors of which four are independent. Mrs. Naina Lal Kidwai, Chairman of the Board of Directors of the Company is an Independent Director.

Ms. Lavanya Ashok was appointed as an alternate Director to Mr. Sanjeev Kishen Mehra effective April 1, 2016, in place of Mr. Vishal Bakshi who resigned from the Board on February 19, 2016.

None of the Director is a member in more than ten committees or the Chairman of more than five committees, across all public companies in which he / she is a Director.

The details of the Directors and their attendance at the Board meeting during FY 2015-16 and at the last annual general meeting, including the details of their Directorships and Committee Memberships as of March 31, 2016 are given below:

Name of Director	Number of Board meetings during FY 2015-16		Atten-dance at last AGM held on September 23, 2015	Number of Directorships in other companies as on March 31, 2016*	Number of committee positions held in other public companies as on March 31, 2016**	
	Held	Attended			Chairman	Member
Mr. Analjit Singh # [Promoter Director & Chairman]	7	5	No	N.A.	N.A.	N.A.
Mr. Anuroop Singh # [Non-Executive Director & Vice Chairman]	6	2	Yes	N.A.	N.A.	N.A.
Mr. Rahul Khosla # [Managing Director]	6	6	Yes	N.A.	N.A.	N.A.
Mr. Mohit Talwar ^ [Managing Director]	9	9	No	7	1	4
Mr. Aman Mehta [Independent Director]	9	9	No	5	3	6
Mr. Ashok Kacker# [Independent Director]	6	4	Yes	N.A.	N.A.	N.A.
Mr. Ashwani Windlass [Non-Executive Director]	9	9	No	5	3	3
Dr. Ajit Singh # [Independent Director]	6	0	No	N.A.	N.A.	N.A.
Prof. Dipankar Gupta # [Independent Director]	6	4	No	N.A.	N.A.	N.A.
Mr. N.C. Singhal # [Independent Director]	6	6	No	N.A.	N.A.	N.A.
Mr. Rajesh Khanna [Independent Director]	9	7	No	3	--	--
Mr. Sanjeev Kishen Mehra @ [Non-Executive Director]	9	1	No	3	--	--
Mrs. Nirupama Rao # [Independent Director]	6	0	No	N.A.	N.A.	N.A.
Mr. Dinesh Kumar Mittal [Independent Director]	9	7	No	13	--	5
Mrs. Naina Lal Kidwai ^^ [Independent Director & Chairman]	3	3	N.A.	3	--	2
Mr. Sanjay Omprakash Nayar ^^^ [Non-Executive Director]	1	0	N.A.	17	--	1
Mr. Vishal Bakshi ## [Alternate Director to Mr. Sanjeev Kishen Mehra]	8	5	No	N.A.	N.A.	N.A.

* Excluding Foreign Companies and Companies formed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956

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

Ceased to be Directors effective January 15, 2016

Ceased to be Director effective February 19, 2016

^ Appointed as Managing Director of the Company effective January 15, 2016

^^ Appointed as an Additional Director and Chairman effective January 15, 2016

^^^ Appointed as an Additional Director effective March 28, 2016

@ Nominee of Goldman Sachs

DETAILS OF BOARD MEETINGS HELD DURING THE YEAR ENDED MARCH 31, 2016:

S.No.	Date	Board Strength	No. of Directors present
1	May 27, 2015	14	10
2	August 12, 2015	14	10
3	October 23, 2015	14	06
4	November 6, 2015	14	12
5	November 23, 2015	14	07
6	January 15, 2016	14	11
7	January 15, 2016	08	08
8	February 12, 2016	07	06
9	March 28, 2016	08	07

There are no inter-se relationships between our Board members.

The details of equity shares of ₹ 2/- each held by Directors of the Company as on March 31, 2016 are: (a) Mr. Ashwani Windlass – 72,850 shares, (b) Mr. Aman Mehta – 29,000 shares, (c) Mr. Rajesh Khanna – 25,000 shares and (d) Mr. Mohit Talwar – 140,106 shares.

HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?

The calendar for the Board and Committee meetings is fixed in advance for the whole year, along with significant agenda items. At least one Board meeting is held within 45 days from the close of each quarter to review financial results and business performance and the gap between two Board meetings does not exceed four calendar months, as required by law. Apart from the aforesaid four meetings, additional Board meetings are also convened to meet business exigencies. Matters of exigency are approved by the Directors by resolutions passed by circulation as permissible under the provisions of the Companies Act, 2013.

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

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

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

CODE OF GOVERNANCE

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company had adopted a Code of Conduct for the Directors and senior management of the Company ('the Code'), a copy of which is available on the Company's website www.maxfinancialservices.com. All the members of the Board of Directors and senior management personnel had affirmed compliance with the above mentioned regulation including Code for the financial year ended March 31, 2016 and a declaration to this effect signed by the Managing Director forms part of this report as Annexure- I.

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted an Insider Trading Policy for prevention of insider trading, which is applicable to all the Directors and designated employees.

COMMITTEES OF THE BOARD

Consequent to changes in the composition of the Board of Directors of the Company effective January 15, 2016, the Committees of the Board were also reconstituted.

Audit Committee:

As on March 31, 2016, this Committee comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mr. Rajesh Khanna and Mr. Mohit Talwar. All members of the Committee, except Mr. Mohit Talwar, are Independent Directors. Mr. Rahul Khosla, Executive President of the Company is a permanent invitee to the Committee. The Company Secretary of the Company acts as the Secretary to this Committee.

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

The Internal Auditors and representatives of Statutory Auditors are invited to the meetings of the Committee, as required. Mr. Ashok Kacker the then Chairman of the Audit Committee, was present at the last Annual General Meeting.

MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2016:

Director	Number of meetings held	Number of meetings attended
Mr. N. C. Singhal #	05	05
Mr. Ashwani Windlass #	05	05
Mr. Rajesh Khanna	07	06
Mr. Ashok Kacker #	05	04
Mr. D.K. Mittal *	02	02
Mr. Aman Mehta *	02	01
Mr. Mohit Talwar *	02	02

Ceased to be Member of the Committee effective January 15, 2016

* Inducted as Member of the Committee effective January 15, 2016

Nomination and Remuneration Committee:

As on March 31, 2016, this Committee comprised of Mr. Rajesh Khanna (Chairman), Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai. All the members are Independent Directors, except Mr. Ashwani Windlass who is a Non-executive non-independent Director. Mr. Rahul Khosla, Executive President of the Company is a permanent invitee to the Committee.

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

MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2016:

Director	Number of meetings held	Number of meetings attended
Mr. Rajesh Khanna	04	04
Mr. N.C. Singhal #	03	03
Mr. Aman Mehta	04	04
Mr. Ashwani Windlass	04	02
Mrs. Naina Lal Kidwai *	01	01

Ceased to be Member of the Committee effective January 15, 2016

* Inducted as Member of the Committee effective January 15, 2016

Remuneration paid to Directors during 2015 - 2016

During FY 2015-16, the Company paid sitting fees of ₹ 1,00,000/- per meeting to its Non-Executive/ Independent Directors for attending the meetings of Board and Committees of the Board and separate meetings of Independent Directors. The Company has not paid any remuneration to its Non-Executive/ Independent Directors, except the sitting fees. Details of the sitting fees paid to Non-Executive/ Independent Directors of the Company during FY 2015-16 are as under:

S.No.	Name of Director	Sitting Fee paid (In ₹)
1	Mr. N. C. Singhal	27,00,000.00
2	Mr. Ashwani Windlass	28,00,000.00
3	Mr. Rajesh Khanna	23,00,000.00
4	Mr. Anuroop Singh	2,00,000.00
5	Mr. Aman Mehta	19,00,000.00
6	Prof. Dipankar Gupta	6,00,000.00
7	Mr. Ashok Kacker	11,00,000.00
8	Mr. Analjit Singh	5,00,000.00
9	Mr. Dinesh Kumar Mittal	11,00,000.00
10	Mrs. Naina Lal Kidwai	4,00,000.00

The remuneration payable to Executive Directors of the Company, including performance incentives and grant of ESOPs, were determined from time to time by the Nomination and Remuneration Committee in terms of applicable provisions of the Companies Act, 1956 and Companies Act, 2013 read with the Company's remuneration policy. The details of the remuneration policy are part of the Directors' Report attached as part of this Annual Report.

Details of the remuneration charged to profit and loss account in respect of Mr. Rahul Khosla as Managing Director for the period from April 1, 2015 to January 15, 2016 and Mr. Mohit Talwar as Dy. Managing Director for the period from April 1, 2015 to January 14, 2016 and as Managing Director from January 15, 2016 to March 31, 2016 are as under:

[Amount in ₹]

Description	Mr. Rahul Khosla	Mr. Mohit Talwar
Salary	5,15,83,917	2,72,11,725
Benefits (Perquisites)	10,70,47,464	2,22,62,533
Performance Incentive/special payments	6,00,00,000	3,62,00,000
Retirals	27,97,678	14,64,291
Service contract	5 years	5 years
Notice period	N.A.*	3 months
Stock options granted (in numbers)	99,620	0

*ceased to be executive director w.e.f. January 15, 2016

During the year 2015 -16, stock options were granted to following Directors of the Company:

99,620 Options to Mr. Rahul Khosla on August 19, 2015 entitling him to receive 99,620 equity shares of ₹ 2/- at an exercise price of ₹ 2/- per equity share with a graded vesting over a five year period.

No other Director was granted any stock options during FY 2015-16.

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

Stakeholders Relationship Committee:

As on March 31, 2016, this Committee earlier known as 'Shareholders/ Investors Grievance Committee', comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar. Key responsibilities of this Committee are formulation of procedures, in line with the statutory guidelines, for ensuring speedy disposal of various requests received from shareholders from time to time and redressal of shareholders' and investors' complaints/ grievances. The Committee also approves the transfer and transmission of securities; and issuance of duplicate certificates etc.

MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2016:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	04	04
Mr. N.C. Singhal #	03	03
Mr. Rahul Khosla #	03	03
Mr. Mohit Talwar	04	04
Mr. D.K. Mittal *	01	01

Ceased to be Member of the Committee effective January 15, 2016

* Inducted as Member of the Committee effective January 15, 2016

The Committee has delegated the authority to effect transfer of shares up to 1000 per folio to Company Secretary / Compliance Officer, and such transfers are subsequently ratified in next meeting of the Committee. The Company has normally attended to the Shareholders / Investors complaints within a period of 7 working days except in cases which were under legal proceedings/disputes. During the financial year ended March 31, 2016, 21 complaints/ queries were received by the Company, which were general in nature viz. issues relating to non-receipt of dividend, annual reports, share certificates etc., all of those were resolved to the satisfaction of the respective shareholders.

Mr. V Krishnan was acting as Company Secretary and Compliance Officer of the Company till February 29, 2016. Mr. Sandeep Pathak has been appointed as Company Secretary and Compliance Officer effective July 5, 2016.

Investment & Finance Committee:

As on March 31, 2016, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, Mr. Rajesh Khanna, Mr. Sanjeev Kishen Mehra and Mr. Mohit Talwar. Mr. Rahul Khosla, Executive President of the Company, is a permanent invitee to the Committee. The responsibilities of this Committee are to review financial performance of businesses carried on by the Company and its subsidiary(ies), review and recommend revenue and capital budgets of the Company and its subsidiary(ies), review and recommend various fund raising options and financial resources allocation to Company's subsidiary(ies) and to review proposals on business restructuring, mergers, consolidations acquisitions, investments, establishment of joint ventures and divestments of any businesses, etc.

MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2016:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	06	06
Mr. N.C. Singhal #	05	05
Mr. Rahul Khosla #	05	05
Mr. Sanjeev Kishen Mehra	06	01
Mr. D.K. Mittal *	01	01
Mr. Rajesh Khanna *	01	01
Mr. Mohit Talwar	06	06
Mr. Vishal Bakshi @	05	01

Ceased to be Member of the Committee effective January 15, 2016

* Inducted as Member of the Committee effective January 15, 2016

@ Mr. Vishal Bakshi was an Alternate Director to Mr. Sanjeev Kishen Mehra till February 19, 2016.

Corporate Social Responsibility Committee

As on March 31, 2016, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna. The responsibilities of this Committee are as enshrined in the Companies Act, 2013 read with Company's CSR Policy, as amended from time to time. The Committee met two times during the year ended March 31, 2016.

MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2016:

Director	Number of meetings held	Number of meetings attended
Mr. N.C. Singhal #	02	02
Mr. Ashwani Windlass	02	01
Mr. Rajesh Khanna	02	02
Mr. Aman Mehta	02	02
Dr. Ajit Singh #	02	00
Prof. Dipankar Gupta #	02	01
Mr. Ashok Kacker #	02	01

Ceased to be Member of the Committee effective January 15, 2016

Risk and Compliance Review Committee

As on March 31, 2016, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna. The responsibilities of this Committee are as enshrined in the Companies Act, 2013, applicable listing regulations and as per the risk management framework of the Company. The Committee met two times during the year ended March 31, 2016.

MEETINGS & ATTENDANCE DURING THE YEAR ENDED MARCH 31, 2016:

Director	Number of meetings held	Number of meetings attended
Mr. N.C. Singhal #	02	02
Mr. Ashwani Windlass	02	01
Mr. Rajesh Khanna	02	02
Mr. Aman Mehta	02	02
Dr. Ajit Singh #	02	00
Prof. Dipankar Gupta #	02	01
Mr. Ashok Kacker #	02	01

Ceased to be Member of the Committee effective January 15, 2016

Separate meeting of Independent Directors

During the year under review, the Independent Directors had a separate meeting on August 12, 2015 whereat the following agenda items were considered, in terms of Schedule IV to the Companies Act, 2013 and provisions of the Listing Regulations:

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

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

(c) Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board.

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

ANNUAL GENERAL MEETINGS

The Annual General Meetings (AGMs) of the Company are held at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144533.

THE DETAILS OF LAST THREE AGMS HELD AND SPECIAL RESOLUTIONS PASSED BY THE SHARE-HOLDERS IN THE SAID AGMS ARE AS UNDER:

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2013	September 24, 2013 10:30 AM	• Approval for further investment of an amount up to ₹ 200 crore in the equity share capital of Max Bupa Health Insurance Company Limited, in one or more tranches. • Approval for payment of remuneration to Mr. Rahul Khosla, Managing Director of the Company for the period from April 1, 2013 until March 31, 2016. • Approval for sale of Company's property at N-31, 1st Floor, Panchshila Park, New Delhi to Mr. Rahul Khosla, Managing Director, on a future date, as a long term retention strategy. • Approval for payment of remuneration to Mr. Analjit Singh, Chairman of the Company for the period from October 30, 2013 to October 29, 2015. • Approval for amendment to Part II of the Articles of Association of the Company.
March 31, 2014	September 30, 2014 12 Noon	• Approval for making contributions to charitable or other purposes under Section 181 of the Companies Act, 2013. • Approval for amendment to the Employee Stock Option Plan of the Company.
March 31, 2015	September 23, 2015 04:00 PM	• Approval for amendment to the "Max Employee Stock Option Plan – 2003" in accordance with the regulatory requirements prescribed under SEBI Regulations.

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2015-16, the Company has not passed any resolution through postal ballot process.

Further, the Company proposes to pass a resolution through postal ballot process seeking approval of shareholders of the Company for payment of a sum of ₹ 850 crore to the members of Promoter Group of the Company by HDFC Standard Life Insurance Company Limited on account of non-compete and non-solicit obligations being created pursuant to proposed merger scheme amongst Max Life Insurance Company Limited, Max Financial Services Limited, HDFC Standard Life Insurance Company Limited and Max India Limited and their respective shareholders and creditors.

MEANS OF COMMUNICATION

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

DISCLOSURES

(a) Related party transactions

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

The Company has formulated a policy for transacting with related parties, which is available at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information. Transactions entered with the related parties are disclosed in Notes to the financial statements in the Annual Report.

(b) Compliance by the Company

The Company has complied with all the mandatory requirements of the Listing Agreement entered into with the stock exchanges, Listing Regulations, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI, or any other statutory authorities on any matter relating to capital markets during the last three years.

(c) Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. It is hereby affirmed that no person has been denied access to the Chairman of the Audit Committee on matters relating to Whistle Blower Policy of the Company.

SUBSIDIARY COMPANY

The Company has one material unlisted subsidiary Company viz., Max Life Insurance Company Limited ("Max Life") during FY 2015-16. Mr. Rajesh Khanna and Mr. D K Mittal are the common Independent Directors for the Company and Max Life. Further, the Company has formulated a policy for determining 'material subsidiaries' which is disclosed at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

GENERAL SHAREHOLDER INFORMATION

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

MANAGEMENT DISCUSSION & ANALYSIS

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

M/s. Sanjay Grover & Associates, Practicing Company Secretaries have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the Listing Regulations and the said certificate is annexed to the Report as Annexure-III.

DISCLOSURE ON NON-MANDATORY REQUIREMENTS

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

Shareholders' Rights:

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

Audit Qualification:

It has always been the Company's endeavor to present unqualified financial statements. There is no audit qualification in respect of financial statements of the Company for FY 2015-16.

Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director. Mrs. Naina Lal Kidwai, Independent Director is the Chairman and Mr. Mohit Talwar is the Managing Director of the Company effective January 15, 2016. Prior to that i.e. till January 14, 2016, Mr. Analjit Singh was the non-executive Chairman of the Board and Mr. Rahul Khosla was Managing Director.

Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee, which defines the scope of Internal Audit.

For Max Financial Services Limited
(Formerly Max India Limited)

Place: Mumbai
Date: August 8, 2016

Naina Lal Kidwai
Chairman

ANNEXURE-I

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

This is to declare and confirm that the Company has received affirmations of compliance with the provisions of Company's Code of Conduct for the financial year ended March 31, 2016 from all Directors and Senior Management personnel of the Company.

For Max Financial Services Limited
(Formerly Max India Limited)

Place: Mumbai
Date: August 8, 2016

Mohit Talwar
Managing Director

ANNEXURE-II

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To
The Board of Directors,
Max Financial Services Limited
(Formerly Max India Limited)

We, Mohit Talwar, Managing Director and Sujatha Ratnam, Chief Financial Officer of Max Financial Services Limited (Formerly Max India Limited) ("the Company") certify that:

A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended March 31, 2016 and that to the best of our knowledge and belief:
   (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading; and
   (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

D. We have indicated to the Auditors and the Audit Committee, wherever applicable:
   (i) significant changes in internal control over financial reporting during the year;
   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Max Financial Services Limited
(Formerly Max India Limited)

Place: Mumbai
Date: August 8, 2016

Mohit Talwar	**Sujatha Ratnam**
Managing Director	Chief Financial Officer

ANNEXURE-III

CORPORATE GOVERNANCE CERTIFICATE

To
The Board of Directors,
Max Financial Services Limited
(Formerly Max India Limited)

We have examined the compliance of regulations of Corporate Governance by Max Financial Services Limited (Formerly Max India Limited) (hereinafter referred to as "the Company"), for the year ended March 31, 2016 as stipulated in Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of regulations of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

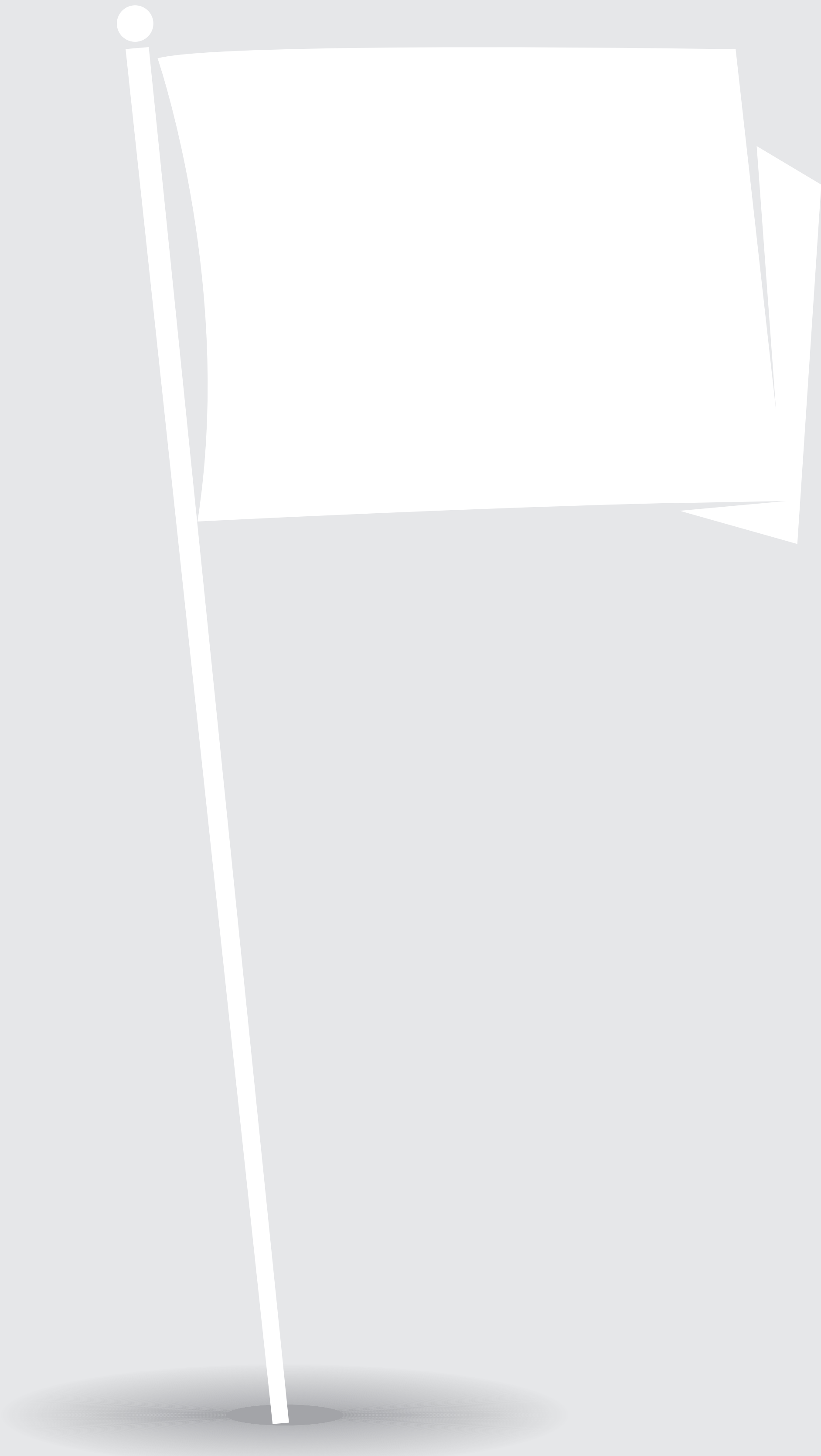
In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Date: August 8, 2016
Place: New Delhi

Sanjay Grover
Managing Partner
C.P No. 3850



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GENERAL SHAREHOLDER INFORMATION

Registered Office: Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab- 144533.	**Investor Helpline:** Max House, 1, Dr. Jha Marg, Okhla, Phase III, New Delhi–110 020 Phone–011 42598000 Fax–011 26324126 E-mail : investorhelpline@maxindia.com
Share Transfer Agent: Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II New Delhi–110 020, Tel–011 26387281/82/83 Fax–011 26387384 e-mail : info@masserv.com	**Annual General Meeting:** **Date and Time:** Tuesday, September 27, 2016 at 10.30 hrs **Venue:** Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab-144 533.

Book Closure : Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (both days inclusive)

Financial Year

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

FINANCIAL CALENDAR – 2016-17:

1.	First quarter results	By second week of August 2016
2.	Second quarter & half yearly results	By second week of November 2016
3.	Third quarter results	By second week of February 2017
4.	Annual results	By May 30, 2017

LISTING ON STOCK EXCHANGES:

The Equity Shares of the Company are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Company confirms that it has paid annual listing fees due to BSE and NSE for FY 2016-17.

CONNECTIVITY WITH DEPOSITORIES:

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

STOCK CODE:

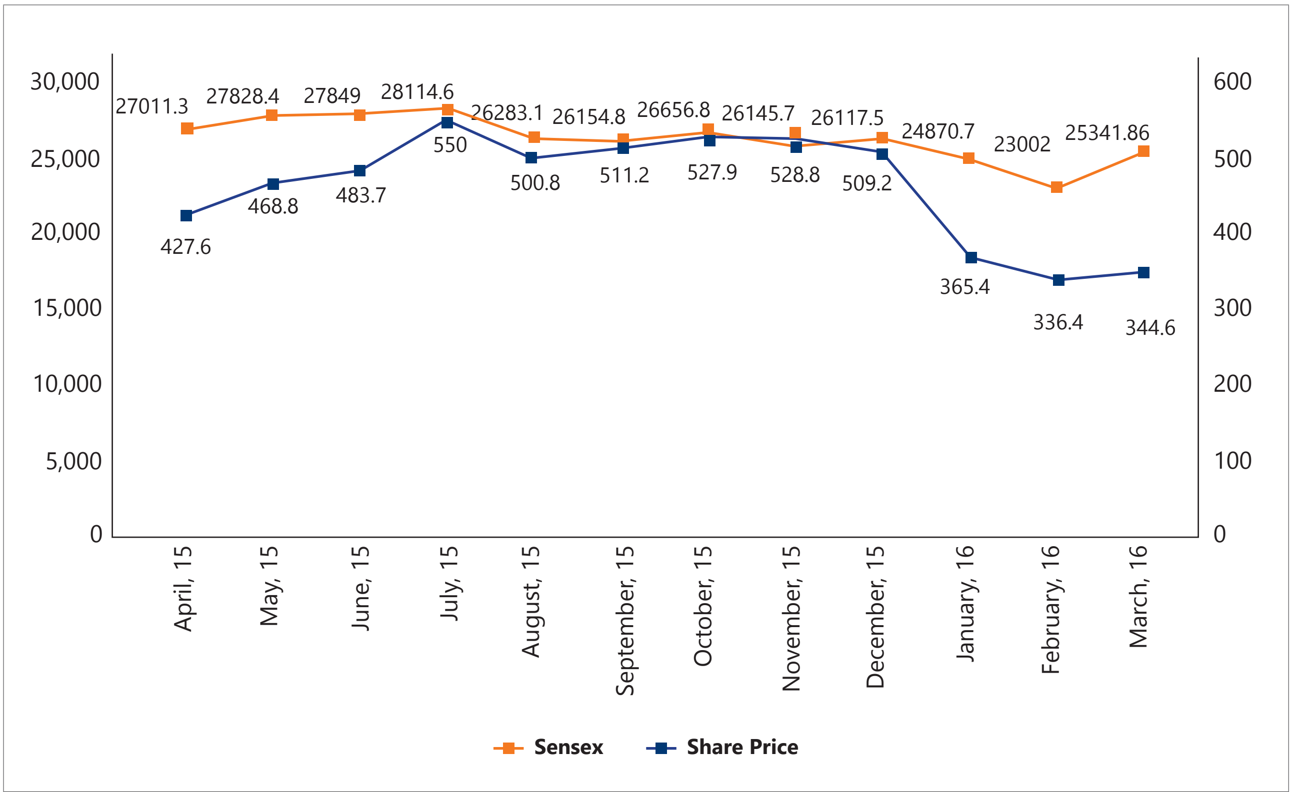
BSE	500271
NSE	MFSL
Demat ISIN No. for NSDL and CDSL	INE180A01020

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

MONTHLY HIGH AND LOW QUOTATION ON BSE LTD. (BSE) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 15	499.95	404.30	499.40	405.10
May, 15	485.00	419.50	484.70	419.90
June,15	508.40	462.00	508.00	462.60
July, 15	564.80	480.00	565.00	480.00
August,15	575.95	472.00	576.75	472.00
September,15	537.90	479.00	536.15	473.25
October, 15	571.00	507.00	571.20	507.00
November, 15	586.00	509.00	585.75	505.00
December, 15	543.25	480.00	541.75	480.05
January, 16	528.00	332.00	528.00	359.30
February, 16	380.00	302.80	377.00	303.00
March, 16	349.40	311.00	349.00	311.20

SHARE PRICE VS. SENSEX



SHAREHOLDING PATTERN AS ON MARCH 31, 2016:

Category	No. of shares held	% of shareholding
Promoters	8,13,02,728	30.45
Mutual Funds and UTI	3,88,34,715	14.55
Banks, Financial Institutions	33,587	0.01
Insurance Companies	45,750	0.02
Foreign Institutional Investors	5,54,58,014	20.77
Foreign Portfolio Investors	3,38,98,926	12.70
Foreign Direct Investment	3,23,40,749	12.11
Bodies Corporate	35,85,774	1.34
Non-resident Indians/ Overseas Corporate Bodies	22,51,438	0.85
Clearing Members	2,67,576	0.10
Resident Individuals	1,89,64,732	7.10
Total	**26,69,83,999**	**100.00**

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016:

No. of Shareholders	Percentage to Total	Shareholdings	No. of shares	Percentage to Total
43725	97.37	1 to 5000	11681985	4.38
538	1.20	5001 to 10000	1979707	0.74
249	0.55	10001 to 20000	1781458	0.67
81	0.18	20001 to 30000	1022561	0.38
33	0.07	30001 to 40000	575621	0.22
25	0.06	40001 to 50000	570572	0.21
62	0.14	50001 to 100000	2217314	0.83
191	0.43	100001 - Above	247154781	92.57
44904	**100**	**Total**	**26,69,83,999**	**100.00**

DEMATERIALISATION STATUS AS ON MARCH 31, 2016:

(i) Shareholding in dematerialised mode 99.09%

(ii) Shareholding in physical mode 0.91%

RECONCILIATION OF SHARE CAPITAL AUDIT

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

FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALISED MODE

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

SHARE TRANSFER SYSTEM

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

INTERIM DIVIDEND

The Board of Directors of the Company declared a 90% Interim Dividend of ₹ 1.80/- per equity share on a face value of ₹ 2/- per share on November 06, 2015. The Record Date for the purpose of payment of Interim Dividend was November 20, 2015 and the Interim Dividend was paid to the shareholders on November 27, 2015.

UNCLAIMED INTERIM DIVIDEND

During the period under review, the Interim Dividend 2015-16 remaining unpaid was transferred to the unpaid Dividend Account. In respect of the unpaid/unclaimed Interim Dividend for the year 2015-16, the shareholders are requested to write to the Registrar and Share Transfer Agent of the company. Further, Section 205A of the Companies Act, 1956 and/ or Section 124 of the Companies Act, 2013, mandates companies to transfer Dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Therefore, balance if any remaining unclaimed/ unpaid against the Interim Dividend 2015-16, will be transferred to IEPF within the statutory period prescribed under the Act.

FINAL DIVIDEND

The Board of Directors of the Company has recommended a Final Dividend of ₹ 1.80/- per equity share. The Dividend recommended by the Directors for the year ended March 31, 2016, if declared at the annual general meeting, will be paid by October 14, 2016 to those members holding shares in physical form, whose names appear in the Register of Members of the Company on September 27, 2016. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on September 21, 2016 as per the details furnished by the respective depositories for this purpose.

OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

Not Applicable

PLANT LOCATIONS:

Not Applicable

COMMUNICATION OF FINANCIAL RESULTS

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

ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

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

Mas Services Limited (Registrar & Transfer Agent)
T-34, 2nd Floor
Okhla Industrial Area, Phase – II
New Delhi – 110 020

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

Max Financial Services Limited (Corporate Office)
Secretarial Department
Max House, 1, Dr. Jha Marg
Okhla Industrial Area, Phase – III
New Delhi – 110 020

Company Secretary and Compliance Officer
Mr. Sandeep Pathak
Tel. No.:- 011-42598000
Fax No.:- 011-26324126
e-mail:- spathak@maxindia.com

Please visit us at www.maxfinancialservices.com for financial and other information about your company

For Max Financial Services Limited
(formerly Max India Limited)

Mumbai
August 8, 2016

Mohit Talwar
Managing Director

MAX FINANCIAL SERVICES LIMITED

(FORMERLY KNOWN AS MAX INDIA LIMITED)

STANDALONE

MAX

Dear Members,

Your Directors have pleasure in presenting the twenty-eighth Board's Report of Max Financial Services Limited ('MFSL") ('the Company/ formerly Max India Limited") along with the audited Statement of Accounts for the financial year ended March 31, 2016. This Board's report is prepared on the basis of standalone financial statements of the Company for the year ended March 31, 2016.

As you are aware, the Company was in the midst of a corporate restructuring with an aim to vertically split the Company into three separate listed entities, through a Composite Scheme of Arrangement between the Company, Max India Limited ("Max India/ Erstwhile Taurus Ventures Limited") and Max Ventures & Industries Limited ("MVIL/ Erstwhile Capricorn Ventures Limited") and their respective shareholders and creditors ('Composite Scheme of Arrangement"), enabling the investors in the Company to have a choice, to be associated with specific underlying businesses through separate listed entities, facilitating sharper focus on underlying businesses and unlocking value for shareholders. The said Composite Scheme of Arrangement was approved by the Board of Directors of the Company on January 27, 2015 and subsequently by the members of the Company in a Court convened General Meeting held on July 4, 2015.

The Hon'ble High Court of Punjab and Haryana vide its order dated December 14, 2015 ("Order"), sanctioned the said Composite Scheme of Arrangement for transfer of all the assets and liabilities pertaining to each of the demerged undertakings (i.e. Max India and MVIL) with effect from April 1, 2015 (Appointed date) and the said Scheme became effective from January 15, 2016 i.e. the date of filing of the certified copy of the order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh.

Accordingly, the name of the Company was changed from "Max India Limited" to "Max Financial Services Limited" and the Company received a fresh certificate of incorporation dated February 1, 2016 from Registrar of Companies, Chandigarh. Further details regarding the demerger and its financial implications are explained in detail in the Order of the Hon'ble High Court having jurisdiction at Chandigarh available on the website of the Company and the Audited financial statements of the Company for the year ended March 31, 2016. Necessary references to the same are made in this Report wherever necessary.

In terms of the said Composite Scheme of Arrangement, the shares held by the Company in MVIL and Max India were cancelled as of March 7, 2016 and May 14, 2016 respectively, and the said entities ceased to be the subsidiaries of your Company. The new Equity Shares of both MVIL and Max India, which were allotted to shareholders of the Company as part of the scheme, have since listed on the BSE and NSE.

Standalone Results

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

(Rs. Crore)

	Year ended March 31, 2016	Year ended March 31, 2015
Income		
Revenue from Services operations	16.24	-
Revenue from Investment Activities	184.47	581.78
Other income	0.51	2.88
Total Revenue (I)	201.22	584.66
Expenditure		
Employee benefits expenses	32.66	53.02
Other expenses	51.14	58.61
Depreciation and amortization	2.22	4.38
Total Expenses (II)	86.02	116.01
Profit/(Loss) Before tax (I-II)	115.20	468.65
Tax Expense	-	77.71
Profit/(Loss) After Tax	115.20	390.94

*The results for FY ended March 31, 2016 include the effect of the Composite Scheme of Arrangement. These results are not strictly comparable with the results for FY ended March 31, 2015 as they include the results of the demerged undertakings i.e. Max and MVIL.

Your Company is primarily engaged in business of making investments in its subsidiary and accordingly in terms of extant RBI guidelines, your Company is a Core Investment Company ("CIC") with financial income (dividend income) exceeding 50% of its total income and financial assets (investments in securities etc.) exceeding 50% of the total assets. However, it does not meet the criteria for Systemically Important CIC as laid down in the CIC master circular dated July 1, 2015 and hence registration under Section 45-IA of RBI Act, 1934 is not required.

Consolidated Results

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

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

(Rs. Crore)

	Year ended March 31, 2016	Year ended March 31, 2015
Income		
Net Sales	-	838.54
Service Income	9,150.14	9,183.77
Other operating revenue and investment income	2,546.00	4,793.04
Other Income	15.73	61.24
Total Revenue (I)	11,711.87	14,876.59
Expenses		
Cost of materials consumed	-	514.61
Purchase of stock-in-trade : pharmacy and pharmaceuticals supplies	-	269.38
(Increase)/ decrease in inventories of work- In-progress, finished goods and traded goods	-	(3.54)
Employee benefits expense	650.34	1,009.92
Change in policy reserves	4,816.93	6,457.43
Claims and other benefits payout	3,146.43	3,644.89
Depreciation and Amortisation	60.47	153.80
Other expenses	2,565.02	2,235.51
Finance Costs	7.66	82.13
Total Expenses (II)	11,246.85	14,364.13
Profit /(Loss) Before Tax (I-II)	465.02	512.46
Tax Expense	71.83	147.55
Profit / (Loss) After Tax	393.19	364.91
Minority Interest	140.45	85.29
Profit/(Loss) After tax (after adjusting Minority Interest)	252.74	279.62

*The consolidated results for FY ended March 31, 2016 include the effect of the Composite Scheme of Arrangement. These results are not strictly comparable with the consolidated results for FY ended March 31, 2015 as they include the results of the demerged undertakings i.e. Max and MVIL.

The Company had a healthy treasury corpus of Rs 271 crore as at March 31, 2016, after taking effect of the Scheme. Net worth of the Company on standalone basis fell down by around 52% to around Rs.1670 crore owing to effect of the Composite Scheme of Arrangement.

Subsidiaries & Associates

As on March 31, 2016, your Company had only 1 (one) subsidiary i.e. Max Life Insurance Company Limited ("MLIC").

Pursuant to sale of the clinical research business, 2 (two) of the wholly-owned subsidiaries ceased to be subsidiaries of the Company effective May 1, 2015. Further, pursuant to the Scheme of demerger becoming effective from April 1, 2015 (i.e. Appointed date), 12 (twelve) subsidiaries, out of which 9 (nine) were wholly owned subsidiaries of the Company, and 5 (five) Associate companies ceased to be the subsidiaries / associate companies.

Pursuant to Sec 134(3)(q) of the Companies Act, 2013 ("Act") and Rule 8(5)(iv) of the Companies (Accounts) Rules, 2014, the list of subsidiaries/ associates and the proportionate ownership of the Company in them along with names of Companies which have ceased to be subsidiaries and / or associates in them is part of Form MGT–9 attached as Annexure-1.

During the year under review, your Company sold 76,560,635 Equity shares of Rs. 10/- each held in MLIC (being 3.99% of its equity) to Axis Bank Limited, thereby reducing the equity stake of the Company in MLIC to 68.01% as at March 31, 2016.

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

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

As provided in Section 136 of the Companies Act, 2013, the financial statements and other documents of the subsidiary company Max Life Insurance Company Limited are not being attached with the financial statements of the Company. The complete set of financial statements including financial statements of the subsidiary of the Company is available on our website www.maxfinancialservices.com. These documents will also be available for inspection during business hours at the registered office of the Company and shall also be made available to the shareholders of the Company in hard copy, on demand.

Material Changes Affecting Financial Position

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2016 and the date of the Directors' report i.e. August 8, 2016; except the proposal of a composite scheme of amalgamation and arrangement detailed as under:

Proposed Composite Scheme of Amalgamation and Arrangement

The Board of Directors of your Company, on August 8, 2016, approved a composite scheme of amalgamation and arrangement amongst the Company, Max Life Insurance Company Limited ("Max Life"), HDFC Standard Life Insurance Company Limited ("HDFC Life") and Max India Limited ("Max India"), and their respective shareholders and creditors ("Scheme"), which inter alia provides for:

(a) Amalgamation of Max Life into and with the Company and the issuance of Equity Shares by the Company to the shareholders of Max Life (excluding the Company itself), based on the share exchange ratio of 1 share of face value of Rs. 2/- each of the Company for every approx 5 shares of face value of Rs. 10/- each held in Max Life, on a Record Date to be specified for this purpose in accordance with the Scheme;

(b) Demerger of the undertaking pertaining to the Life Insurance Business of Max Life arising from the amalgamation referred to in sub-clause (a), into HDFC Life and the issuance of Equity Shares by HDFC Life to the shareholders of the Company (including the shareholders to whom shares allotted pursuant to (a) above) based on the share entitlement ratio of approx 7 shares of face value of Rs. 10/- each of HDFC Life for every 3 shares of face value of Rs. 2/- each held in the Company, on a Record Date to be specified for this purpose in accordance with the Scheme; and

(c) Amalgamation of the Company which remains after the demerger referred to sub-clause (b) into and with Max India and the issuance of Equity Shares by Max India to the shareholders of the Company (including the shareholders to whom shares allotted pursuant to (a) above), based on the share exchange ratio of 1 share of face value of Rs. 2/- each of Max India for every 500 shares of face value of Rs. 2/- each held in the Company, on a Record Date to be specified for this purpose in accordance with the Scheme.

The aforesaid Scheme is contemplated to consolidate the Life Insurance Business of Max Life into and with HDFC Life as both Max Life and HDFC Life have strong margins and synergies and the product mix of their combined businesses shall be well diversified. The combined entity arising out of such an arrangement shall have better prospects of growth. This Scheme shall lead to the eventual listing of HDFC Life on the National Stock Exchange of India Limited and BSE Limited and ensure that the shareholders of the Company including Public Shareholders, hold Equity Shares in two listed entities, namely HDFC Life and Max India, thereby maximising shareholders value. This Scheme is expected to provide greater financial strength and flexibility and better access to funds.

The implementation of the Scheme is subject to the receipt of all necessary corporate, third party and regulatory approvals (including approvals from the Insurance Regulatory Development Authority of India and the Competition Commission of India).

HDFC Life will pay a non-compete fee of around Rs. 850 crore to the promoter and promoter group of the Company, after this Scheme becomes effective, as a consideration towards entering into certain non-compete and non-solicit obligations and in this regard, approval of the shareholders of the Company is being taken separately through postal ballot process.

Dividend

Your Directors had approved payment of Interim Dividend of 90%, i.e. Rs. 1.80/- per equity share of Rs. 2/- each for the financial year 2015-16. Your Company made the payment of the aforesaid interim dividend to shareholders on November 27, 2015.

The Board of Directors of your Company have further recommended a final dividend of 90% amounting to Rs. 1.80 per equity share (on face value of Rs. 2/- each) to the Shareholders for their approval at the ensuing Annual General Meeting scheduled to be held on September 27, 2016 and if approved, the same will be paid to the shareholders, in compliance with the applicable legislations. For shares held in electronic form, the dividend will be paid on the basis of beneficial ownership furnished by Depositories, viz., NSDL and CDSL for this purpose.

Transfer to Reserves

The Company has not transferred any amount to reserves.

Share Capital

The Authorized share capital of the Company as on March 31, 2016 was Rs. 60,00,00,000/- (Rupees Sixty Crores only) comprising of 30,00,00,000 equity shares of Rs. 2/- each.

During the year under review, pursuant to the provisions of the Composite Scheme of Arrangement and the order of the Hon'ble High Court of Punjab and Haryana dated December 14, 2015 ('Order") sanctioning the Composite Scheme of Arrangement, the Authorized capital of the Company was reduced from Rs. 100,00,00,000/- consisting of 46,00,00,000 equity shares of Rs. 2/- each and 8,00,000 preference shares of Rs. 100/- each to Rs. 60,00,00,000/- consisting of 30,00,00,000 equity shares of Rs. 2/- each. Such reduction was effected by transferring the reduced authorized capital of the Company to Max India Limited (Erstwhile Taurus Ventures Limited) amounting to Rs. 40,00,00,000/- comprising of 16,00,00,000 equity shares of Rs. 2/- each and 8,00,000 preference shares of Rs. 100/- each, upon the Composite Scheme of Arrangement becoming effective.

The Paid up capital of the Company as on March 31, 2016 was Rs. 53,39,67,998/- (Rupees Fifty three crores thirty nine lacs sixty seven thousand nine hundred and ninety eight only) comprising of 26,69,83,999 equity shares of Rs. 2/- each.

During the year under review, 4,81,226 equity shares of Rs.2/- each were allotted for cash under the 'Max Employee Stock Plan 2003' ('2003 Plan').

Employee Stock Option Plan

Your Company has an employee stock option plan viz. 'Max Employee Stock Plan 2003' ('2003 Plan') in place. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees and Directors of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Company.

Upon the Composite Scheme of arrangement coming into effect from the Appointed Date i.e. April 1, 2015, some of the persons who were under the Company's employment became employees of Max/ MVIL.

Pursuant to the Composite Scheme of arrangement, the Stock options granted by the Company under 2003 Plan would continue to be held by the employees (irrespective of whether they continue to be employees of the Company or become employees of Max or MVIL). Further, the Company was required to modify the existing 2003 Plan in order to enable the continuation of the same in hands of employees who become employees of Max or MVIL.

Further during the year under review, another 'Employee Phantom Stock Plan 2016' ('2016 Plan') was approved by the Board of Directors of the Company upon recommendation of the Nomination and Remuneration Committee, granting Phantom Stock Units to Mr. Rahul Khosla as part of his compensation package in capacity of Executive President of the Company.

Details of Options granted up to March 31, 2016 and other disclosures as required under SEBI (Share based employee benefits) Regulations, 2014 are enclosed as Annexure-3 to this Report.

Directors

Consequent to the Composite Scheme of Arrangement sanctioned by Hon'ble High Court of Punjab and Haryana, the Board of the Company was reconstituted. As on March 31, 2016, your Board of Directors comprised of 8 (eight) members with 1 (one) Executive Director and 7 (seven) Non-Executive Directors of which 4 (four) are independent. Mrs. Naina Lal Kidwai, Chairman of the Company is an Independent Director. Ms. Lavanya Ashok has been appointed as an Alternate Director to Mr. Sanjeev Kishen Mehra effective April 1, 2016 in place of Mr. Vishal Bakshi owing to his resignation from the Board on February 19, 2016.

During the year under review, the following changes took place:

- Mr. Analjit Singh - Chairman, Mr. Rahul Khosla – Managing Director, Mr. Anuroop Singh, Mr. N.C. Singhal, Dr. Ajit Singh, Prof. Dipankar Gupta, Mr. Ashok Kacker and Mrs. Nirupama Rao ceased to be Directors of the Company w.e.f. January 15, 2016.
- Further, with effect from same date i.e. January 15, 2016, Dr. S.S. Baijal ceased to be Chairman Emeritus of the Company and conferred 'Mentor' position in Max India Limited (erstwhile Taurus Ventures Limited"), Mr. Analjit Singh was conferred the title of 'Founder & Chairman Emeritus, Max Group'. Mr. Rahul Khosla was appointed as the Executive President of the Company effective January 15, 2016.
- Mr. Mohit Talwar (erstwhile Deputy Managing Director) was elevated to the position of Managing Director of the Company effective from January 15, 2016. His appointment is subject to approval of members, proposed to be taken in the ensuing Annual General Meeting of the Company.
- Mrs. Naina Lal Kidwai (as a non-executive independent director) and Mr. Sanjay Omprakash Nayar (as a non-executive non independent director) were appointed as Additional Directors of the Company on January 15, 2016 and March 28, 2016 respectively. Their term of office expires on the date of ensuing Annual General Meeting.

The Company has received notices under Section 160 of the Act from members proposing the candidature of Mrs. Naina Lal Kidwai (as a non-executive independent director) and Mr. Sanjay Omprakash Nayar (as a non-executive non-independent director) for being appointed as Directors of the Company. The Board of Directors recommends their appointment as Directors to the shareholders of the Company.

In terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Ashwani Windlass and Mr. Sanjeev Kishen Mehra are liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashwani Windlass and Mr. Sanjeev Kishen Mehra being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting.

The Board met nine times during the financial year 2015-16:

S. No.	Date of the Meeting	Board Strength	No. of Directors President
1	May 27, 2015	14	10
2	August 12, 2015	14	10
3	October 23, 2015	14	06
4	November 6, 2015	14	12
5	November 23, 2015	14	07
6	January 15, 2016	14	11
7	January 15, 2016	08	08
8	February 12, 2016	07	06
9	March 28, 2016	08	07

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

Statement of Declaration by Independent Directors

In terms of Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following Non-Executive Directors are categorized as Independent Directors of the Company: Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai and Mr. Rajesh Khanna.

The Company is in receipt of declaration of independence from all the above mentioned Independent Directors as per Section 149(7) of the Act.

Committees of the Board of Directors

The Company has the following committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. Consequent to changes in the composition of the Board of Directors of the Company effective

January 15, 2016, the Committees of the Board were also reconstituted. A detailed note on the same is provided under the Corporate Governance Report forming part of this Annual Report.

1. **Audit Committee:**

   The Audit Committee met seven times during the financial year 2015-16, viz. on May 26, 2015, August 11, 2015, November 6, 2015, November 23, 2015, January 15, 2016, February 11, 2016 and March 28, 2016. The Committee as on March 31, 2016 consists of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mr. Rajesh Khanna and Mr. Mohit Talwar.

2. **Nomination and Remuneration Committee:**

   The Nomination and Remuneration Committee met four times during the financial year 2015-16, viz. on May 27, 2015, August 12, 2015, January 15, 2016 and March 28, 2016. The Committee as on March 31, 2016 consists of Mr. Rajesh Khanna (Chairman), Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai.

3. **Investment & Finance Committee:**

   The Committee met six times during the financial year 2015-16, viz. on April 30, 2015, May 26, 2015, August 11, 2015, November 6, 2015, November 23, 2015 and March 28, 2016. The Committee as on March 31, 2016 consists of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, Mr. Rajesh Khanna, Mr. Sanjeev Kishen Mehra and Mr. Mohit Talwar.

4. **Corporate Social Responsibility Committee:**

   The Committee met two times during the financial year 2015-16, viz. on May 27, 2015 and August 12, 2015. The Committee as on March 31, 2016 consists of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

5. **Stakeholders Relationship Committee:**

   The Committee met four times during the financial year 2015-16, viz. on May 26, 2015, August 11, 2015, November 6, 2015 and March 28, 2016. The committee as on March 31, 2016 consists of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

6. **Risk & Compliance Review Committee:**

   The Committee met twice during the financial year 2015-16, viz. on May 27, 2015 and August 12, 2015. The Committee as on March 31, 2016 consists of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

7. **Committee of Independent Directors:**

   The Committee of Independent Directors as on March 31, 2016 consists of Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai and Mr. Rajesh Khanna. The Independent Directors had a separate meeting on August 12, 2015 during the financial year 2015-16.

   Later, the Independent Directors also had another separate meeting on August 8, 2016. The meeting was conducted to:

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

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

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

Performance Evaluation of the Board

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

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

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

Key Managerial Personnel

During the financial year 2015-16, the following persons ceased to be Key Managerial Personnel of the Company in terms of Section 203 of the Act:

(a) Mr. Rahul Ahuja, Chief Financial Officer w.e.f. May 31, 2015

(b) Mr. Rahul Khosla, Managing Director w.e.f. January 15, 2016

(c) Mr. V. Krishnan, Company Secretary w.e.f. February 29, 2016

Further, Mrs. Sujatha Ratnam was appointed as Chief Financial Officer of the Company effective June 1, 2015 and was designated as Key Managerial Personnel. Mr. Mohit Talwar, Deputy Managing Director was elevated to the position of Managing Director effective January 15, 2016.

Subsequently, the Company has appointed Mr. Sandeep Pathak as Company Secretary, designated as Key Managerial Personnel of the Company, effective July 5, 2016.

Nomination and Remuneration Policy

In adherence to the provisions of Sections 134(3)(e) and 178(1) & (3) of the Act, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, approved a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided and the same is available on the website of the Company at www.maxfinancialservices.com.

Corporate Social Responsibility

Corporate Social Responsibility has been an area of focus for your Company since inception. Being in the "Business of Life", there has been a conscious effort to make a difference in the lives of the less privileged. The Company has its vision to become the most admired company through service excellence and Sevabhav. The Company's mission is to bring about strong social relevance, and aims to be committed to social causes and relevance for its inclusive growth and to contribute to society by supporting causes on the health and well being platform.

The Board of Directors has adopted a CSR policy as approved by the Corporate Social Responsibility committee which is available on the website of the Company at www.maxfinancialservices.com. The CSR Policy comprises Vision and Mission Statement, philosophy and objectives. It also explains the governance structure along with clarity on each one's roles and responsibilities.

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

As per rule 2(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, any dividend received from other companies in

India which are already covered and complying with the provisions of the CSR, shall not be included for the purposes of computation of 'net profits' for a company.

As Max Life Insurance Company Limited ("Max Life") from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2015–16, the dividend income received by the Company will be excluded for the purposes of computation of its 'net profits'. After excluding the dividend income received from Max Life, the Company does not have net profits computed as per the CSR rules. Therefore, it is not mandatorily required for the Company to spend on Corporate Social Responsibility for the financial year 2015-16.

Human Resources

Post the Scheme of demerger becoming effective, we are primarily engaged in growing and nurturing business investments as a holding Company in the 'Businesses of Life' focusing on life insurance and providing management advisory services to group companies. We endeavor to be the most preferred solution provider in life's many moments of truth for the millions of lives that we aspire to positively impact and are driven by our core values - Sevabhav, Excellence and Credibility. The health and performance of the group has improved steadily over last few years and is reflected in our results. The remuneration of our employees is competitive with the market and rewards high performers across levels. The remuneration to Directors, Key Managerial Personnel and Senior Management are a balance between fixed, incentive pay and long-term equity program based on the performance objectives appropriate to the working of the Company and its goals and is reviewed periodically and approved by the Nomination and Remuneration Committee of the Board.

The revised remuneration of Mr. Mohit Talwar, Managing Director w.e.f. January 15, 2016 shall be placed for approval of the shareholders of the Company at the ensuing Annual General Meeting.

Details pursuant to Section 197 (12) of the Act, read with the Rule 5(1) and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as Annexure-4a and Annexure-4b.

Subsequent to the Scheme becoming effective, the employees associated with demerged businesses were transferred to the resultant companies. As on March 31, 2016, there were 13 employees on the rolls of the Company.

Prevention of Sexual Harassment of Women at workplace

Your Company has requisite policy for prevention of Sexual Harassment of Women at workplace. The comprehensive policy ensures gender equality and the right to work with dignity. An Internal Complaints Committee has been constituted as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case under the said Act was reported to the Committee during the year under review.

Loans, Guarantees or Investments in Securities

The Company has pursuant to the provisions of Section 186 of the Act given loans, made guarantees and investments during the year under review and the details of such loans, guarantees and investments are provided in Notes 11, 14, 16 and 22 to the financial statements of the Company for the FY 2015-16.

Management Discussion & Analysis

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

Report on Corporate Governance

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

A certificate from M/s Sanjay Grover & Associates, Practicing Company Secretaries regarding compliance with the regulations of Corporate Governance pursuant to Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a certificate from the Managing Director and Chief Financial Officer on compliance of Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 form part of the Corporate Governance Report.

Public Deposits

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

Contracts or Arrangements with Related Parties

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. There is no material contract or arrangement in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Hence requirement of furnishing particulars of contracts or arrangements entered into by the Company with related parties referred in Section 188(1) of the Companies Act, 2013, in Form AOC-2 is considered to be not applicable to the Company.

The details of all the Related Party Transactions form part of notes to the financial statements attached to this Annual Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website www.maxfinancialservices.com

As per the requirement of Section 188 of Companies Act, 2013 read with Listing Regulations, 2015, appropriate resolution for the approval of the shareholders with respect to entering into an agreement with one of the related parties is being placed for your approval at the ensuing Annual General Meeting.

Statutory Auditors and Auditors' Report

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

M/s Deloitte Haskins and Sells, LLP, Statutory Auditors, have provided a certificate that their appointment, if ratified, will be in conformity with the provisions of Section 141 of Companies Act, 2013.

There are no audit qualifications or reporting of fraud in the Statutory Auditors Report given by M/s Deloitte Haskins and Sells, LLP, Statutory Auditors of the Company for the FY 2015-16 as annexed elsewhere in this Annual Report.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Act, your Company had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2015-16. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2015-16 is annexed to this report as Annexure-5.

There are no audit qualifications in the said Secretarial Audit Report.

Internal Auditors

During the year under review, M/s MGC and KNAV, Global Risk Advisory LLP were appointed as Internal Auditors for conducting the Internal Audit of key functions and assessment of Internal Financial Controls etc.

Risk Management

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

On the recommendation of the Committee, the Company has adopted a Risk Management policy, whereby, risks are broadly categorized into Strategic, Operational, Compliance and Financial & Reporting Risks. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business performance.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed. The Control Assurance & Risk Management Department of the Company have reviewed the existence of various risk-based controls in the Company and also tested the key controls towards assurance for compliance for the present fiscal. Further, the testing of such controls shall also be carried out independently by the Statutory Auditors from the financial year 2015-16 onwards as mandated under the provisions of the Act.

In the opinion of the Board, the existing internal control framework is adequate and commensurate with the size and nature of the business of the Company.

Vigil Mechanism

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

The said Policy covering all employees, Directors and other persons having association with the Company is hosted on the Company's website www.maxfinancialservices.com.

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

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

a) **Conservation of Energy**

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

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

(iii) Capital investment on energy conservation equipment : Nil

b) **Technology Absorption**

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

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

c) **Foreign Exchange Earnings and Outgo**

The foreign exchange earnings and outgo are given below:

Total Foreign Exchange earned	:	Nil
Total Foreign Exchange used	:	Rs. 418.82 Lacs

Extracts of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2016 forms part of this report as Annexure 1.

Directors' Responsibility Statement

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

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

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

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

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

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

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

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

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

Cautionary Statement

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

Acknowledgements

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

On behalf of the Board of Directors
Max Financial Services Limited
(Formerly Max India Limited)

Mumbai
August 8, 2016

Naina Lal Kidwai
Chairman

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
Financial year ended on March 31, 2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L24223PB1988PLC008031
ii	Registration Date	24-02-1988
iii	Name of the Company	Max Financial Services Limited (Formerly Max India Limited)
iv	Category (Sub-category)	Public Company Company (Limited by Shares)
v	Address of the Registered office & contact details	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533 Phone: 01881-462000/ Fax : 01881-273607 E-mail: investorhelpline@maxindia.com
vi	Whether listed company	Listed Company
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area Phase – II, New Delhi – 110020 Phone : 011- 26387281/82/83 Fax : 011 – 26387384 E-mail : info@masserv.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is engaged in the business of investments and providing consultancy services to group companies. However, since it is primarily engaged only in one business segment viz, "Business Investment" and most of the operations are in India, there are no separate reportable segments as per Accounting Standard 17 prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014.

The Business Activities of the Company namely Management Consultancy (NIC Code: 70200) and Investing in Subsidiaries (NIC Code: 64200), respectively constitute approx 8.1% and 91.9% of total turnover of the Company.

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

As on March 31, 2016, the Company had only 1 subsidiary as detailed hereunder:

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Max Life Insurance Company Limited Max House 1, Dr. Jha Marg, Okhla New Delhi - 110 020.	U74899DL2000PLC106723	Subsidiary	68.00%	2 (87) of the Companies Act, 2013

During the year under review, the following companies ceased to be subsidiaries of the Company:

Sl. No.	Name and address of the Company	CIN/GLN	Date of Cessation
1.	Max Bupa Health Insurance Company Limited Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U66000DL2008PLC182918	Ceased to be Subsidiary pursuant to the Composite Scheme of Arrangement coming into effect on January 15, 2016 with effect from Appointed date i.e. April 1, 2015.
2.	Antara Senior Living Limited Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U74140DL2011PLC218781	-Do-
3.	Antara Purukul Senior Living Limited Guniyal Gaon, P.O. – Sinola, Dehradun, Uttarakhand 248003	U74120UR1995PLC018283	-Do-
4.	Antara Gurgaon Senior Living Limited. Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U74140DL2012PLC244411	-Do-
5.	Pharmax Corporation Limited Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, Dist. Nawanshahr Punjab – 144 533	U24232PB1989PLC009741	-Do-
6.	Max Skill First Limited (formerly Max Healthstaff International Limited) Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U85199DL2003PLC119249	-Do-

Sl. No.	Name and address of the Company	CIN/GLN	Date of Cessation
7	Max One Distribution and Services Limited Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U74140DL2013PLC254577	-Do-
8.	Max Ateev Limited Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U74899DL1994PLC060700	-Do-
9.	Max UK Limited* Coveham House, Downside Bridge Road, Cobham, Surrey KT11 3EP United Kingdom	NA	-Do-
10.	Taurus Ventures Limited 419, Bhai Mohan Singh Nagar Railmajra, Tehsil Balachaur Dist. Nawanshahr, Punjab – 144 533	U85100PB2015PLC039155	-Do-
11.	Capricorn Ventures Limited 419, Bhai Mohan Singh Nagar Railmajra, Tehsil Balachaur Dist. Nawanshahr, Punjab – 144 533	U85100PB2015PLC039204	-Do-
12.	Max Neeman Medical International Limited Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020.	U74999DL1999PLC102149	Ceased to be Subsidiary effective May 1, 2015
13.	Max Neeman Medical International Inc., USA 121, Edinburgh South Drive, Suite 103, Carry NC 27511, USA	NA	-Do-

Further during the year under review, the following companies ceased to be associates of the Company:

Sl. No.	Name and address of the Company	CIN/GLN	Date of Cessation
1.	Max Healthcare Institute Limited Max House 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U72200DL2001PLC111313	Ceased to be an Associate pursuant to the Composite Scheme of Arrangement coming into effect on January 15, 2016 with effect from Appointed date i.e. April 1, 2015.
2.	Max Medical Services Limited* Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U74899DL1994PLC061314	-Do-
3.	Alps Hospital Limited * Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U74899DL1989PLC036413	-Do-
4.	Hometrail Estate Private Limited * Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U45400DL2008PTC176963	-Do-
5.	Hometrail Buildtech Private Limited * Max House, 1, Dr. Jha Marg, Okhla New Delhi – 110 020	U45400DL2008PTC176962	-Do-
6.	Crosslay Remedies Ltd. * A-14, Pushpanjali, Vikas Marg Extension, Delhi – 110092	U24239DL2002PLC113719	-Do-
7.	Saket City Hospitals Private Limited * Mandir Marg, Saket, New Delhi – 110017	U85110DL1991PTC042646	-Do-

*The Company held around 46.28% in Max Healthcare Institute Limited and proportionate holding in its subsidiaries, viz., Max Medical Services Limited, Alps Hospital Limited, Hometrail Estates Private Limited, Hometrail Buildtech Private Limited, Saket City Hospitals Private Limited and Crosslay Remedies Limited. However, the said investments were transferred to Max India Limited (formerly Taurus Ventures Limited) pursuant to the Composite Scheme of Arrangement coming into effect on January 15, 2016 with effect from the Appointed date i.e. April 1, 2015

IV SHAREHOLDING PATTERN (Equity Share capital Breakup as percentage to Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year as on 31-March-2015				No. of Shares held at the end of the year as on 31-March-2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6,287,622	0	6,287,622	2.36	420,833	0	420,833	0.16	-2.20
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	101,585,164	0	101,585,164	38.12	80,881,905	0	80,881,905	30.29	-7.83
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0	0.00
Total shareholding of Promoter (A)	107,872,786	0	107,872,786	40.48	81,302,738	0	81,302,738	30.45	-10.03
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	30,302,243	5,565	30,307,808	11.37	38,829,150	5,565	38,834,715	14.54	3.17
b) Banks / FI	199,582	14,450	214,032	0.08	19,137	14,450	33,587	0.01	-0.07
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	45,750	45,750	0.02	0	45,750	45,750	0.02	0.00
g) FIIs	64,178,360	55	64,178,415	24.08	89,356,885	55	89,356,940	33.47	9.39
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) FDI	32,340,749	0	32,340,749	12.14	32,340,749	0	32,340,749	12.12	-0.02
Sub-total (B)(1):-	127,020,934	65,820	127,086,754	47.69	160,545,921	65,820	160,611,741	60.16	12.47
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,223,833	92,655	4,316,488	1.62	3,953,892	68,905	4,022,797	1.51	-0.11
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
I) Individual shareholders holding nominal share capital upto Rs. 1 lakh	11,552,426	2,296,625	13,849,051	5.20	13,685,405	2,189,105	15,874,510	5.95	0.75
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,205,181	0	1,205,181	0.45	2,231,992	0	2,231,992	0.84	0.39
c) Others (specify)									
Non Resident Indians	10,927,997	87,820	11,015,817	4.13	2,186,443	64,995	2,251,438	0.84	-3.29
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	344,780	0	344,780	0.13	267,576	0	267,576	0.10	-0.03
Trusts	2,124	0	2,124	0.00	3,351	0	3,351	0.00	0.00
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
Directors	464,224	345,568	809,792	0.30	369,356	48,500	417,856	0.15	-0.15
Sub-total (B)(2):-	28,720,565	2,822,668	31,543,233	11.83	22,698,015	2,371,505	25,069,520	9.39	-2.44
Total Public Shareholding (B)=(B)(1)+(B)(2)	155,741,499	2,888,488	158,629,987	59.52	183,243,936	2,437,325	185,681,261	69.55	10.03
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	263,614,285	2,888,488	266,502,773	100.00	264,546,674	2,437,325	266,983,999	100.00	

B) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year as on 31-March-2015			Shareholding at the end of the year as on 31-March-2016			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Mr. Analjit Singh	5876789	2.20	0.00	10000	0.00	0.00	-2.20
2	Mrs. Neelu Analjit Singh	100000	0.04	0.00	100000	0.04	0.00	0.00
3	Ms. Piya Singh	110333	0.04	0.00	110333	0.04	0.00	0.00
4	Mr. Veer Singh	100500	0.04	0.00	100500	0.04	0.00	0.00
5	Ms. Tara Singh Vachani	100000	0.04	0.00	100000	0.04	0.00	0.00
6	Medicare Investment Ltd.	11968340	4.49	93.17	11598007	4.34	61.52	-0.15
7	Cheminvest Ltd.	9971065	3.74	99.99	9971065	3.73	0.00	-0.01
8	Liquid Investment & Trading Co. P. Ltd	23818876	8.94	88.19	23818876	8.92	79.17	-0.02
9	Maxopp Investments Ltd.	18844919	7.07	100.00	1000	0.00	0.00	-7.07
10	Mohair Investment & Trading Co. (P) Ltd.	8086560	3.03	0.00	8086560	3.03	0.00	0.00
11	Boom Investments Pvt. Ltd.	5604010	2.10	30.33	5604010	2.10	57.10	0.00
12	P V T Investment Ltd.	1547543	0.58	0.00	58536	0.02	0.00	-0.56
13	Maxpak Investment Ltd.	558200	0.21	0.00	558200	0.21	0.00	0.00
14	Pen Investments Ltd.	1881110	0.71	0.00	1881110	0.70	0.00	-0.01
15	Pivet Finances Ltd.	1758374	0.66	0.00	1758374	0.66	0.00	0.00
16	Max Ventures Investment Holdings P Ltd	17546167	6.58	31.27	17546167	6.58	70.68	0.00

C) CHANGE IN PROMOTERS' SHAREHOLDING

Sl No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	**Mr. Analjit Singh**				
	At the beginning of the year	5876789	2.20		
	Increase / Decrease in Shareholding during the year 18.02.2016	(5866789)		10000	0.00
	At the end of the year			10000	0.00
2.	**Mrs. Neelu Analjit Singh**				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			100000	0.04
3.	**Ms. Piya Singh**				
	At the beginning of the year	110333	0.04	110333	0.04
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			110333	0.04
4.	**Mr. Veer Singh**				
	At the beginning of the year	100500	0.04	100500	0.04
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			100500	0.04
5.	**Ms. Tara Singh Vachani**				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			100000	0.04
6.	**Medicare Investments Limited**				
	At the beginning of the year	11968340	4.49		
	Increase / Decrease in Shareholding during the year 18.02.2016	(370333)		11598007	
	At the end of the year			11598007	4.34

Sl No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
7.	**Cheminvest Limited**				
	At the beginning of the year	9971065	3.74	9971065	3.74
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			9971065	3.73
8.	**Liquid Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	23818876	8.94	23818876	8.92
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			23818876	8.92
9.	**Maxopp Investments Limited**				
	At the beginning of the year	18844919	7.07		
	Increase / Decrease in Shareholding during the year				
	18.02.2016	(18843919)		1000	
	At the end of the year			1000	0.00
10.	**Mohair Investment & Trading Co. P. Ltd.**				
	At the beginning of the year	8086560	3.03	8086560	3.03
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			8086560	3.03
11.	**Boom Investments Pvt. Ltd.**				
	At the beginning of the year	5604010	2.10	5604010	2.10
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			5604010	2.10
12.	**P V T Investment Limited**				
	At the beginning of the year	1547543	0.58		
	Increase / Decrease in Shareholding during the year				
	18.02.2016	(1489007)		58536	
	At the end of the year			58536	0.02
13.	**Maxpak Investment Limited**				
	At the beginning of the year	558200	0.21	558200	0.21
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			558200	0.21
14.	**Pen Investments Limited**				
	At the beginning of the year	1881110	0.71	1881110	0.71
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			1881110	0.70
15.	**Pivet Finances Limited**				
	At the beginning of the year	1758374	0.66	1758374	0.66
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			1758374	0.66
16.	**Max Ventures Investment Holdings P. Ltd.**				
	At the beginning of the year	17546167	6.58	17546167	6.58
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			17546167	6.57

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

Sl No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	**Moneyline Portfolio Investments Limited**				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year				
	26.02.2016	26570048	9.95		
				26570048	9.95
2.	**Xenok Limited**				
	At the beginning of the year	24079700	9.03		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			24079700	9.02
3.	**GS Mace Holdings Limited**				
	At the beginning of the year	17196381	6.45		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			17196381	6.44
4.	**International Finance Corporation**				
	At the beginning of the year	8261049	3.10		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			8261049	3.09
5.	**New York Life Insurance Company**				
	At the beginning of the year	5154105	1.93		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			5154105	1.93
6.	**ICICI Prudential Value Discovery Fund**				
	At the beginning of the year	4517866	1.69		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			4517866	1.69
7.	**Reliance Capital Trustee Co. Ltd. A/C**				
	Reliance Equity Opportunities Fund				
	At the beginning of the year	5400757	2.03		
	Increase / Decrease in Shareholding during the year				
	10.04.2015	131400	0.05	5532157	2.08
	01.05.2015	307117	0.12	5839274	2.20
	29.05.2015	(60500)	0.02	5778774	2.18
	05.06.2015	(137000)	0.05	5641774	2.13
	12.06.2015	(259365)	0.10	5382409	2.03
	19.06.2015	(382000)	0.14	5000409	1.89
	31.07.2015	(143000)	0.05	4857409	1.84
	21.08.2015	(279000)	0.10	4578409	1.74
	28.08.2015	14600	0.00	4593009	1.74
	25.09.2015	(55000)	0.02	4538009	1.72
	16.10.2015	(28000)	0.01	4510009	1.71
	23.10.2015	(284000)	0.10	4226009	1.61
	20.11.2015	(144000)	0.05	4082009	1.56
	27.11.2015	(205350)	0.06	3876659	1.50
	11.12.2015	11508	0.00	3888167	1.50
	18.12.2015	12407	0.00	3900574	1.50
	31.12.2015	100000	0.03	4000574	1.53
	15.01.2016	8300	0.00	4008874	1.53
	22.01.2016	(404895)	0.14	3603979	1.39
	28.01.2016	(25000)	0.01	3578979	1.38
	04.03.2016	50000	0.02	3628979	1.36
	At the end of the year			3628979	1.36

Sl No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
8.	**Government Pension Fund Global**				
	At the beginning of the year	3322952	1.24		
	Increase / Decrease in Shareholding during the year				
	20.11.2015	568000	0.21	3890952	1.45
	18.12.2015	(568000)	0.21	3322952	1.24
	At the end of the year			3322952	1.24
9.	**Motilal Oswal Most Focused Multicap 35 Fund**				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year				
	18.09.2015	775000	0.29	775000	0.29
	23.09.2015	673415	0.25	1448415	0.54
	25.09.2015	306863	0.12	1755278	0.66
	30.09.2015	127649	0.05	1882927	0.71
	09.10.2015	31193	0.01	1914120	0.72
	16.10.2015	182435	0.07	2096555	0.79
	23.10.2015	109267	0.04	2205822	0.83
	20.11.2015	89300	0.03	2295122	0.86
	27.11.2015	103973	0.04	2399095	0.90
	18.12.2015	29417	0.01	2428512	0.91
	25.12.2015	97252	0.04	2525764	0.95
	31.12.2015	(3819)	0.00	2521945	0.95
	12.02.2016	216054	0.08	2737999	1.03
	26.02.2016	30450	0.01	2768449	1.04
	18.03.2016	226719	0.08	2995168	1.12
	31.03.2016	111112	0.04	3106280	1.16
	At the end of the year			3106280	1.16
10.	**Reliance Capital Trustee Company Limited A/c Reliance Growth Fund**				
	At the beginning of the year	2836237	1.06		
	Increase / Decrease in Shareholding during the year				
	28.08.2015	50000	0.02	2886237	1.08
	27.11.2015	(50000)	0.02	2836237	1.06
	12.02.2016	(134000)	0.05	2702237	1.01
	26.02.2016	25000	0.01	2727237	1.02
	At the end of the year			2727237	1.02

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

Sl No.	Shareholding of each Director and each Key Managerial Personnel	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	**@Mr. Rahul Khosla**				
	At the beginning of the year	346518	0.13		
	Increase / Decrease in Shareholding during the year				
	*09.09.2015	215794	0.08	562312	0.21
	At the end of the year			562312	0.21
2	**Mr. Mohit Talwar - MD**				
	At the beginning of the year	99674	0.03		
	Increase / Decrease in Shareholding during the year				
	*17.04.2015	18250		117924	
	*09.09.2015	11432		129356	
	*06.01.2016	10750	0.02	140106	0.05
	At the end of the year			140106	0.05
3	**Mr. Ashwani Windlass - (NED)**				
	At the beginning of the year	158700	0.06		
	Increase / Decrease in Shareholding during the year				
	**01.05.2015	(50000)	0.02	108700	0.04
	**29.05.2015	(40000)	0.01	68700	0.03
	***11.09.2015	4150	0.00	72850	0.03
	At the end of the year			72850	0.03
4	**@ Mr. Anuroop Singh – (Vice Chairman- NED)**				
	At the beginning of the year	25000	0.01		
	Increase / Decrease in Shareholding during the year				
	*09.09.2015	162000	0.06	187000	0.07
	**11.12.2015	(5000)	0	182000	0.07
	At the end of the year			182000	0.07
5	**@ Mr. Naresh Chand Singhal – (ID)**				
	At the beginning of the year	53500	0.02		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			53500	0.02
6	**Mr. Aman Mehta – (ID)**				
	At the beginning of the year	29000	0.01		
	Increase / Decrease in Shareholding during the year	0		0	00
	At the end of the year			29000	0.01
7	**Mr. Rajesh Khanna – (ID)**				
	At the beginning of the year	25000	0.01		
	Increase / Decrease in Shareholding during the year		0	0	00
	At the end of the year			25000	0.01
8	**@ Dr. Ajit Singh – (ID)**				
	At the beginning of the year	29000	0.01		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			29000	0.01
9	**$ Mr. V. Krishnan**				
	At the beginning of the year	100	0.00		
	Increase / Decrease in Shareholding during the year				
	*17.04.2015	5000		5100	
	At the end of the year			5100	0.00
10	**# Mrs. Sujatha Ratnam**				
	At the beginning of the year	35000	0.01		
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			35000	0.01

* Allotment of equity shares under ESOP
** Sale of shares in open market
*** Purchase of shares from open market
@ Ceased to be Director w.e.f. January 15, 2016
$ Ceased to be Company Secretary w.e.f. February 29, 2016
# Appointed as Chief Financial Officer w.e.f. June 1, 2015

(v) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

(Rs. in lacs)

	Secured Loans excluding deposits & Working Capital Limits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount (Rs.)
		Mr. Rahul Khosla*	Mr. Mohit Talwar**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,15,83,917	6,34,11,725	17,49,95,642
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	6,91,435	30,42,952	37,34,387
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–
2	Stock Option^	10,60,80,014	1,91,72,481	12,52,52,495
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit			
	- others, specify...			
5	Others:			
	- Company Contribution to PF	27,97,678	14,64,591	42,62,269
	- Medical Remibursements	11,815	15,000	26,815
	- Medical Insurance Premium	2,63,750	31,350	2,95,100
	- Personal Accident Insurance Premium	450	450	900
	Total (A)	22,14,29,059	8,71,38,549	30,85,67,608
	Ceiling as per the Act	NA	NA	

^ Perquisite value of stock options exercised during the year (as per Income Tax)
Mr. Rahul Khosla resigned from the position of Managing Director of the Company effective January 15, 2016.
Mr. Mohit Talwar, then Deputy Managing Director was elevated to the position of Managing Director effective January 15, 2016.

B. Remuneration to other directors:

SN.	Particulars of Remuneration	Name of Directors										Total Amount
		Mr. N.C. Singhal*	Mr. Rajesh Khanna	Mr. Aman Mehta	Prof. Dipankar Gupta*	Mr. Ashok Kacker*	Mr. D.K. Mittal	Mr. Analjit Singh*	Mr. Anuroop Singh*	Mr. Ashwani Windlass	Mrs. Naina Lal Kidwai	
1	Independent Directors:											
	Fee for attending board committee meetings	2700000	2300000	1900000	600000	1100000	1100000				400000	10100000
	Commission	–	–	–	–	–	–					–
	Others, please specify	–	–	–	–	–	–					–
	Total (1)	2700000	2300000	1900000	600000	1100000	1100000				400000	10100000
2	Other Non-Executive Directors:							500000	200000	2800000		
	Fee for attending board committee meetings											
	Commission							–	–	–		
	Others, please specify							–	–	–		
	Total (2)							500000	200000	2800000		3500000
	Total (B)=(1+2)	2700000	2300000	1900000	600000	1100000	1100000	500000	200000	2800000	400000	13600000
	Total Managerial Remuneration	2700000	2300000	1900000	600000	1100000	1100000	500000	200000	2800000	400000	13600000

*ceased to be Director of the Company effective January 15, 2016.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (Rs.)
		CEO*	Mr. V. Krishnan, CS**	Mrs. Sujatha Ratnam CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	148,49,151	148,49,151
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	--	--	5,37,989	5,37,989
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option^	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others:				
	- Company Contribution to PF	-		6,80,332	6,80,332
	- Medical ReImbursement			15,000	15,000
	- Medical Insurance Premium	-		58,878	58,878
	- Personal Accident Insurance Premium			450	450
	Total (A)	**-**		**1,61,41,800**	**1,61,41,800**

^ Perquisite value of stock options exercised during the year

* Particulars of Remuneration of CEO (Mr. Mohit Talwar, Managing Director) are given under point VI(A) above.

** Mr. V. Krishnan ceased to be CS w.e.f. February 29, 2016.

Mr Rahul Ahuja and Mr V Krishnan were Key Managerial Personnel of the Company for part of the financial year 2015-16. Subsequent to the Composite Scheme of Arrangement becoming effective on January 15, 2016, their remuneration has been charged to Max India Limited with effect from the appointed date i.e April 1, 2015.

VII PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	N.A	N.A	N.A	N.A	N.A
Punishment	N.A	N.A	N.A	N.A	N.A
Compounding	N.A	N.A	N.A	N.A	N.A
B. DIRECTORS					
Penalty	N.A	N.A	N.A	N.A	N.A
Punishment	N.A	N.A	N.A	N.A	N.A
Compounding	N.A	N.A	N.A	N.A	N.A
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A	N.A	N.A	N.A	N.A
Punishment	N.A	N.A	N.A	N.A	N.A
Compounding	N.A	N.A	N.A	N.A	N.A

Annexure 2

Form AOC-1

(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of subsidiaries / associate companies / joint ventures

Part "A" - Subsidiaries

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

(Amt. in Rs. Lacs)

Sl. No.	Name of Subsidiary Company	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
1	Max Life Insurance Company Limited	31-Mar-16	INR	191,881.29	9,537.86	3,763,109.39	3,561,690.24	3,343,219.12	1,066,271.47	51,094.39	7,183.35	43,911.04	18,228.72	68.00%

ANNEXURE – 2

Part "B" - Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Amt in Rs Lacs)

Name of Associates/Joint Ventures	NA
(1) Latest audited Balance Sheet date	NA
(2) Shares of Associates/Joint Ventures held by the company on the year end	NA
No.	
Amount of Investment in Associates/Joint Ventures	
Extent of Holding %	
(3) Description of how there is significant influence	NA
(4) Reason why the associate/joint venture is not consolidated	NA
(5) Networth attributable to Shareholding as per latest audited Balance Sheet	NA
(6) Profit/Loss for the year	NA
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

Details of Max Employees Stock Plan – 2003, pursuant to SEBI Regulations and Companies Act, 2013.

Sl. No.	Description	2003 Plan
1	Total number of options granted till March 31, 2016	66,80,418
2	The pricing formula	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.
3	Number of options vested till March 31, 2016	36,42,603
4	Number of options exercised till March 31, 2016	36,42,603
5	Total number of shares arising as a result of exercise of options	36,42,603
6	Number of options lapsed/forfeited till March 31, 2016	5,34,255
7	Variation in terms of options	Nil
8	Money realized by exercise of options (Rs. Crore)	0.73
9	Total number of options in force as on March 31, 2016	25,03,560
10	Employee wise details of options granted during the financial year to :	
	(i) Senior management personnel including Managing Director and Dy. Managing Director:	
	- Mr. Rahul Khosla, erstwhile Managing Director	99,620
	(ii) Any other employees who receive a grant in any one year of option amounting to 5% or more of option granted during the year.	None
	(iii) dentified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20] Earnings Per Share]	4.27
12	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Profits would have been lower by Rs. 1003.32 lacs and Basic EPS Rs. 0.05 per share &Diluted EPS Rs. 0.04 per share, if the Company would have recognized the compensation cost based on fair value.
13	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equal or exceeds or is less than the market price of the stock.	Weighted average exercise price during FY15-16 and weighted average fair value of the outstanding par Value options as on 31 March 2016 was Rs 2 and Rs.562.58 respectively.
14	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	
	(i) risk-free interest rate	7.98% - 8.13%
	(ii) expected life (in years)	3.7
	(iii) expected volatility	38.49
	(iv) expected dividends, and	Nil
	(v) the price of the underlying share in market at the time of option grant.	Rs 562.58 – 563.02

ANNEXURE – 4 (PART A)

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

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

Sl. No.	Name	Designation	Remuneration for FY 15 (INR Cr.)	Remuneration for FY 16 (INR Cr.)	% Increase in Remuneration in FY16 vs. FY 15
1	Mr. Rahul Khosla[1]	Executive President	18.22	26.8	47.1%
2	Mr. Mohit Talwar[2]	Managing Director	7.99	8.71	9%
3	Mr. Rahul Ahuja[3]	Chief Financial Officer	1.64	0.76	NA
4	Ms. Sujatha Ratnam	Chief Financial Officer	NA	1.61	NA
5	Mr. V. Krishnan[4]	Company Secretary	0.79	0.90	NA

[1]Mr. Rahul Khosla was a Whole-time Director (Managing Director) of the Company for part of FY 16, i.e. till January 15, 2016. His remuneration includes perquisite value of Rs.10.6 crores being the ESOPs exercised during the year under review against the ESOPs granted since October 2011 with graded vesting schedule (Corresponding value in FY15 was Rs. 5.53 crores). The % increase in remuneration over last year excluding ESOP value is 27.7%

[2]Mr. Mohit Talwar was Deputy Managing Director till January 14, 2016 and appointed as Managing Director thereafter. His remuneration includes perquisite value of Rs. 1.91 crores being the ESOPs exercised during the year under review against the ESOPs granted since May 2012 with graded vesting schedule (Corresponding value in FY15 was Rs. 0.95 crores).

[3]Mr. Rahul Ahuja was the Chief Financial Officer for the Company till May 31, 2015. His remuneration for FY16 (paid for part of the financial year) is accordingly not comparable with FY15 remuneration. Pursuant to the Demerger Scheme, the FY16 remuneration has been allocated to Max India Limited.

[4]Mr. V Krishnan was the Company Secretary for the Company till February 29, 2016. His remuneration for FY16 (paid for part of the financial year) is accordingly not comparable with FY15 remuneration. Pursuant to the Demerger Scheme, the FY16 remuneration has been allocated to Max India Limited.

Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance premium, Company's contribution to Provident Fund, leave encashment and value of taxable perquisites but excludes Gratuity

B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs. 28,00,387/- in FY16 as against Rs. 16,28,669/- in FY15. The increase in MRE in FY16 as compared to FY15 is 72% (This pertains to comparison of MRE of 66 employees in FY15 as against MRE of only 12 employees in FY16, the overall reduction being on account of the demerger).

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2016) to the MRE for FY16 is 31.1.

C. The number of permanent employees on the rolls of the Company as on March 31, 2016 was 13 and March 31, 2015 was 68.

D. The average increase in fixed remuneration (excluding WTD) in FY16 over FY15 was around 10% including promotions and salary corrections. This was based on the industry benchmarks and approval of the Nomination and Remuneration Committee.

E. The average increase in salary for WTDs and KMPs was around 33% as approved by the Nomination and Remuneration Committee. The WTDs and KMPs remuneration for FY16 includes one-time special allowance/ cash reward to recognize and acknowledge their seminal contribution towards shareholders' value creation and conclusion of critical transactions which added significant value for the Company and its subsidiary(ies).

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

During FY16, there was no such employee who received remuneration in excess of the remuneration paid to Executive Director(s) and held 2% or more of the equity shares in the Company, along with spouse and / or dependent children.

PARTICULARS OF EMPLOYEES

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION, INCLUDING THOSE WHO WERE IN RECEIPT OF REMUNERATION OF RS. 102,00,000/- PER ANNUM OR MORE

Sl. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (in Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Held Organisation	Position held
1	Khosla, Rahul	57	Executive President	General Management	268,042,756	BA (Hons), CA	18.08.2011	32	Visa	Group Head of Products
2	Pai, Ramachandra Vishnu	49	Manager - Administration	Administration	1,559,976	B.com	18.09.1995	28	Johnson & Johnson	Warehosuing Supervisor
3	Pandey, Archana	56	Senior Director - Corporate Affairs	Corporate Affairs	34,713,238	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt.	08.06.2012	33	Abbott Healthcare Pvt Ltd.	Head - Government Affairs
4	Ramsundar, K K	58	Admin. Assistant Office of Founder & Chairman Emeritus	Administration	4,522,163	B.com (P), PGDBA, PGDMM	21.06.1981	40	Ranbaxy Labs Limited	Steno Typist
5	Ratnam, Sujatha	52	Chief Financial Officer	Corporate Treasury	16,141,800	B. Com (Hons), ACA	12.07.2004	27	Jubilant Orgnosys Ltd.	General Manager - Finance
6	Rao, Anuradha	57	Executive Assistant Office of Founder & Chairman Emeritus	Executive Assistant	5,136,656	BA (Hons)	03.06.1987	37	Northern Engineering Industries (India) Limited	Assistant cum Secretary
7	Talwar, Mohit	56	Managing Director	General Management	87,138,547	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	37	Standard Chartered Bank	Director & Head Wholesale Bank, East India
8	Thakur, Ananth Singh	42	Deputy General Manager - External Affairs	External Affairs	2,502,055	MBA	06.06.2011	21	Aviva Life Insurance	State Head (BSA)
9	Trehan, Vandana	41	Executive Assistant to Executive President	Executive Assistant	2,186,931	PGDBM	16.08.2011	16	TSYS International	Executive Assistant
10	Vashisht, Dinkar	35	Business Manager Office of Founder & Chairman Emeritus	Business Manager	3,098,718	MBA (PGDM), Indian School of Business	07.08.2012	10	The Indian Express Newspapers Limited	Special Correspondent

Notes :

1 Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites.

2 None of the above employees is a relative of any director of the Company.

3 All appointments are/were contractual in accordance with the terms and conditions as per Company Rules/Policies.

4 Mr. Rahul Khosla held 562312 equity shares of the Company constituting 0.21% of equity share capital in the Company and Mr. Mohit Talwar held 164006 equity shares constituting 0.06% of the equity share capital of the Company as on the date of this report.

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

6 All the aforesaid employees were employed for full year during FY 2015-16

On behalf of the Board of Directors

Mumbai
August 8, 2016

NAINA LAL KIDWAI
Chairman

ANNEXURE – 5

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;

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

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

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

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

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

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

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

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

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

(vi) As confirmed and certified by the management, there is no Sectoral law specifically applicable to the Company based on the Sectors / Businesses. Further, the management confirmed that the Company is a Core Investment Company (CIC) and neither Systematically Important core Investment Company (CIC-ND-SI) and nor a Non-Banking Financial Company (NBFC)

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India, being effective from 01.07.2015.

ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 being effective from 01.12.2015.

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that the Company secretary of the Company had resigned with effect from February 29, 2016 and accordingly the financial statements for financial year ended March 31, 2016 have been signed by two Directors on behalf of the Board and the Chief Financial Officer. Further, new Company Secretary of the Company has been appointed with effect from July 5, 2016 i.e. within the time permissible under law.

We further report that during the audit period following major events have happened, which are deemed to have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

1) The Hon'ble High Court of Punjab and Haryana vide its order dated December 14, 2015, has sanctioned the Scheme under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 between Max Financial Services Limited ('MFSL') ('the Company'/ erstwhile Max India Limited), Max India Limited ('MAX' - erstwhile Taurus Ventures Limited) and Max Ventures and Industries Limited ('MVIL' - erstwhile Capricorn Ventures Limited) and their respective shareholders and creditors for transfer of all the assets and liabilities pertaining to each of the demerged undertakings (i.e MAX and MVIL) with

effect from April 1, 2015 (Appointed date). The Scheme is effective from January 15, 2016 i.e. the date of filing of the certified copy of the order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla.

2) On February 29, 2016 (pursuant to receipt of approval from IRDAI), the Company and Mitsui Sumitomo Insurance Company Limited (MSI) have transferred 76,560,635 equity shares (3.99% of equity stake in MLIC) and 19,188,127 equity shares (1% of equity stake in MLIC) respectively of MLIC to Axis Bank at face value of Rs. 10 per equity share. Consequent to this transaction, the equity stake of the Company in MLIC has reduced to 68.01%.

Date: August 4, 2016
Place: Delhi

Dr. S. Chandrasekaran
Senior Partner

Chandrasekaran Associates
Company Secretaries
Membership No. FCS No.: 1644
Certificate of Practice No.: 715

Note: This report is to be read with our letter of even date which is annexed as Annexure A to this report and form an integral part of this report.

Annexure-A

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

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

Date: August 4, 2016
Place: Delhi

Dr. S. Chandrasekaran
Senior Partner

Chandrasekaran Associates
Company Secretaries
Membership No. FCS No.: 1644
Certificate of Practice No.: 715

INDEPENDENT AUDITOR'S REPORT

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Max Financial Services Limited (Formerly known as 'MAX INDIA LIMITED') ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
   e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 22(a) of the standalone financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 22© of the standalone financial statements.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company – Refer Note 22(d) of the standalone financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/"CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 30 May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Max Financial Services Limited (Formerly known as MAX INDIA LIMITED) ("the Company") as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 30 May, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deed of the building is held in the erstwhile name of the Company (i.e ' Max India Limited') as at the balance sheet date. We are informed that the Company is in the process of getting the name changed to Max Financial Services Limited.

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

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Service Tax and Customs Duty which have not been deposited as on 31 March, 2016 on account of disputes are given below:

Name of Statue	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. in lacs)
Customs Act, 1962	Custom duty demand on non-fulfillment of export obligation	Directorate General of Foreign trade	FY 1994-95	407.12
Finance Act, 1994 (Service tax)	Service tax demand on consultancy services	Commissioner (Central excise), Chandigarh	FY 1997-98 to FY 2000-01	201.00*
Income Tax Act, 1961	Income tax demand in respect of Penalty under 271 (c)	Commissioner of Income tax (Appeals), New Delhi	AY 1992-93 AY 1993-94	33.42
Income Tax Act, 1961	Income tax demand in disallowance made on various matters	High Court, Punjab	AY 2003-04	159.04

*Net of Rs. 12 lacs paid under protest.

We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company do not give rise to any liability for Sales Tax, Excise duty and Value Added Tax.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause

(xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) As per section 45-IA of the Reserve Bank of India Act, 1934 read with RBI / 2006-07 / 158 DNBS (PD) C.C. No. 81 / 03.05.002 / 2006-07 dated 19 October, 2006, a company whose 50% of total assets and 50% of total income is from financial activity, as at the last audited balance sheet, is said to carry on financial activity as its principal business and hence is required to obtain registration as a Non-Banking Finance Company (NBFC).

As indicated in note 35, the Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systematically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated 1 July, 2015 and hence registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required. We report as such.

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

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 30 May, 2016

BALANCE SHEET
AS AT MARCH 31, 2016

(Rs. in Lacs)

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
A. Equity and liabilities			
1. Shareholders' funds			
(a) Share capital	3	**5,339.68**	5,330.06
(b) Reserves and surplus	4	**161,652.55**	340,033.99
		166,992.23	**345,364.05**
2. Non-current liabilities			
(a) Deferred tax liabilities (Net)	5	-	-
(b) Long-term provisions	6	**265.07**	504.88
		265.07	**504.88**
3. Current liabilities			
(a) Trade payables	7		
i. total outstanding dues to micro enterprises and small enterprises		-	-
ii. total outstanding dues to creditors other than micro enterprises and small enterprises		**887.77**	1,122.67
(b) Other current liabilities	8	**899.39**	762.23
(c) Short-term provisions	9	**4,883.41**	3,205.00
		6,670.57	**5,089.90**
TOTAL		**173,927.87**	**350,958.83**
B. Assets			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	**826.55**	1,252.15
(ii) Intangible assets	10	**46.76**	59.69
(iii)Capital work-in- progress		-	2.19
		873.31	**1,314.03**
(b) Non-current investments	11	**143,480.74**	279,857.32
(c) Long term loans and advances	12	**862.17**	8,444.71
(d) Other non-current assets	13	**1.21**	0.61
		145,217.43	289,616.67
2. Current assets			
(a) Current investments	14	**26,997.65**	51,996.41
(b) Cash and cash equivalents	15	**307.10**	6,368.93
(c) Short term loans and advances	16	**846.64**	937.93
(d) Other current assets	17	**559.05**	2,038.89
		28,710.44	**61,342.16**
TOTAL		**173,927.87**	**350,958.83**
See accompanying notes forming part of the financial statements	1 to 37		

In terms of our report attatched

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Partner

Place : Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2016

(Rs. in Lacs)

Particulars	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
1. Income			
(a) Revenue from operations (net)	18	**20,071.13**	58,177.99
(b) Other income	19	**50.93**	287.99
2. Total revenue		**20,122.06**	**58,465.98**
3. Expenses			
(a) Employee benefits expense	20	**3,265.53**	5,301.61
(b) Depreciation and amortisation expense	10	**222.37**	438.04
(c) Other expenses	21	**5,113.65**	5,861.58
4. Total expenses		**8,601.55**	**11,601.23**
5. Profit before tax (2 - 4)		**11,520.51**	46,864.75
6. Tax expense			
(a) Current tax		-	9,154.60
(b) Deferred tax		-	(1,383.50)
		-	**7,771.10**
Profit after tax		**11,520.51**	**39,093.65**
Earnings per equity share	25		
Basic (Rs.)		**4.32**	**14.67**
Diluted (Rs.)		**4.27**	**14.58**
See accompanying notes forming part of the financial statements	1 to 37		

In terms of our report attatched

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Partner

Place : Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016

(Rs. in Lacs)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from operating activities			
Net profit before tax		11,520.51	46,864.75
Adjustments for:			
Depreciation and amortisation expense		222.37	438.04
Interest income		(20.07)	(1,248.68)
Option fees		-	(2,713.05)
Loss on sale of fixed assets		(2.62)	16.38
Profit on sale of non current investments in subsidiaries		-	(29,641.47)
Profit on sale of current investments		(1,709.67)	(4,270.19)
Profit on sale of business		-	(163.72)
Loss on sale of investments - long term		605.40	
Fixed assets written off		-	131.22
Liabilities/provisions no longer required written back		(1.81)	(103.47)
Provision for diminution in non current investments in subsidiary		-	505.78
Provision for doubtful advances in subsidiary		-	9.51
Employee stock option expense		565.30	987.58
Operating profit before working capital changes		11,179.41	10,812.68
Changes in working capital:			
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		147.74	(3.16)
Other current liabilities		344.27	(119.90)
Short-term provisions		(73.06)	306.48
Long-term provisions		140.66	(46.24)
		559.61	137.18
Adjustments for (increase) / decrease in operating assets:			
Short-term loans and advances		(750.17)	3,275.25
Long-term loans and advances		(3.55)	2,011.43
Other current assets		252.11	176.70
		(501.60)	5,463.38
Cash generated from/(used in) operations		11,237.42	16,413.24
Net income tax (paid)/ refunds		(262.47)	(4,694.69)
Net cash flow from operating activities	(A)	10,974.95	11,718.55
Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances		(15.94)	(894.53)
Proceeds from sale of fixed assets		0.25	118.95
Purchase of non-current investments		-	(10,853.00)
Proceeds from sale of non current investments		7,656.06	38,338.09
Proceeds from sale of business		-	11,000.00
Purchase of current investments		(11,076.74)	(188,384.67)
Proceeds from sale/maturity of current investments		-	156,288.04
Investment in bank deposits (having original maturity of more than three months)		(31.52)	(5,539.91)
Option fees		-	2,529.66
Interest received		19.47	1,418.26
Net cash flow from /(used in) investing activities	(B)	(3,448.42)	4,020.89

(Rs. in Lacs)

		For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from financing activities			
Proceeds from ESOPs exercised		9.62	5.51
Repayment of long -term borrowings		-	(207.08)
Dividend paid		(7,475.26)	(15,456.53)
Net cash flow (used in) financing activities	(C)	(7,465.64)	(15,658.10)
Net Increase/(decrease) in cash and cash equivalents	(A + B + C)	60.89	81.34
Cash and cash equivalents at the beginning of the year		1,160.88	1,079.54
Transfer of cash and bank balances on account of demerger (Refer to note. 32)		(1,154.24)	-
Cash and cash equivalents at the end of the year		67.53	1,160.88

Components of cash and cash equivalent

	As at March 31, 2016	As at March 31, 2015
Cash on hand	1.14	0.18
Cheques/drafts on hand	1.06	-
Balances with banks		
on current account	65.33	35.70
on deposit with original maturity of less than three months	-	1,125.00
Stamps in hand	-	-
Total cash and cash equivalents	67.53	1,160.88

See accompanying notes forming part of the financial statements

In terms of our report attatched

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Partner

Place : Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

1. **Corporate information**

Max Financial Services Limited [formerly known as Max India Limited] ("the Company") is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in the business of making business investments and providing shared services to the group companies.

The name of the Company has been changed from Max India Limited to Max Financial Services Limited with effect from Februray 1, 2016.

2. **Significant accounting policies**

2.1 Basis of preparation

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

The Board of Directors of the Company at its meeting held on January 27, 2015 have approved a Scheme of Arrangement to vertically split the Company through a Scheme of demerger ('Scheme'), into three separate listed companies. The existing company, Max India Limited, has been renamed as 'Max Financial Services Limited' and will focus on the group's life insurance business. The second vertical, has been named as Max India Limited (MIL), (formerly known as 'Taurus Ventures Limited'), which will manage investments in the high growth potential Health and Allied businesses, primarily comprising of Max Healthcare Institute Ltd, Max Bupa Health Insurance Co. Ltd., Antara Senior Living Ltd. The third vertical shall house the investment activity in the group's manufacturing business, Max Speciality Films Ltd., and has been renamed Max Ventures and Industries Limited (MVIL). (formerly known as Capricorn Ventures Limited'). All the assets and liabilities pertaining to each of the demerged undertakings (i.e MIL and MVIL) have been transferred with effect from April 1, 2015 (Appointed date). The Scheme is effective from January 15, 2016 i.e. the date of filing of the certified copy of the Order of the Hon'ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla. The Company has accounted for the demerger as per the High Court Order as more fully disclosed in Note 32.

2.2 Use of estimates

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

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

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

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

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

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Leasehold land is amortised over the duration of the lease.

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

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from services

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

Interest

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

Dividend

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

2.7 Tangible fixed assets

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

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

Capital work-in-progress:

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

2.8 Intangible assets

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

2.9 Foreign currency transactions and translations

Initial recognition

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

Measurement at the balance sheet date

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

Treatment of exchange differences

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

2.10 Investments

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

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

2.11 Employee benefits

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

a) **Post employment benefit plan**

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

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

b) **Short-term employee benefits**

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

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

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

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

c) **Long-term employee benefits**

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

2.12 Employee share based payments

The Company has constituted an Employee Stock Option Plan - 2003. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India and in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees (including directors) of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

2.13 Leases

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

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

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

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.15 Taxes on income

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

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

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

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

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

2.16 Impairement of assets

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

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

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

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

2.17 Provisions and contingencies

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

2.18 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.19 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3 Share capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
(a) Authorised (Refer to note 32)				
Equity share capital	**300,000,000**	**6,000.00**	460,000,000	9,200.00
Equity shares of Rs. 2 each with voting rights				
Preference share capital	-	-	800,000	800.00
Preference shares of Rs. 100 each		**10,000.00**		**10,000.00**
(b) Issued, subscribed and fully paid-up				
Equity share capital	**266,983,999**	**5,339.68**	266,502,773	5,330.06
Equity shares of Rs. 2 each with voting rights				
		5,339.68		**5,330.06**

Refer note (i) to (iv) below

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
Equity Shares with voting rights				
At the beginning of the year	**266,502,773**	**5,330.06**	266,227,257	5,324.55
Issued during the period - ESOP	**481,226**	**9.62**	275,516	5.51
Outstanding at the end of the year	**266,983,999**	**5,339.68**	**266,502,773**	**5,330.06**

(ii) The Company has only one class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 2/- each fully paid				
- Xenok Limited	**24,079,700**	**9.02%**	24,079,700	9.04%
- GS Mace Holdings Limited	**17,196,381**	**6.44%**	17,196,381	6.45%
- Reliance Capital Trustee Co. Limited	-	-	14,362,425	5.39%
- Maxopp Investments Limited	-	-	18,844,919	7.07%
- Liquid Investment and Trading Company Private Limited	**23,818,876**	**8.92%**	23,818,876	8.94%
- Dynavest India Private Limited	-	-	17,546,167	6.58%
- Moneyline Portfolio Investments Limited	**26,570,048**	**9.95%**	-	-
- Max Ventures Investment Holdings Private Limited	**17,546,167**	**6.57%**	-	-

(iv) Shares reserved for issuance

As at March 31, 2016 25,03,560 (previous year 30,39,166) shares of Rs. 2 each towards outstanding employee stock option (ESOP) plan of the Company. (Refer note 26)

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

The Company has issued total 2,419,889 shares (March 31, 2015: 2,048,340 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employees services.

4 Reserve and surplus

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Capital reserve		
Opening balance	**50.00**	50.00
Less : Transfer of reserves on account of demerger (Refer note. 32)	**50.00**	-
Closing balance	-	**50.00**
(b) Securities premium account		
Opening balance	**211,362.64**	210,818.26
Add : Premium on shares issued during the year	**925.72**	544.38
Less : Transfer of reserves on account of demerger (Refer note. 32)	**180,579.33**	-
Closing balance	**31,709.03**	**211,362.64**
(c) Employee stock option outstanding		
Opening balance	**1,509.83**	1,066.62
Add : Compensation expensed during the year	**871.42**	987.59
Less : Transferred to securities premium account on excercise	**925.72**	544.38
Less : Transfer of reserves on account of demerger (Refer note. 32)	**217.54**	-
Less : Stock options forfeited during the year	**310.56**	-
Closing balance	**927.43**	**1,509.83**
(d) General reserve		
Opening balance	**16,418.22**	16,418.22
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing balance	**16,418.22**	**16,418.22**
(e) Surplus in the statement of profit and loss		
Opening balance	**110,693.30**	84,955.62
Profit for the year	**11,520.51**	39,093.65
Less: Adjustment on account of transitional provision of Schedule II of the Companies Act, 2013	-	26.50
Less: Appropriations		
Interim dividend distributed to equity shareholders (Rs. 1.80 per share (previous year Rs. 4.00 per share)) *	**4,805.53**	10,659.67
Dividend proposed to be distributed to equity shareholders (Rs. 1.80 per share (previous year Rs. 1.00 per share)) *	**4,805.71**	2,665.03
Final dividend of earlier year	**4.70**	4.77
Total appropriations	**9,615.94**	**13,329.47**
Closing balance	**112,597.87**	**110,693.30**
Total reserves and surplus	**161,652.55**	**340,033.99**

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

5 Deferred tax liabilities (net)

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	49.85	-
Gross deferred tax liabilities	49.85	-
Deferred tax assets		
Disallowance under section 43B and 40(a)(I) of Income Tax Act, 1961	153.43	406.86
On difference betwee book balance and tax balance of fixed assets	-	124.43
Provision for doubtful debts and advances	-	64.34
Gross deferred tax assets	153.43	595.63
Net deferred tax liabilities / (assets)	(103.58)	(595.63)
Net deferred tax liabilities / (assets) recognised (Refer to note below)	-	-

Note :

The Company has carried out its tax computation in accordance with the mandatory standard on accounting, Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets on unabsorbed tax losses has not been recognised.

6 Long term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
(I) Provision for compensated absences	80.30	222.38
(ii) Provision for gratuity (Refer note 24)	184.77	282.50
	265.07	504.88

7 Trade payables

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises*	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	887.77	1,122.67
	887.77	1,122.67

* Based on the information available with the Company, the balance due to Micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED 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.

8 Other current liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Unclaimed / unpaid dividends	231.99	200.47
(b) Other payables		
(i) Security deposit received	8.53	26.21
(ii) Statutory remittances (Contributions to PF, Service Tax, Withholding Taxes etc.)	558.66	438.09
(iii) Other payables	100.21	97.46
	899.39	**762.23**
	899.39	**762.23**

9 Short term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Provision for employee benefits:		
(i) Provision for compensated absences	26.71	35.75
(ii) Provision for gratuity (Refer note 24)	50.99	107.03
(b) Provision - others:		
(i) Provision for income tax (net of advance tax)	-	391.60
(ii) Provision for wealth tax	-	5.59
(iii) Proposed final dividend	4,805.71	2,665.03
	4,883.41	**3,205.00**

10 Fixed Assets

(Rs. in Lacs)

Particulars	Gross block					Accumulated depreciation and amortisation					Net block	
	As at April 1, 2015	Additions	Transfer of assets on account of demerger (Refer note 32)	Deletions/ adjustments	As at March 31, 2016	As at April 1, 2015	Depreciation and amortisation expense for the year	Transfer of assets on account of demerger (Refer note 32)	Deletions/ adjustments	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
TANGIBLE ASSETS - OWNED												
Land (Freehold)	-	-	-	-	-	-	-	-	-	-	-	-
	337.15	-	-	*337.15*	-	-	-	-	-	-	-	*337.15*
Building	50.83	-	-	-	50.83	20.16	0.80	-	-	20.96	29.87	30.67
	5,870.28	-	-	*5,819.45*	*50.83*	*1,272.90*	*0.79*	-	*1,253.53*	*20.16*	*30.67*	*4,597.38*
Leasehold improvements	971.78	-	430.81	-	540.97	813.47	6.77	376.35	-	443.89	97.08	158.31
	1,173.22	*15.15*	-	*216.59*	*971.78*	*895.20*	*55.03*	-	*136.76*	*813.47*	*158.31*	*278.02*
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-
	36,055.15	-	-	*36,055.15*	-	*13,195.28*	-	-	*13,195.28*	-	-	*22,859.87*
Computers	150.18	8.33	110.88	-	47.63	98.48	5.70	70.48	-	33.70	13.93	51.70
	601.14	*30.93*	-	*481.89*	*150.18*	*403.39*	*35.84*	-	*340.75*	*98.48*	*51.70*	*197.75*
Furniture and fixtures	437.34	-	53.52	-	383.82	108.99	36.66	40.63	-	105.02	278.80	328.35
	676.63	*16.89*	-	*256.18*	*437.34*	*235.95*	*38.79*	-	*165.75*	*108.99*	*328.35*	*440.68*
Vehicles	773.94	6.67	267.17	20.03	493.41	268.70	79.45	133.52	17.16	197.47	295.94	505.24
	838.38	*248.85*	-	*313.29*	*773.94*	*278.85*	*122.06*	-	*132.21*	*268.70*	*505.24*	*559.53*
Office equipment	457.27	8.37	88.22	-	377.42	279.39	36.82	49.72	-	266.49	110.93	177.88
	630.89	*79.41*	-	*253.03*	*457.27*	*190.53*	*172.65*	-	*83.79*	*279.39*	*177.88*	*440.36*
Total (A)	**2,841.34**	**23.37**	**950.60**	**20.03**	**1,894.08**	**1,589.19**	**166.20**	**670.70**	**17.16**	**1,067.53**	**826.55**	**1,252.15**
Previous year (c)	*46,182.84*	*391.23*	-	*43,732.73*	*2,841.34*	*16,472.10*	*425.16*	-	*15,308.07*	*1,589.19*	*1,252.15*	*29,710.74*
INTANGIBLE ASSETS												
Computer software	83.30	-	-	-	83.30	23.61	12.93	-	-	36.54	46.76	59.69
	647.34	-	-	*564.04*	*83.30*	*355.59*	*12.88*	-	*344.86*	*23.61*	*59.69*	*291.75*
Total (B)	**83.30**	**-**		**-**	**83.30**	**23.61**	**12.93**		**-**	**36.54**	**46.76**	**59.69**
Previous year (D)	*647.34*	-		*564.04*	*83.30*	*355.59*	*12.88*		*344.86*	*23.61*	*59.69*	*291.75*
Total (A+B)	**2,924.64**	**23.37**		**20.03**	**1,977.38**	**1,612.80**	**179.13**		**17.16**	**1,104.07**	**873.31**	**1,311.84**
Previous year (C+D)	*46,830.18*	*391.23*		*44,296.77*	*2,924.64*	*16,827.69*	*438.04*		*15,652.93*	*1,612.80*	*1,311.84*	*30,002.49*

Amounts in italics represent previous year's figures.

11 Non-current investments

Particulars	As at March 31, 2016		As at March 31, 2015	
	(Nos.)	(Rs. in Lacs)	(Nos.)	(Rs. in Lacs)
A Other investments				
(a) Investment property (net off accumulated depreciation)				
Cost of building given on operating lease		2,731.66		2,731.66
Less: Accumulated depreciation		76.67		33.42
Total - Other investment (A)		**2,654.99**		**2,698.24**
B. Trade investments (valued at cost unless stated otherwise)				
(a) Investment in equity instruments (Refer note 32)				
(i) of subsidiaries				
Shares of Rs.10 each fully paid up in Max Life Insurance Company Limited	1,305,060,379	140,825.75	1,381,621,014	149,087.21
Shares of Rs.10 each fully paid up in Max Bupa Health Insurance Company Limited	-	-	495,060,000	58,497.01
Shares of Re.1 each fully paid up in Pharmax Corporation Limited	-	-	47,122,747	1,420.81
Shares of Rs. 10 each fully paid up in Antara Senior Living Limited	-	-	8,000,000	800.00
Shares of Rs. 10 each fully paid up in Max Speciality Films Limited	-	-	49,500	16,704.95
Shares of Rs. 10 each fully paid up in Max Venture and Industries Limited (formerly known as Capricorn Ventures Limited)	-	-	50,000	5.00
Shares of Rs. 2 each fully paid up in Max India Limited (formerly known as Taurus Ventures Limited)	-	-	250,000	5.00
Shares of GBP 1 each fully paid up in Max UK Limited	-	-	299,742	213.00
Shares of Rs. 10 each fully paid up in Max Ateev Limited	-	-	31,443,600	3,144.36
Shares of Rs. 10 each fully paid up in Max Skill First Limited	-	-	3,945,000	702.87
(ii) of join ventures - jointly controlled entities				
Shares of Rs.10 each fully paid up in Max Healthcare Institute Limited.	-	-	224,626,315	34,412.68
(b) Investment in preference shares				
(i) of subsidiaries			-	
9% Preference shares of Rs. 100 each fully paid up in Pharmax Corporation Limited	-	-	1,500	1,500.00
Zero Coupon Compulsorily Convertible PReference shares of Rs. 100 each fully paid up in Antara Senior Living Limited	-	-	14,471	14,471.42
Total - Trade investment (B)		**140,825.75**		**280,964.31**
Total - (A + B)		**143,480.74**		**283,662.55**
Less: provision for diminution		-		(3,805.23)
Total		**143,480.74**		**279,857.32**
Aggregate amount of unquoted investments		143,480.74		283,662.55

12 Long term loans and advances

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) **Capital advances**		
- Unsecured, considered good	-	7,320.00
	-	7,320.00
(b) **Security deposits**		
- Unsecured, considered good	113.29	233.85
	113.29	233.85
(c) **Loans and advances to related parties (Refer note 32)**		
- Considered doubtful	-	2,608.83
	-	2,608.83
Less : Provision for doubtful loans and advances	-	(2,608.83)
(d) **Loans and advances to employees**		
- Unsecured, considered good	95.74	107.57
	95.74	107.57
(e) **Prepaid expenses**		
- Unsecured, considered good	8.54	9.56
	8.54	9.56
(f) **Advances recoverable in cash or kind**		
- Considered doubtful	303.00	303.00
	303.00	303.00
Less : Provision for doubtful advances	(303.00)	(303.00)
	-	-
(g) Advance income tax (net of provisions Rs. 22,849.34 lacs (As at March 31, 2015 Rs. 22,849.50 lacs)) - Unsecured, considered good	644.60	773.73
Total	**862.17**	8,444.71

13 Other non-current assets

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) **Others**		
(i) Interest accrued on deposits	1.21	0.61
	1.21	**0.61**

14 Current Investments

(Rs. in Lacs)

Particulars	As at March 31, 2016 (Nos.)	As at March 31, 2016 (Rs. in Lacs)	As at March 31, 2015 (Nos.)	As at March 31, 2015 (Rs. in Lacs)
A. Current portion of long-term investments (valued at cost)				
(a) Investment in equity instruments (Refer note 32)				
Shares of Rs.10 each fully paid up in Max Neeman Medical International Limited	-	-	-	1,448.68
		-		1,448.68
Less: provision for diminution		-		(505.78)
Total-Current portion of long term investments (A)		-		**942.90**
B. Other current investments (valued at lower of cost and fair value)				
(a) Investment in equity instruments				
(i) of other entities				
Shares of Rs.2/- each fully paid up in ICICI Bank Limited	1,250	0.65	1,250	0.65
(b) Investment in mutual funds (Refer note 32)				
ICICI Prudential Money Market Fund- Face value Rs. 10/- per unit fully paid	-	-	9,523,687.00	18,401.45
Tata Money Market Fund - Direct Fund Growth-Face value Rs. 1000/- per unit fully paid	-	-	839,042.00	18,450.82
UTI Money Market Fund - Institutional Plan - Direct Fund Growth- Face value Rs. 1000/- per unit fully paid	1,590,732.38	26,997.00	907,042.00	14,200.59
Total-Other current investments (B)		**26,997.65**		**51,053.51**
Total-Current investments (A + B)		**26,997.65**		**51,996.41**
Aggregate amount of quoted investments (Market value: Rs. 2.96 Lacs) (As at March 31, 2015, Rs. 3.94 Lacs)		0.65		0.65
Aggregate amount of unquoted investments		26,997.00		51,995.76

15 Cash and cah equivalents

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
A. Cash and cash equivalents (Refer note 32)		
(a) Cash on hand	1.14	0.18
(b) Cheques on hand	1.06	-
(c) Balances with banks		
(i) In current accounts	65.33	35.70
(ii) In other deposit accounts		
original maturity of 3 months or less	-	1,125.00
Total - Cash and cash equivalents (As per AS 3 cash flow statement) (A)	67.53	1,160.88
B. Other bank balances (Refer note 32)		
(a) In earmarked accounts		
- Unpaid dividend accounts	231.99	200.47
(b) In other deposit accounts *		
- Original maturity for more than 3 months	7.58	5,007.58
Total - Other bank balances (B)	239.57	5,208.05
Total - Cash and cash equivalents (A+B)	307.10	6,368.93
* Balance with banks include deposits with remaining maturity of more than 12 months from the balance sheet dates	7.58	7.58

16 **Short term loans and advances**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Loans and advances to related parties (Refer note 32)		
- Unsecured, considered good	381.68	790.67
	381.68	790.67
(b) Loans and advances to employees		
- Unsecured, considered good	12.76	18.92
	12.76	18.92
(c) Prepaid expenses		
- Unsecured, considered good	126.42	95.80
	126.42	95.80
(d) Advances recoverable in cash or kind		
- Unsecured, considered good	27.27	11.11
	27.27	11.11
(e) Balances with statutory/government authorities		
- Unsecured, considered good	298.51	21.43
	298.51	21.43
Total	**846.64**	937.93

17 **Other current assets**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Accruals		
- Interest accrued on deposits	-	8.70
(b) Others		
(i) Option fee receivable (Refer note 32)	-	710.30
(ii) Contractually reimbursable expenses	559.05	1,319.89
	559.05	**2,038.89**

18 **Revenue from operations**

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
(a) Sale of services		
(i) Income from shared services	1,623.78	-
(b) Other operating revenue (Refer to note below)	18,447.35	58,177.99
Revenue from operations	**20,071.13**	58,177.99
Note :		
Other operating revenues comprises:		
(i) Dividend income on long term investments*	16,717.61	20,309.83
(ii) Interest income on		
- Inter corporate deposits	-	1,150.96
- Fixed deposits	20.07	92.49
(iii) Profit on sale of current investments	1,709.67	4,270.19
(iv) Profit on sale of non current investments in subsidiaries	-	29,641.47
(v) Option fees	-	2,713.05
Total - Other operating revenues	**18,447.35**	58,177.99

*During the year, the Company has recognised dividend income of Rs. 16,717.61 Lacs (March 31, 2015: Rs. 20,309.83 Lacs) of its share of interim dividend declared during the year and final dividend declared in the previous year by Max Life Insurance Company Ltd, Company's subsidiary.

19 Other Income

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
(a) Interest income		
(i) From loan to employees	4.50	5.23
(b) Other non operating income		
(i) Liabilities/provisions no longer required written back	1.81	103.47
(ii) Net Profit on sale/disposal of fixed assets	2.62	-
(iii) Profit on sale of business	-	163.72
(iv) Rental Income	42.00	15.57
	50.93	**287.99**

20 Employee benefit expenses

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Salaries and wages	2,495.12	3,926.13
Contribution to provident and other funds (Refer note 24)	137.95	311.41
Employee stock option scheme (Refer note 26)	565.30	987.58
Staff welfare expenses	67.16	76.49
	3,265.53	**5,301.61**

21 Other expenses

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Recruitment and training expenses	39.37	74.52
Rent including lease rentals	293.73	516.50
Insurance	29.09	52.82
Rates and taxes	3.63	8.72
Repairs and maintenance - Others	298.33	397.72
Electricity and water	47.39	66.03
Printing and stationery	43.51	58.84
Travelling and conveyance	424.93	651.37
Communication	91.76	86.53
Legal and professional (Refer note below)	2,670.65	2,724.74
Directors' fee	137.29	149.55
Sales promotion	172.43	98.63
Advertisement and publicity	207.35	174.28
Net loss on sale/disposal of fixed assets	-	16.38
Loss on sale of investments-long term	605.40	-
Provision for diminution in non current investments in subsidiary	-	505.78
Provision for doubtful advances in subsidiary	-	9.51
Fixed assets written off	-	131.22
Charity and donation	1.82	90.22
Net loss on foreign exchange fluctuation	0.13	0.08
Miscellaneous expenses	46.84	48.14
	5,113.65	**5,861.58**

Note : Payment to auditor (excluding service tax) (included in legal and professional)

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
To statutory auditor:		
For audit	15.00	15.00
For company law matters	-	9.00
For other services	-	6.00
Reimbursement of expenses	0.91	4.75
	15.91	**34.75**

22 **Additional information to the financial statements**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) **Contingent liabilities**		
i. Claims against the Company not acknowledged as debts (Refer to note (6 a))		
- Demand from custom authorities	407.12	395.95
- Demand raised by service tax authorities	213.00	213.00
- Demand raised by income tax authorities	159.04	159.04
- Penalty levied under section 271(1)(c) of the Income Tax Act, 1961	33.42	628.02
- Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (Refer to note e)		
- Litigation against the Company on Company Law matters (Refer to note c)		
ii. Guarantees		
- Corporate guarantee given to financial institutions / banks in respect of financial assistance availed by subsidiaries / joint venture of the Company. (Refer to note b)		
- Export-Import Bank of India (Refer to note 32)	-	2,100.00
- Infrastructure Development Finance Company Limited (Refer to note c)	-	8,080.00
(b) **Commitments**		
i. estimated amount of contracts remaining to be executed on capital account and not provided for:	-	7,320.00
Less: Capital advances	-	7,320.00
Net capital commitment	-	-

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

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

(e) The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company will buy back the stake held by Axis Bank Limited in Max Life. (Refer to note 33)

Note :

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

b. Guarantees given by the Company on behalf of subsidiaries/joint ventures are not considered as prejudicial to the interest of the Company as it provides opportunities for growth and increase in operations of subsidiaries/joint ventures.

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

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

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

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains of Rs. 47,493.09 Lacs realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 Lacs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs which included the demand of Rs. 24,368.00 Lacs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL.	High Court
4	2006-07	The capital gains of Rs. 41,153.88 Lacs realized from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled. The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	High Court
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

23 **Expenditure in Foreign Currency (on accrual basis)**

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Legal and professional	557.89	738.07
Others	75.66	99.48
Total	**633.55**	**837.55**

24 **Retirement benefit plans**

(i) **Defined contribution plans**

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

As of 31 March, 2016, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 33,513.81 lacs and Rs. 33,280.53 lacs respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of 7.72% and an average expected future period of 26.80 years

The Company recognised Rs. 71.04 lacs (Previous year Rs. 151.16 lacs) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at the rates specified in rules to the scheme.

(ii) **Defined benefit plans**

The Company makes annual contribution to the Max India Limited Employees Group Gratuity Fund of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company financial statements as at March 31, 2016:

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Components of employer expense		
Current service cost	33.86	67.46
Interest cost	16.59	28.27
Expected return on plan assets	(3.60)	(10.04)
Actuarial losses/(gains)	17.37	107.87
Settlement cost / (credit)	-	-
Total expense recognised in the Statement of Profit and Loss	**64.22**	**193.56**
Actual contribution and benefit payments for year		
Actual benefit payments	27.25	81.91
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	252.68	430.64
Fair value of plan assets	16.92	41.10
Net asset / (liability) recognised in the Balance Sheet	**(235.76)**	**(389.54)**
Net liability has been classified under:		
Long-term provisions	184.77	323.61
Short-term provisions	50.99	107.03
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	430.63	828.63
Adjustment on account of slump sale	-	(517.94)
Transfer of liability on account of demerger (Refer note. 34)	(217.99)	-
Current service cost	33.86	67.46
Interest cost	16.59	28.27
Actuarial loss/(gains)	16.83	106.11
Benefits paid	(27.25)	(81.90)
Present value of DBO at the end of the year	**252.68**	**430.63**

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Change in fair value of assets during the year		
Plan assets at beginning of the year	41.10	114.72
Acquisition adjustment	-	-
Expected return on plan assets	3.60	10.04
Actual company contributions		
Actuarial gain / (loss)	(0.54)	(1.76)
Benefits paid	(27.25)	(81.91)
Plan assets at the end of the year	**16.91**	**41.10**
Actual return on plan assets	**3.06**	**8.28**

(Rs. in Lacs)

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	7.40%	7.80%
Expected return on plan assets	8.35%	8.75%
Salary escalation	10.00%	10.00%
Retirement age	58 years	58 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%)		
All Ages	5% p.a.	5% p.a.
Estimate of amount of contribution in the immediate next year Rs.	50.99	107.03

Notes:

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

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

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

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

(Rs. in Lacs)

Particulars	Gratuity				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Present value of DBO	252.68	430.63	828.63	830.86	599.16
Fair value of plan assets	16.92	41.10	360.97	340.23	336.08
Funded status [Surplus / (Deficit)]	(235.76)	(389.53)	(467.66)	(490.63)	(263.08)
Experience gain / (loss) adjustments on plan liabilities	(14.69)	(74.40)	16.03	(71.23)	(10.44)
Experience gain / (loss) adjustments on plan assets	(0.54)	(1.76)	(1.70)	(1.56)	(0.86)

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

	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Basic EPS		
Profit attributable to shareholders (Rs. in Lacs)	11,520.51	39,093.65
Weighted average number of equity shares outstanding during the year (Nos.)	266,800,977	266,402,847
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**4.32**	**14.67**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding	2,769,196	1,809,165
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,570,173	268,212,012
Diluted Earnings Per Share (Rs.)	**4.27**	**14.58**

26 Employee Stock Option Plan

26.1 Employee Stock Option Plan - 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved the shareholders in Annual General Meeting held on September 30, 2014, the Option Price will be determined by the Nomination and Remuneration Committee, from time to time, in accordance with the provisions of applicable law, provided that the Option Price shall not be below the face value of the equity shares of the Company.

Particulars	March 31, 2016		March 31, 2015	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Option outstanding at the begining of the year	3,039,166	2.00	1,072,282	2.00
Granted during the year	99,620	2.00	469,400	2.00
Granted during the year	-	-	1,773,000	394.00
Forfeited during the year	(154,000)	2.00	-	-
Exercised during the year	(481,226)	2.00	(275,516)	2.00
Outstanding at the end of the year	2,503,560	279.61	3,039,166	230.69
Exercisable at the end of the year	5,000	2.00	167,000	2.00

For the period, the weighted average share price at the exercise date was Rs. 540.68 (March 31, 2015: Rs. 286.78)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 1.69 years (March 31, 2015: 3.51 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 394.00 (March 31, 2015: 2.00 to 394.00).

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

Particulars	March 31, 2016	March 31, 2015			
Date of option granted	18-Aug-15	1-Apr-14	19-Aug-14	12-Dec-14	27-Mar-15
Stock Price Now (in Rupees)	564.15	208.05	315.00	399.45	444.85
Exercise Price (X) (in Rupees)	2.00	2.00	2.00	394.00	2.00
Expected Volatility (Standard Dev - Annual)	38.49%	41.82%	41.82%	41.82%	41.82%
Life of the options granted (Vesting and exercise period) in years	3.00-7.00	9.50	9.12	8.81	8.52
Expected Dividend	0%	0%	0%	0%	0%
Average Risk- Free Interest Rate	7.98%-8.13%	9.19%	8.73%	7.89%	7.81%
Weighted average fair value of options granted	562.58 - 563.02	207.22	314.10	258.34	443.82

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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

Particulars	For the year ended, March 31, 2016	For the year ended, March 31, 2015
Net Profit as reported (Rs. in Lacs)	11,520.51	39,093.65
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	565.30	987.58
Less: Employee stock compensation under fair value method (Rs. in Lacs)	(1,569.12)	(1,257.61)
Performa profit (Rs. in Lacs)	10,516.69	38,823.62
Earnings Per Share (Rupees)		
Basic		
- As reported	4.32	14.67
- Performa	3.94	14.57
Diluted		
- As reported	4.27	6.93
- Performa	3.90	6.93

27 **Lease**

Operating lease: Company as lessor

The company has entered into operating lease arrangements for certian facilities and office premises. Rent expense of Rs. 1,135.45 lacs (Previous year Rs. 1,110.48 lacs) in respect of obligation under non-cancellable operating leases and cancellable operating lease has been charged to the Statement of Profit and Loss.

The of total of future minimum lease payments under non-cancellable leases are as follows:

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Not later than one year	-	37.38
Later than one year and not later than five year	-	59.18
Later than five year	-	-
	-	**96.56**

28 **Interest in a joint venture**

The Company's share in assets, liabilities, income and expenses of the jointly controlled entity based on the audited financial statements for the year ended 31 March, 2016 is as follows:

(Rs. in Lacs)

	As at March 31, 2016	As at March 31, 2015
Current assets	-	17,589.28
Non current assets	-	49,146.81
Current liabilities	-	(12,649.66)
Non Current liabilities	-	(15,581.91)
Cosolidation adjustment	-	(22,462.65)
Equity	-	**16,041.87**
Revenue	-	22,894.48
Cost of material consumed	-	(6,799.05)
Depreciation	-	(1,520.89)
Employee benefit expenses	-	(4,683.43)
Other Expenses	-	(10,664.54)
(Loss) before tax	-	(773.43)
Tax expense	-	-
(Loss) after tax	-	**(773.43)**

29 **Segment Reporting**

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

30 Related parties disclosures

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

Subsidiary companies	1	Max Life Insurance Company Limited
Names of other related parties with whom transactions have taken place during the year		
Key Management Personnel (KMP)	1	Mr. Rahul Khosla (Managing Director) - upto January 14, 2016
	2	Mr. Mohit Talwar (Managing Director) - w.e.f. January 15, 2016
	3	Mrs. Sujatha Ratnam (Chief Financial Officer) - w.e.f. June 01, 2015
	4	Mr. Rahul Ahuja (Chief Financial Officer) - upto May 31, 2015*
	5	Mr. V Krishnan (Company Secretary) - upto February 29, 2016*
Enterprises owned or significantly influenced by key management personnel or their relatives	1	Max India Limited
	2	Max Bupa Health Insurance Company Limited
	3	Antara Purukul Senionr Living Limited
	4	Max Speciality Films Limited
	5	Max Venture and Industries Limited
	6	Pharmax Corporation Limited
	7	Max UK Limited
	8	Max Healthcare Institute Limited
	9	New Delhi House Services Limited
	10	Delhi Guest House Private Limited
Employee benefit funds	1	Max India Ltd. Employees' Provident Fund Trust
Relatives of Key Management Personnel	1	Mr. Veer Singh

* Mr Rahul Ahuja and Mr V Krishnan were Key Managerial Personnel of the Company for part of the financial year 2015-16. Subsequent to the Scheme of Arrangement becoming effective on January 15, 2016, their remuneration has been charged to Max India Limited with effect from the appointed date i.e April 1, 2015.

30.1 Transactions with related parties during the year:

(Rs. in Lacs)

Particulars	Subsidiaries	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
	2016	2016	2016	2016	2016	2016	2016
Reimbursement of expenses (Received from)							
Max Life Insurance Company Limited	26.87	-	-	-	-	-	26.87
	(769.24)	-	-	-	-	-	*(769.24)*
Max Healthcare Institute Limited	-	-	-	-	26.71	-	26.71
	(8.40)	*(6.40)*	-	-	-	-	*(14.81)*
Pharmax Corporation Limited	-	-	-	-	-	-	-
	(99.00)	-	-	-	-	-	*(99.00)*
Max Bupa Health Insurance Company Limited	-	-	-	-	23.45	-	23.45
	(13.19)	-	-	-	-	-	*(13.19)*
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(9.57)	-	-	-	-	-	*(9.57)*
Antara Senior Living Limited	-	-	-	-	-	-	-
	(3.33)	-	-	-	-	-	*(3.33)*
Antara Purukul Senior Living Limited	-	-	-	-	7.53	-	7.53
	(405.62)	-	-	-	-	-	*(405.62)*
Max Speciality Films Limited	-	-	-	-	5.97	-	5.97
	(11.80)	-	-	-	-	-	*(11.80)*
Rahul Khosla	-	-	33.25	-	-	-	33.25
	-	-	*(23.73)*	-	-	-	*(23.73)*
New Delhi House Services Limited	-	-	-	-	-	-	-
	-	-	-	-	*(12.28)*	-	*(12.28)*
Piveta Estates Private Limited	-	-	-	-	-	-	-
	-	-	-	-	*(0.49)*	-	*(0.49)*
Max India Limited	-	-	-	-	744.72	-	744.72
	-	-	-	-	-	-	-
Max Venture and Industries Limited	-	-	-	-	3.50	-	3.50
	-	-	-	-	-	-	-
Siva Realty Ventures Private Limited	-	-	-	-	-	-	-
	-	-	-	-	*(0.24)*	-	*(0.24)*
Income from shared services							
Max India Limited	-	-	-	-	742.00	-	742.00

(Rs. in Lacs)

Particulars	Subsidiaries	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
	2016	2016	2016	2016	2016	2016	2016
	-	-	-	-	-	-	-
Max Life Insurance Company Limited	484.00	-	-	-	-	-	484.00
	-	-	-	-	-	-	-
Max Healthcare Institute Limited	-	-	-	-	223.00	-	223.00
	-	-	-	-	-	-	-
Max Venture and Industries Limited	-	-	-	-	90.00	-	90.00
	-	-	-	-	-	-	-
Reimbursement of expenses (Paid to)							
Pharmax Corporation Limited	-	-	-	-	-	-	-
	(108.66)	-	-	-	-	-	*(108.66)*
Max UK Limited	-	-	-	-	-	-	-
	(164.59)	-	-	-	-	-	*(164.59)*
Max India Limited	-	-	-	-	1,609.96	-	1,609.96
	-	-	-	-	-	-	-
Max Life Insurance Company Limited	4.59	-	-	-	-	-	4.59
	(4.64)	-	-	-	-	-	*(4.64)*
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(0.68)	-	-	-	-	-	*(0.68)*
New Delhi House Services Limited	-	-	-	-	8.45	-	8.45
	-	-	-	-	(27.46)	-	(27.46)
Delhi Guest House Private Limited	-	-	-	-	40.34	-	40.34
	-	-	-	-	(44.04)	-	(44.04)
Services Received							
Healthcare Services							
Max Healthcare Institute Limited	-	-	-	-	-	-	-
	(0.02)	-	-	-	-	-	*(0.02)*
Insurance related							
Max Life Insurance Company Limited	14.84	-	-	-	-	-	14.84
	(13.68)	-	-	-	-	-	*(13.68)*
Rent paid							
Pharmax Corporation Limited	-	-	-	-	41.58	-	41.58
	(132.07)	-	-	-	-	-	*(132.07)*
Alps Hospital Limited	-	-	-	-	-	-	-
	(1.50)	*(0.95)*	-	-	-	-	*(1.50)*
Veer Singh	-	-	-	-	-	-	-
	-	-	-	*(72.60)*	-	-	*(72.60)*
Delhi Guest House Private Limited	-	-	-	-	247.25	-	247.25
	-	-	-	-	*(204.12)*	-	*(204.12)*
Lakeview Enterprises	-	-	-	-	-	-	-
	-	-	-	-	*(43.56)*	-	*(43.56)*
Repair and maintenance							
New Delhi House Services Limited	-	-	-	-	121.98	-	121.98
	-	-	-	-	*(163.92)*	-	*(163.92)*
Managerial remuneration	-	-	-	-	-	-	
Rahul Khosla	-	-	2,214.29	-	-	-	2,214.29
	-	-	*(1,821.61)*	-	-	-	*(1,821.61)*
Mohit Talwar	-	-	871.39	-	-	-	871.39
	-	-	*(799.72)*	-	-	-	*(799.72)*
Sujatha Ratnam	-	-	161.42	-	-	-	161.42
	-	-	-	-	-	-	-
Rahul Ahuja	-	-	-	-	-	-	-
	-	-	*(164.49)*	-	-	-	*(164.49)*
V Krishnan	-	-	-	-	-	-	-
	-	-	*(79.78)*	-	-	-	*(79.78)*
Donation paid							
Max India Foundation	-	-	-	-	-	-	-
	-	-	-	-	*(85.00)*	-	*(85.00)*
Company's contribution to Provident Fund Trust	-	-	-	-	-	71.04	71.04
	-	-	-	-	-	*(150.16)*	*(150.16)*
Provision for diminution							
Max Ateev Limited	-	-	-	-	-	-	-

(Rs. in Lacs)

Particulars	Subsidiaries	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
	2016	2016	2016	2016	2016	2016	2016
	(1.15)	-	-	-	-	-	(1.15)
Max Skill First Limited	-	-	-	-	-	-	-
	(8.36)	-	-	-	-	-	(8.36)
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(505.78)	-	-	-	-	-	(505.78)
Written back of provision for diminution							
Neeman Medical International NV	-	-	-	-	-	-	-
	(97.20)	-	-	-	-	-	(97.20)
Loans given							
Max Skill First Limited	-	-	-	-	-	-	-
	(8.36)	-	-	-	-	-	(8.36)
Max Healthcare Institute Limited.	-	-	-	-	-	-	-
	(1,500.00)	-	-	-	-	-	(1,500.00)
Alps Hospitals Ltd	-	-	-	-	-	-	-
	(175.67)	-	-	-	-	-	(175.67)
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(976.00)	-	-	-	-	-	(976.00)
Max Speciality Films Limited	-	-	-	-	-	-	-
	(11,000.00)	-	-	-	-	-	(11,000.00)
Max Ateev Limited	-	-	-	-	-	-	-
	(1.15)	-	-	-	-	-	(1.15)
Loans received back							
Max Healthcare Institute Limited	-	-	-	-	-	-	-
	(3,001.33)	-	-	-	-	-	(3,001.33)
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(976.00)	-	-	-	-	-	(976.00)
Alps Hospitals Limited	-	-	-	-	-	-	-
	-	(975.67)	-	-	-	-	(975.67)
Max Speciality Films Limited	-	-	-	-	-	-	-
	(12,949.94)	-	-	-	-	-	(12,949.94)
Security deposit given							
Delhi Guest House Private Limited	-	-	-	-	12.00	-	12.00
	-	-	-	-	(18.00)	-	(18.00)
Dividend income							
Max Life Insurance Company Limited	16,717.61	-	-	-	-	-	16,717.61
	(20,309.83)	-	-	-	-	-	(20,309.83)
Interest income							
Max Healthcare Institute Limited	-	-	-	-	-	-	-
	(114.97)	-	-	-	-	-	(114.97)
Alps Hospitals Limited	-	-	-	-	-	-	-
	(72.58)	(39.78)	-	-	-	-	(112.36)
Max Speciality Films Limited	-	-	-	-	-	-	-
	(812.58)	-	-	-	-	-	(812.58)
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(111.05)	-	-	-	-	-	(111.05)
Investments made							
Capricorn Ventures Limited	-	-	-	-	-	-	-
	(5.00)	-	-	-	-	-	(5.00)
Taurus Ventures Limited	-	-	-	-	-	-	-
	(5.00)	-	-	-	-	-	(5.00)
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(1,032.00)	-	-	-	-	-	(1,032.00)
Max Skill First Limited	-	-	-	-	-	-	-
	(255.00)	-	-	-	-	-	(255.00)
Max Speciality Films Limited	-	-	-	-	-	-	-
	(16,700.00)	-	-	-	-	-	(16,700.00)
Max Bupa Health Insurance Company Limited	-	-	-	-	-	-	-
	(8,991.00)	-	-	-	-	-	(8,991.00)
Share application money given							
Max Skill First Limited	-	-	-	-	-	-	-
	(150.00)	-	-	-	-	-	(150.00)

(Rs. in Lacs)

Particulars	Subsidiaries	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
	2016	2016	2016	2016	2016	2016	2016
Share application money converted into equity							
Antara Senior Living Limited	-	-	-	-	-	-	-
	(565.00)	-	-	-	-	-	(565.00)
Investments sold							
Max Life Insurance Company Limited	8,261.46	-	-	-	-	-	8,261.46
	-	-	-	-	-	-	-
Max Healthcare Institute Limited.	-	-	-	-	-	-	-
	(8,696.62)	-	-	-	-	-	(8,696.62)
Balance outstanding as at the year end							
Corporate guarantee given							
Max Healthcare Institute Limited	-	-	-	-	-	-	-
	-	(2,100.00)	-	-	-	-	(2,100.00)
Antara Purukul Senior Living Limited	-	-	-	-	-	-	-
	(8,080.00)	-	-	-	-	-	(8,080.00)
Loans and Advances Given							
Max Ateev Limited	-	-	-	-	-	-	-
	(692.48)	-	-	-	-	-	(692.48)
Max Life Insurance Company Limited	590.29	-	-	-	-	-	590.29
	(820.06)	-	-	-	-	-	(820.06)
Max Healthcare Institute Limited	-	-	-	-	239.22	-	239.22
	-	(3.29)	-	-	-	-	(3.29)
Pharmax Corporation Limited	-	-	-	-	36.24	-	36.24
	(222.13)	-	-	-	-	-	(222.13)
Max Bupa Health Insurance Company Limited	-	-	-	-	6.23	-	6.23
	(1.77)	-	-	-	-	-	(1.77)
Max Skill First Limited	-	-	-	-	-	-	-
	(2,066.34)	-	-	-	-	-	(2,066.34)
Antara Senior Living Limited	-	-	-	-	-	-	-
	(20.46)	-	-	-	-	-	(20.46)
Antara Purukul Senior Living Limited	-	-	-	-	3.76	-	3.76
	(413.67)	-	-	-	-	-	(413.67)
Max Speciality Films Limited	-	-	-	-	3.17	-	3.17
	(599.98)	-	-	-	-	-	(599.98)
Max Venture and Industries Limited	-	-	-	-	98.06	-	98.06
	-	-	-	-	-	-	-
Delhi Guest House Private Limited	-	-	-	-	66.00	-	66.00
	-	-	-	-	(54.00)	-	(54.00)
Veer Singh	-	-	-	-	-	-	-
	-	-	-	(30.00)	-	-	(30.00)
Lakeview Enterprises	-	-	-	-	-	-	-
	-	-	-	-	(18.00)	-	(18.00)
Provision made against above	-	-	-	-	-	-	
Max Ateev Limited	-	-	-	-	-	-	-
	(692.48)	-	-	-	-	-	(692.48)
Max Skill First Limited	-	-	-	-	-	-	-
	(1,916.34)	-	-	-	-	-	(1,916.34)
Amount Payable							
New Delhi House Services Limited	-	-	-	-	-	-	-
	-	-	-	-	(14.98)	-	(14.98)
Max India Limited	-	-	-	-	195.95	-	195.95
	-	-	-	-	-	-	-
Alps Hospital Ltd	-	-	-	-	-	-	-
	-	(0.60)	-	-	-	-	(0.60)
Max UK Limited	-	-	-	-	-	-	-
	(74.02)	-	-	-	-	-	(74.02)
Investment in equity share capital							
Max Ateev Limited	-	-	-	-	-	-	-
	(3,144.36)	-	-	-	-	-	(3,144.36)
Max Life Insurance Company Limited	140,825.75	-	-	-	-	-	140,825.75
	(149,087.21)	-	-	-	-	-	(149,087.21)
Max Healthcare Institute Limited.	-	-	-	-	-	-	-

(Rs. in Lacs)

Particulars	Subsidiaries	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Employee Benefit Fund	Total
	2016	2016	2016	2016	2016	2016	2016
	-	*(34,412.68)*	-	-	-	-	*(34,412.68)*
Max Bupa Health Insurance Company Limited	-	-	-	-	-	-	-
	(58,497.02)	-	-	-	-	-	*(58,497.02)*
Antara Senior Living Limited	-	-	-	-	-	-	-
	(800.00)	-	-	-	-	-	*(800.00)*
Pharmax Corporation Limited	-	-	-	-	-	-	-
	(1,420.81)	-	-	-	-	-	*(1,420.81)*
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(1,448.68)	-	-	-	-	-	*(1,448.68)*
Max Speciality Films Limited	-	-	-	-	-	-	-
	(16,704.95)	-	-	-	-	-	*(16,704.95)*
Max Skill First Limited	-	-	-	-	-	-	-
	(702.87)	-	-	-	-	-	*(702.87)*
Capricorn Ventures Limited	-	-	-	-	-	-	-
	(5.00)	-	-	-	-	-	*(5.00)*
Taurus Ventures Limited	-	-	-	-	-	-	-
	(5.00)	-	-	-	-	-	*(5.00)*
Max UK Limited	-	-	-	-	-	-	-
	(213.00)	-	-	-	-	-	*(213.00)*
Provision made against above							
Max Ateev Limited	-	-	-	-	-	-	-
	(3,144.36)	-	-	-	-	-	*(3,144.36)*
Max Skill First Limited	-	-	-	-	-	-	-
	(447.87)	-	-	-	-	-	*(447.87)*
Max Neeman Medical International Limited	-	-	-	-	-	-	-
	(505.78)	-	-	-	-	-	*(505.78)*
Max UK Limited	-	-	-	-	-	-	-
	(213.00)	-	-	-	-	-	*(213.00)*
Investment in Preference Share Capital							
Antara Senior Living Limited	-	-	-	-	-	-	-
	(14,471.42)	-	-	-	-	-	*(14,471.42)*
Pharmax Corporation Limited	-	-	-	-	-	-	-
	(1,500.00)	-	-	-	-	-	*(1,500.00)*

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

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

a) Particulars of Loans given:

(Rs. in Lacs)

Sr. No.	Name of the Loanee	Opening Balance as on 01.04.2015	Loan given during the year	Loan repaid during the year	Transferred to Max*	Transferred to MVIL*	Outstanding Balance as on 31.03.16	Purpose
1	Max Speciality Films Limited	550.06	-	-	-	550.06	-	Investment in the Business Undertaking
		550.06	**-**	**-**	**-**	**550.06**	**-**	

b) Particulars of Guarantee given:

(Rs. in Lacs)

Sr. No.	Name of the Loanee	Opening Balance as on 01.04.2015	Loan given during the year	Loan repaid during the year	Transferred to MAX*	Transferred to MVIL*	Outstanding Balance as on 31.03.16	Purpose
1	Max Healthcare Institute Limited	2,100.00	-	-	2,100.00	-	-	Collateral security for term loan for Project
2	Antara Purukul Senior Livings Limited	8,080.00	27,700.00	8,080.00	27,700.00	-	-	Collateral security for term loan for Project
		10,180.00	**27,700.00**	**8,080.00**	**29,800.00**	**-**	**-**	

Note: The above amounts are outstanding balances with term lenders against the total guarantee given for the respective companies

c) **Particulars of Investments made:**

(Rs. in Lacs)

Sr. No.	Name of the Loanee	Opening Balance as on 01.04.2015	Investment made	Investment redeemed/ extinguished	Transferred to MAX*	Transferred to MVIL*	Outstanding Balance as on 31.03.16	Purpose
	Investment in Equity Share Capital							
1	Max Ateev Limited	3,144.36	-	-	3,144.36	-	-	Strategic investment
2	Max Life Insurance Company Limited	149,087.21	-	8,261.46	-	-	140,825.75	Strategic investment
3	Max Healthcare Institute Limited.	34,412.68	-	-	34,412.68	-	-	Strategic investment
4	Max Bupa Health Insurance Company Limited	58,497.02	-	-	58,497.02	-	-	Strategic investment
5	Antara Senior Living Limited	800.00	-	-	800.00	-	-	Strategic investment
6	Pharmax Corporation Limited	1,420.81	-	-	1,420.81	-	-	Strategic investment
7	Max Neeman Medical International Limited	1,448.68	-	-	1,448.68	-	-	Strategic investment
8	Max Speciality Films Limited	16,704.95	-	-		16,704.95	-	Strategic investment
9	Max Healthstaff International Limited	702.87	-	-	702.87	-	-	Strategic investment
10	Max Venture and Industries Limited (formerly known as Capricorn Ventures Limited)	5.00	-	-		5.00	-	Strategic investment
11	Max India Limited (formerly known as Taurus Ventures Limited)	5.00	-	-	5.00	-	-	Strategic investment
12	Neeman Medical International BV	-	-	-	-	-	-	Strategic investment
13	Max UK Limited	213.00	-	-	213.00	-	-	Strategic investment
	Investment in Preference Share Capital							
1	Antara Senior Living Limited	14,471.42	-	-	14,471.42	-	-	Strategic investment
2	Pharmax Corporation Limited	1,500.00	-	-	1,500.00	-	-	Strategic investment
		282,413.00	**-**	**8,261.46**	**116,615.84**	**16,709.95**	**140,825.75**	

* Refer note 32

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

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

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

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

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

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

(Rs. in Lacs)

Particulars	MAX Amount (In Lacs)	MVIL Amount (In Lacs)	TOTAL Amount (In Lacs)
Assets transferred			
Non-current assets			
Fixed assets	225.45	54.46	279.91
Business investments	111,356.92	16,704.95	128,061.87
Loans and advances	7,404.51	48.00	7,452.51
Current assets			
Current investments	37,795.17	-	37,795.17
Cash and bank balance	5,154.04	1,000.20	6,154.24
Loans and advances	241.48	599.98	841.46
Other current assets	1,227.73	-	1,227.73
Sub-total (A)	**163,405.30**	**18,407.59**	**181,812.89**
Liabilities assumed			
Non-current liabilities			
Long-term provisions	157.43	0.66	158.09
Current liabilities			
Trade payables	372.64	8.19	380.83
Other current liabilites	202.99	4.12	207.11
Short-term provisions	217.12	2.87	219.99
Sub-total (B)	**950.18**	**15.84**	**966.02**
Net assets transferred (A-B)	**162,455.12**	**18,391.75**	**180,846.87**
Utilisation of reserve as per the demerger scheme			
Capital reserve			50.00
ESOP Reserve			217.54
Security premium			180,579.33

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

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

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

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

34. Current tax includes Rs. Nil (previous year Rs. 1,690.44 lacs) on account of reversal of MAT credit in absence of virtual certainty to realise the same in near future.

35. 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 Systematically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated July 1, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.
36. The management is in the process of appointing a full time Company secretary (who had resigned on February 29, 2016) and accordingly the financial statements are signed by two Directors on behalf of the Board and the Chief Financial Officer.
37. Consequent to the Scheme of Demerger effective from 1st April 2015, the figures for the year ended March 31, 2016 are not comparable with the corresponding figures disclosed under previous year ended March 31, 2015. The previous year's figures have been regrouped / reclassified, wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Mohit Talwar	**D.K. Mittal**
(Managing Director)	(Director)
DIN - 02394694	DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

MAX FINANCIAL SERVICES LIMITED

(FORMERLY KNOWN AS MAX INDIA LIMITED)

CONSOLIDATED

MAX

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Max Financial Services Limited (Formerly known as 'MAX INDIA LIMITED') (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31 March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

The auditors of Max Life Insurance Company Limited ('MLIC'), subsidiary Company have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March, 2016 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March, 2016 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in the Financial Statements of MLIC.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company incorporated in India is disqualified as on 31 March, 2016 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 Report in "ANNEXURE A", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and its subsidiary company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 (a) to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 35 (c) to the consolidated financial statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India. Refer Note 35 (d) to the consolidated financial statements.

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

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 30 May, 2016

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2016, we have audited the internal financial controls over financial reporting of Max Financial Services Limited (Formerly known as 'MAX INDIA LIMITED') (hereinafter referred to as "the Holding Company") and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company incorporated in India 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company which is incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Gurgaon
Date: 30 May, 2016

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2016

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
A. Equity and liabilities			
1. Shareholders' funds			
(a) Share capital	3	**5,339.68**	5,330.06
(b) Reserves and surplus	4	**191,162.30**	324,871.55
		196,501.98	**330,201.61**
2. Minority interest		**70,256.72**	**61,706.37**
3. Non-current liabilities			
(a) Long-term borrowings	5		40,304.56
(b) Deferred tax liabilities (net)	6	-	533.52
(c) Trade payables	7	**6,346.75**	7,379.78
(d) Other long-term liabilities	7	**627.01**	8,771.14
(e) Long-term provisions	8	**5,636.63**	5,400.22
(f) Long-term policyholders' funds	9	**2,947,821.00**	2,505,860.54
(g) Funds for future appropriations - participating policies		**145,628.30**	132,785.70
		3,106,059.69	**2,701,035.46**
4. Current liabilities			
(a) Short-term borrowings	10	-	11,471.38
(b) Trade payables	11		
i. total outstanding dues of micro enterprises and small enterprises		-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		**66,591.22**	90,721.08
(c) Other current liabilities	12	**64,160.26**	53,928.04
(d) Short-term provisions	13	**9,340.21**	26,437.49
(e) Short-term policyholders' funds	14	**301,713.93**	274,794.74
		441,805.62	457,352.73
TOTAL		**3,814,624.00**	**3,550,296.17**
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	15	**6,106.71**	76,571.51
(ii) Intangible assets		**7,810.28**	6,222.61
(iii) Capital work-in-progress		**3,708.21**	3,365.56
(iv) Intangible assets under development		-	536.72
(b) Goodwill on consolidation		**20,944.67**	37,187.54
(c) Non-current investments	16	**3,369,383.57**	2,916,411.33
(d) Long-term loans and advances	17	**12,390.62**	34,165.52
(e) Trade receivables	18	-	1,793.67
(f) Other non-current assets	19	**1,661.53**	2,023.05
		3,422,005.59	3,078,277.51

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
2. Current assets			
(a) Current investments	20	**240,697.84**	285,071.81
(b) Inventories	21	-	~~17,920.01~~
(c) Trade receivables	22	**51,540.44**	69,342.48
(d) Cash and cash equivelants	23	**33,570.10**	31,927.92
(e) Short-term loans and advances	24	**21,877.07**	27,586.56
(f) Other current assets	25	**44,932.96**	40,169.88
		392,618.41	472,018.66
TOTAL		**3,814,624.00**	**3,550,296.17**

See accompanying notes forming part of the consolidated financial statements 1 to 49

In terms of our report attatched

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Partner

Place : Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2016

(Rs. in Lacs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
1. Income			
(a) Revenue from operations (gross)	26	**1,169,614.01**	1,487,743.47
Less: excise duty		-	6,208.16
(b) Revenue from operations (net)		**1,169,614.01**	1,481,535.31
(c) Other income	27	**1,573.17**	6,124.19
2. Total revenue		**1,171,187.18**	**1,487,659.50**
3. Expenses			
(a) Cost of raw materials consumed	28	-	51,460.75
(b) Purchase of pharmacy and pharmaceuticals supplies		-	26,938.38
(c) Changes in inventories of work-in-progress, finished goods and stock-in-trade	29	-	(353.56)
(d) Change in policy reserves	30	**481,692.87**	645,743.39
(e) Employee benefits expense	31	**65,034.40**	100,991.97
(f) Finance costs	32	**765.69**	8,212.64
(g) Depreciation and amortisation	15	**6,046.96**	15,379.87
(h) Other expenses	33	**571,144.89**	588,040.24
4. Total expenses		**1,124,684.81**	**1,436,413.68**
5. Profit before tax (2 - 4)		**46,502.37**	51,245.82
6. Tax expense			
(a) Current tax		**7,183.35**	15,689.83
(b) Deferred tax		-	(935.36)
		7,183.35	**14,754.47**
7. Profit after tax		**39,319.02**	**36,491.35**
Less: Share of Profit attributable to minority interest		**(14,045.33)**	**(8,528.96)**
Profit for the year arrtibutable to the shareholders of the company		**25,273.69**	**27,962.39**
Earnings per equity share	36		
Basic (Rs.)		**9.47**	**10.50**
Diluted (Rs.)		**9.38**	**10.43**
See accompanying notes forming part of the consolidated financial statements	1 to 49		

In terms of our report attatched

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Partner

Place : Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

(Rs. in Lacs)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Cash flow from operating activities			
Net Profit before tax		**46,502.37**	51,245.82
Adjustments for:			
Depreciation and amortisation expense		6,046.96	15,379.87
Interest expense		-	6,817.00
Interest income		(182,919.47)	(154,526.36)
Option fees		-	(2,713.04)
Amortisation of discount/(premium) on investments		(1,890.88)	(5,223.97)
Dividend income from investments		(13,814.71)	(11,761.59)
Net (profit) / loss on sale of fixed assets		0.18	86.90
Net (profit) / loss on sale of investments		(55,975.39)	(248,212.08)
Unrealised (gain) / loss on investments		102,014.14	(56,393.62)
Fixed assets written off		50.06	136.66
Inventory written off		-	274.81
Doubtful advances written off		163.62	273.48
Provision for doubtful debts and advances		236.58	750.10
Goodwill written off		-	3,370.09
Liabilities/provisions no longer required written back		(1.81)	(525.87)
Employee stock option expense		3,245.15	4,499.45
Construction work in progress written off		-	6,295.85
Unrealised foreign exchange (gain) / loss		6.40	122.46
Change in policyholder reserves		481,722.24	644,313.67
Change in reserves for unexpired risk		-	3,763.85
Operating profit before working capital changes		**385,385.44**	257,973.48
Charges in working capital :			
Adjustments for increase/(decrease) in operating liabilities:			
Long-term trade payables		(1,033.03)	1,098.73
Short-term trade payables		(2,951.45)	3,819.96
Long-term provisions		1,424.62	1,380.00
Short-term provisions		324.14	354.73
Other current liabilities		16,041.05	917.47
Other long-term liabilities		112.20	4,912.91
		13,917.53	12,483.80
Adjustments for (increase)/decrease in operating assets:			
Long-term trade receivables		-	2,364.96
Short-term trade receivables		(12,421.53)	(4,153.90)
Inventories		-	(1,254.88)
Long-term loans and advances		(815.34)	9,944.43
Short-term loans and advances		1,364.75	(8,689.19)
Other current assets		252.11	483.85
		(11,620.01)	(1,304.73)
Cash generated from/(used in) operations		**387,682.96**	269,152.55
Net income tax (paid)/refunds		(7,476.14)	(11,214.67)
Net cash flow from operating activities	(A)	**380,206.82**	**257,937.88**
Cash flow from investing activities			
Capital expenditure on fixed assets including capital advances		(8,873.36)	(32,653.64)
Proceeds from sale of fixed assets		108.57	470.03
Proceeds from sale of non- current investments in subsidiary		7,656.06	38,338.09

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016

(Rs. in Lacs)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Purchase of investments		(26,929,025.12)	(17,750,107.11)
Proceeds from sale of investments		26,385,857.07	17,336,173.13
Gain on dilution of controlling interest		-	16,894.28
Redemption in deposits (having original maturity of more than three months) and margin money		(31.52)	(4,500.97)
Option fee received		-	2,529.65
Interest received		194,004.43	149,974.29
Dividend received		-	11,761.59
Net cash flow from /(used in) investing activities	**(B)**	**(350,303.87)**	**(231,120.66)**
Cash flow from financing activities			
Issue of shares by subsidiary to minority		-	44,058.00
ESOPs exercised		9.62	5.51
Buy Back from Minority shareholders		-	(16,592.58)
Redemption of cumulative preference shares		-	(14,343.00)
Proceeds from long -term borrowings		-	44,197.46
Repayment of long -term borrowings		-	(49,875.24)
Net proceeds from short -term borrowings		-	(10,144.88)
Interest paid		-	(6,858.75)
Dividend paid on equity shares		(7,470.56)	(15,456.53)
Dividend paid to minority shareholders		(6,500.02)	(8,277.13)
Tax on equity dividend paid		(4,726.57)	(5,472.77)
Net cash flow from /(used in) financing activities	**(C)**	**(18,692.23)**	(38,759.91)
Net Increase/(decrease) in cash and cash equivalents	(A + B + C)	**11,210.72**	(11,942.69)
Cash and cash equivalents at the beginning of the year		**25,958.99**	37,901.68
Cash and cash equivalents at the end of the year		**33,330.53**	25,958.99

Components of cash and cash equivalent

	As at March 31, 2016	As at March 31, 2015
Cash on hand	**833.93**	952.43
Cheques/drafts on hand	**4,620.62**	5,322.37
Balance with banks		
On current account	**27,642.31**	18,451.70
Deposits with original maturity of less than three months	-	1,125.00
Stamps on hand	**233.67**	107.49
Total cash and cash equivalents	**33,330.53**	25,958.99

See accompanying notes forming part of the consolidated financial statements

In terms of our report attatched

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Partner

Place : Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

1. **Corporate Information**

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

The name of the Company has been changed from Max India Limited to Max Financial Services Limited with effect from Februray 1, 2016.

Max Life Insurance Company Limited (‘the Subsidairy Company’) was incorporated on July 11, 2000 as a public limited company under the Companies Act, 1956 to undertake and carry on the business of life insurance and annuity. The Subsidiary Company obtained a license from the Insurance Regulatory and Development Authority of India (‘IRDAI’) for carrying on life insurance business on November 15, 2000. The license has been renewed regularly and is in force as at March 31, 2016. The Subsidiary Company offers a range of participating, non participating and linked products covering life insurance, pension and health benefits including riders for individual and group segments. These products are distributed by individual agents, corporate agents, banks, brokers and other channels.

2. **Summary of significant accounting policies**

2.1 Basis of preparation

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

The Board of Directors of the Company at its meeting held on January 27, 2015 have approved a Scheme of Arrangement to vertically split the Company through a Scheme of demerger (‘Scheme’), into three separate listed companies. The existing company, Max India Limited, has been renamed as ‘Max Financial Services Limited’ and will focus on the group’s life insurance business. The second vertical, has been named as Max India Limited ('MIL')(formerly known as 'Taurus Ventures Limited'), which will manage investments in the high growth potential Health and Allied businesses, primarily comprising of Max Healthcare Institute Ltd, Max Bupa Health Insurance Co. Limited, Antara Senior Living Limited. The third vertical shall house the investment activity in the group’s manufacturing business, Max Speciality Films Limited, and has been renamed Max Ventures and Industries Limited ('MVIL')(formerly known as Capricorn Ventures Limited'). All the assets and liabilities pertaining to each of the demerged undertakings (i.e MIL and MVIL) have been transferred with effect from April 1, 2015 (Appointed date). The Scheme is effective from January 15, 2016 i.e. the date of filing of the certified copy of the Order of the Hon’ble High Court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla. The Company has accounted for the demerger as per the High Court Order as more fully disclosed in Note 32.

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

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

2.2 Principles of Consolidation

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

(I) The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2016.

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

(iii) The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity. Jointly controlled entities that are considered subsidiaries under AS 21 Consolidated Financial Statements are consolidated similar to the manner of consolidating subsidiaries (Refer (ii) above) and the share of interest of the other venturers in such entities is included as part of minority interest.

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

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

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

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

Sl. No.	Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at March 31, 2016	Proportion of ownership as at March 31, 2015
1	Max Life Insurance Company Limited	India	68.00%	72.00%
2	Max Bupa Health Insurance Company Limited*	India	-	74.00%
3	Pharmax Corporation Limited*	India	-	85.21%
4	Max Ateev Limited*	India	-	100.00%
5	Max Skill First Limited*	India	-	100.00%
6	Max Speciality Films Limited*	India	-	99.00%
7	Max Neeman Medical International Limited*	India	-	100.00%
8	Max One Distribution and Services Limited*	India	-	100.00%
9	Antara Senior Living Limited*	India	-	100.00%
10	Antara Purukul Senior Living Limited*	India	-	100.00%
11	Antara Gurgaon Senior Living Limited*	India	-	100.00%
12	Max India Limited (erstwhile Taurus Ventures Limited)*	India	-	100.00%
13	Max Ventures & Industries Limited (erstwhile Capricorn Ventures Limited)*	India	-	100.00%
14	Max Neeman Medical International Inc.*	United States of America	-	100.00%
15	Max UK Limited*	United Kingdom	-	100.00%

The list of joint venture of company considered in consolidated financial statements (as per AS-27):

(Rs. in Lacs)

Sl. No.	Name of Joint Venture	Country of Incorporation	Proportion of ownership as at March 31, 2016	Proportion of ownership as at March 31, 2015
1	Forum I Aviation Limited (Forum)	India	-	16.67%
2	Max Healthcare Institute Limited	India	-	45.95%

* Consequent to the Scheme of demerger effective from April 1, 2015 (Appointed date), these entities ceased to be subsidiaries/ joint ventures. (Also See note 2.1)

2.3 Use of estimates

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

2.4 Inventories

Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a promotion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on weighted average basis.

Traded goods are valued at lower of cost and net realisable value. Cost includes purchase price including duties, taxes and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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

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

2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.7 Depreciation and amortisation

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

Vehicles	- 5 to 8 years
Handheld devices (included in office equipment)	- 1 year
IT equipment including server and network	- 4 years

Leasehold improvements is amortised over the duration of the lease.

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

Software (excluding policy administration system and satellite systems)	- 3 to 4 years
Policy administration and satellite systems	- 6 years

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

In the subsidiary company, fixed assets at third party locations and not under direct physical control of the subsidiary are fully depreciated over twelve months from the month of purchase.

2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a) **Income from services**

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

b) **Interest**

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

c) **Dividend**

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

For Life Insurance Business (Subsidiary Company)

a) **Premium Income**

Premium is recognized as income when due from policyholders, if there is no uncertainty of collectability. For linked business, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. Top-up premiums are recognised as single premium.

b) **Income from linked policies**

Income on linked policies including fund management charges, policy administration charges, surrender penalty charges, mortality charges, and other charges, wherever applicable are recovered from the linked fund and recognised when due in accordance with the terms and conditions mentioned in the policies.

c) **Income earned on investments**

Other than Linked Business

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

In case of listed shares /mutual fund units, the profit/loss on actual sale of investment includes the accumulated changes in the fair value, previously recognized under "Fair Value Change Account". Unrealized gains/losses due to change in fair value of listed equity shares and mutual fund units are credited / debited to the 'Fair Value Change Account'.

Linked Business

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

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

d) **Income earned on loans**

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

e) **Interest income on derivative instruments**

Interest income is accounted for on accrual basis computed on the current year notional at the fixed swap rate. The effect of the same is taken to revenue account/profit and loss account.

2.9 Tangible fixed assets

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

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

Capital work-in-progress:

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

2.10 Intangible fixed assets

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

2.11 Foreign currency transactions and translations

Initial recognition

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

Measurement at the Balance Sheet date

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

Treatment of exchange differences

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

2.12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge [or is treated as deferred income which is recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.13 Investments

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

Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

For Life Insurance Business (Subsidiary Company)

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

Classification

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

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

Debt securities, which include government securities and redeemable preference shares are considered as 'held to maturity' and measured at historical cost subject to amortization. The premium/discount, if any, on purchase of debt securities including money market instruments is recognized and amortized in the revenue account/profit and loss account, as applicable, over the remaining period to maturity on the basis of their intrinsic yield.

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

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

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

Bonus entitlements are recognized as investments on the ‘ex- bonus date’.

Valuation - Linked Investments

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

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

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

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

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

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

Bonus entitlements are recognized as investments on the ‘ex- bonus date’.

Valuation of Derivative Instrument:-

Carrying amount to be determined as present value of fixed rate minus floating rate interest on the notional. The discounting rates will be obtained through Bloomberg, Reuters or any other published source.

Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement prescribes assessing hedge effectiveness on each balance sheet date. Hedge effectiveness testing is a ratio of change in fair value of hedged item and the hedging instrument.

Changes in the fair value of the contracts that are designated and effective as hedges of future cash flows are recognised directly in

Hedging Reserve Account and the ineffective portion is recognised in the Statement of Profit and Loss.

Ratio between 0.8-1.25 represents the hedge to be effective. Amount corresponding to hedge effectiveness ratio between 0.8-1.00 will be accounted for through the hedge fluctuation reserve (HFR) and the amount corresponding to ratio between 1.00-1.25 to be accounted in Revenue account/profit & loss account.

Offset ratio <0.8 or >1.25 represents the hedge to be ineffective and the entire MTM amount is charged to revenue account/profit & loss account.

Transfer of Investments

Investments in debt securities are transferred from shareholders to policyholders at net amortized cost. Investments other than debt securities are transferred from shareholders to policyholders at lower of book value or market value. Transfers of investments between unit linked funds are effected at prevailing market price. No transfer of assets (investments) between different policyholders' funds shall be allowed.

Impairment of Investments

The Company assesses at each Balance Sheet date, using internal and external sources, whether there is any indication that any investment may be impaired. In case of impairment, the amortized cost/acquisition cost in case of debt/equity securities of such investment is reduced to its fair value and the impairment loss is recognised in the Revenue/Profit and Loss account. However, at the Balance Sheet date if there is any indication among debt securities, that a previously recognized impairment loss no longer exists, then such loss is reversed and the investment is restated to that extent.

2.14 Employee benefits

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

a) **Post employment benefit plan**

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

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

b) **Short-term employee benefits**

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

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

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

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

c) Long-term employee benefits

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

d) **Long term incentive**

The liability towards Long Term Incentive Plan is accounted for on the basis of independent actuarial valuations carried out as per 'Projected Unit Credit Method' at the balance sheet date. Actuarial gains / losses related thereof are recognised in the revenue account.

2.15 Employee share based payments

The Company has constituted an Employee Stock Option Plan - 2003. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India and in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees (including directors) of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

For Life Insurance Business (Subsidiary Company)

The options are accounted for on an intrinsic value basis in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India (ICAI) and accordingly the value of options is equal to the aggregate of the intrinsic value of the options granted. Intrinsic value is the option discount represented by excess of market price, which is determined by the independent valuer, over the grant price. The intrinsic value of the options is amortised on a straight line basis over the vesting period. The intrinsic value is being measured at each reporting date and at the date of settlement, with any changes in such value being recognized in profit and loss account/revenue account. Options that lapse are reversed by a credit to profit and loss account /revenue account equal to the amortised portion of the value of the lapsed options.In a cash settled employee share based payment plan, the Subsidiary company recognises expense for the services received, as the employees render services over the vesting period.

2.16 Segment reporting

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

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

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

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

2.17 Leases

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

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

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

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.19 Taxes on income

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

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

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

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

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

2.20 Impairment of assets

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

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

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

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

2.21 Provisions and contingencies

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

2.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.23 Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.24 Other Life Insurance business specific accounting policies

a) **Reinsurance Premium**

Reinsurance premium ceded is accounted for at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the reinsurer.

b) **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. Clawback of the commission paid, if any, is accounted for in the year in which it becomes recoverable.

c) **Benefits Paid**

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

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

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

Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

d) **Expense Recognition**

Interest expense on derivative instruments Interest expense is accounted for on accrual basis computed on the current year notional at the agreed floating rate on the reset date. The effect of the same is taken to revenue account/profit and loss account.

e) **Liability for Policies**

The actuarial liability for policies in-force as at the valuation date is determined using appropriate methods and assumptions that conform to the regulations issued by the IRDAI and the Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India (IAI). Specifically, the key principles considered for the valuation relate to the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS 1, APS 2 and APS 7 issued by the IAI.

The liability, valued on a policy by policy basis, is so calculated that together with future premium payments and investment income, the Company is able to meet all future claims (including bonus entitlements to policyholders, if applicable) and expenses, on the basis of actuarial estimates.

A brief description of the methodology used for valuing key categories of products is provided below:

1. The liability for individual non-linked business is valued using gross premium reserving methodology. For participating business, a reference is also made to the asset share of the policies as at the valuation date in order to appropriately allow for policyholders' reasonable expectations. The liability is floored to zero or the surrender value payable under the policies, if any.
2. The liability for individual (and group) unit linked business comprises of two parts – a unit reserve and a non-unit reserve. Unit reserve represents the value of units using the net asset value at the valuation date. Non-unit reserve is calculated using a discounted cashflow method and is similar to gross premium reserves.
3. The liability for group one year renewable term business is calculated using an unearned premium approach where the premium representing the unexpired policy term is held as a liability. For longer term group business, gross premium reserving methodology is used.
4. The liability for riders attached to a non-linked policy is calculated as higher of gross premium reserves and unearned premium reserves.

The liabilities above also allow (either explicitly or implicitly) for any cost of guarantees/options inherent in the products.

The regulations also require the insurers to hold certain additional reserves. The key additional reserves cover the following sources of liability:

a) Additional source of liability for policies which are lapsed as at the valuation date but represent a potential source of future liability if they revive within their revival period (generally termed as lapse revival reserves). The reserves are calculated using an assumption of revival probability, based on Company experience.

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

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

f) Contribution to Policyholders' Account (Technical Account)

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

g) Loans

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

h) Funds for future appropriations

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

3 Share capital

(Rs. in Lacs)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
(a) Authorised (Refer to note 44)				
Equity share capital				
Equity shares of Rs. 2 each with voting rights	300,000,000	6,000.00	460,000,000	9,200.00
Preference share capital				
Preference shares of Rs. 100 each	-	-	800,000.00	800.00
		6,000.00		**10,000.00**
(b) Issued, subscribed and fully paid-up				
Equity share capital				
Equity shares of Rs. 2 each with voting rights	266,983,999	5,339.68	266,983,999	5,330.06
		5,339.68		**5,330.06**

Refer note (i) to (iv) below

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

(Rs. in Lacs)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
Equity shares of with voting rights				
At the beginning of the year	266,502,773	5,330.06	266,227,257	5,324.55
Issued during the period - ESOP	481,226	9.62	275,516	5.51
Outstanding at the end of the year	**266,983,999**	**5,339.68**	**266,502,773**	**5,330.06**

(ii) The Company has only one class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(Rs. in Lacs)

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 2/- each fully paid				
- Xenok Limited	24,079,700	9.02%	24,079,700	9.04%
- GS Mace Holdings Limited	17,196,381	6.44%	17,196,381	6.45%
- Reliance Capital Trustee Co. Ltd	-	-	14,362,425	5.39%
- Maxopp Investments Limited	-	-	18,844,919	7.07%
- Liquid Investment and Trading Company Private Limited	23,818,876	8.92%	23,818,876	8.94%
- Dynavest India Private Limited	-	-	17,546,167	6.58%
- Moneyline Portfolio Investments Limited	26,570,048	9.95%	-	-
- Max Ventures Investment Holdings Private Limited	17,546,167	6.57%	-	-

(iv) **Shares reserved for issuance**

As at March 31, 2016 - 2,503,560 (previous year 3,039,166) shares of Rs. 2 each towards outstanding employee stock options granted under Employee Stock Option Plan (ESOP) of the Company. (Refer to note 37)

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

The Company has issued a total of 2,419,889 shares (March 31, 2015: 2,048,340 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employees services.

4 **Reserve and surplus**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Capital reserve		
Opening balance	50.00	50.00
Less : Transfer of reserves on account of demerger (Refer to note. 44)	50.00	-
Closing balance	**-**	**50.00**
(b) Capital redemption reserve		
Opening balance	2,587.84	-
Add: Addition during the year	-	2,587.84
Closing balance	**2,587.84**	**2,587.84**
(c) Securities premium account		
Opening balance	211,362.64	210,818.26
Add : Premium on shares issued during the year	925.72	544.38
Less : Transfer of reserves on account of demerger (Refer to note. 44)	180,579.33	-
Closing balance	**31,709.03**	**211,362.64**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(d) Employee stock option outstanding		
Opening balance	1,509.83	1,066.62
Add : Compensation expensed during the year	871.42	987.59
Less : Transferred to securities premium account on excercise	925.72	(544.38)
Less : Transfer of reserves on account of demerger (Refer to note. 44)	217.54	-
Less : Stock options forfeited during the year	310.56	-
Closing balance	**927.43**	**1,509.83**
(e) Foreign currency translation reserve		
Opening balance	(1,193.08)	(161.15)
Less : Decrease during the year	-	(1,031.93)
Less : Transfer of reserves on account of demerger (Refer to note. 44)	1,193.08	-
Closing balance	**-**	**(1,193.08)**
(f) General reserve		
Opening balance	15,358.07	18,414.98
Less:amount transferred to surplus balance in the statement of profit and loss (Refer to note (i) below)	-	(3,056.91)
Closing balance	**15,358.07**	**15,358.07**
(g) Surplus in consolidated statement of profit and loss		
Opening balance	95,196.25	62,898.44
Add: Profit for the year	25,273.69	27,962.39
Add: Adjustment for change in minority and cost of control	(2,425.21)	(740.87)
Add: Gain on dilution of controlling interest	-	16,894.28
Add: Goodwill on accretion	-	11,238.61
Less: Depreciation on account of transition to provision of Schedule II of the Companies Act, 2013	-	(496.87)
Add: Transfer of reserves on account of demerger (Refer to note. 44)	37,211.38	-
Less: Appropriations		
Transfer to Capital Redemption reserve	-	(2,587.84)
Interim dividend distributed to equity shareholders (Rs. 1.80 per share (previous year Rs. 4.00))	(4,805.52)	(10,659.67)
Dividend proposed to be distributed to equity shareholders (Rs. 1.80 per share (previous year Rs. 1.00))	(4,805.72)	(2,665.03)
Final dividend of earlier year	(4.70)	(4.77)
Preference dividend	-	(80.71)
Corporate dividend tax * (Refer to note (ii) below)	(5,060.24)	(4,007.57)
Tax on buyback of shares by subsidiary	-	(2,587.21)
Share of minority interest in preference dividend	-	33.07
Total appropriations	**(14,676.18)**	**(22,559.73)**
Closing balance	**140,579.93**	**95,196.25**
Total reserves and surplus	**191,162.30**	**324,871.55**

Notes:

i. This is in accordance with the section 123 of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014 effective April 1, 2014, subsequently amended by the Companies (Declaration and Payment of Dividend) Amended Rules, 2014 effective June 12, 2014 (collectively referred to as the 'Dividend Rules') MLIC has transferred the balance of General reserve to Surplus in Profit and Loss account to declare the final dividend for financial year 14-15. Also, this was supported by a legal opinion obtained by the Company.

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

5 **Long term borrowings**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Term loans (secured)		
From banks	-	17,058.58
From financial institutions	-	14,748.99
From non-banking financial companies	-	8,051.86
(b) Long term matuirties of financial lease obligation (secured)	-	306.66
(c) Loans against vehicles (secured)		
From banks	-	138.47
	-	**40,304.56**

5.1 Term loans from banks

Max Healthcare Institute Limited (MHIL)

i) Loan of Rs. Nil (Previous year: Rs. 3,332.54 Lacs) from ICICI Bank Limited obtained by MHIL repayable in 36 quarterly instalments from June 2014 is secured by way of: Exclusive charge over the immovable property located at Shalimar Bagh, first pari passu charge on the whole of movable fixed assets (excluding vehicles)including medical equipments (except assets having exclusive charge in favour of SREI Equipment Finance Private Limited), movable plant and machinery, spares etc of MHIL, second pari passu charge on all the entire current assets including book debts, operating cash flows, receivables, revenue subject to prior charge in favour of working capital bankers restricted to working capital limits of Rs.7500 lacs, first pari passu charge on the whole of movable fixed assets of Max Medical Services Limited MMS), a subsidiary of MHIL and pledge of MHIL's 26% shareholding in MMS and pledge of MMS's 26% shareholding in its subsidiary Alps Hospital Limited.

Max Speciality Films Limited (MSFL)

i) Term loan from Yes Bank Limited amounting to Rs. Nil (Previous year: Rs. 8,500.00 lacs) obtained by MSFL is secured by way of first pari pasu charge on the moveable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immoveable fixed assets both present and future of MSFL. The loan is repayable in 32 equal quarterly instalments commencing from 3rd December 2016.

ii) Term loan from Yes Bank Limited amounting to Rs. Nil (Previous year: Rs. 4,900.00 lacs) obtained by MSFL is secured by way of first pari pasu charge on the moveable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immoveable fixed assets both present and future of MSFL. The loan is repayable in 20 equal quarterly instalments commencing from 3rd December 2016.

iii) Term loan from Yes Bank Limited amounting to Rs. (Previous year: Rs. 991.16 lacs) obtained by MSFL is secured by a first pari passu charge on all existing and future movable fixed assets (excluding vehicles, hypothecated specifically against vehicle loans taken) and immoveable fixed assets both present and future of MSFL The Loan is repayable in 12 equal quarterly installment commencing from April 1, 2014.

Form I Aviation Limited (Forum I)

i) Term loan from HDFC Bank Ltd amounting to Rs. Nil (Previous year: Rs. 32.05 Lacs) obtained by Forum I is secured by way of first and specific charge on the aircraft purchased out of the proceed of the loan. The loan is repayable in 26 equal quarterly instalments of Rs. 32.05 Lacs commencing from November 2008.

5.2 Term loans from financial institutions

MHIL

Rs. Nil (Previous year: Rs. 965.00 Lacs) from Export Import Bank of India repayable in 15 half yearly instalments from December 20, 2008 and Rs. Nil (March 31, 2015: Rs. 6,858.57 Lacs) from Housing Development Finance Corporation Limited repayable in 36 quarterly installments from February, 2015 secured by way of first pari passu charge on the whole of movable fixed assets (excluding vehicles of MHIL) including medical equipment (except assets having exclusive charge in favour of SREI Equipment Finance Private Limited), movable plant and machinery, spares etc of MHIL and movable fixed assets of MMS, first pari passu charge on all book debts, operating cash flows, receivables, revenue of what-so-ever nature and wherever arising of MHIL, present and future (subject to a prior charge in favour of working capital lenders restricted to working capital limits of Rs. 7,500 Lacs in aggregate), Pledge of MHIL's 26% shareholding in MMS and pledge of MMS's 26% shareholding in Alps, and secured by equitable mortgage of MHIL's immovable property at Plot no 1 , Press Enclave Road, Saket, New Delhi.

Antara Purukul Senior Living Limited (APSL)

Term Loan from Infrastructure Development Finance Company Limited of Rs. Nil (Previous year: Rs. 8,080.00 Lacs) obtained by APSL is repayable in 4 quarterly instalment commencing from June 15, 2016. The loan is secured by a first exclusive equitable mortgage of the immovable properties of APSL both present and future, a first exclusive charge by way of hypothecation of entire moveable property (excluding vehicles) of APSL both present and future including moveable plant and machinery, machinery spares, tools & accessories, furniture & fixtures and all other moveable properties of whatsoever nature, a first charge on entire cash flows, receivables, book debts and revenues of APSL of whatsoever nature (excluding pledge of Fixed Deposit Receipt of Rs. 620 lakhs (including accrued interest) in favour of HDFC Bank Ltd for securing bank guarantee in favor of Mussorie Dehradun Development Authority), and wherever arising both present and future, a first exclusive charge on the entire intangible assets of APSL including but not limited to goodwill and uncalled capital, both present and future, a first exclusive charge by way of hypothecation/ mortgage/ assignment, as the case may be of - (i) all the rights, title, interest, benefits, claims and demands whatsoever of APSL in the Project Documents, duly acknowledged and consented by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; (ii) subject to Applicable Law, all the rights, title, interest, benefits, claims and demands whatsoever of the Company in the Clearances, and (iii) all the rights, title, interest, benefits, claims and demands whatsoever of APSL in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents, a first exclusive charge on the Escrow Account, Debt Service Reserve and any other reserve and other bank accounts of APSL wherever maintained, Corporate guarantee by Max India Ltd, which will come into effect if (i) the APSL is not able to meet the projected numbers of leases or cash collections milestones as per its business plan submitted to the lender or (ii) the APSL fails to maintain the Debt Service Reserve for ensuing one month's payment of interest and repayment principal amount of the loan.

5.3 **Term loan from non-banking financial companies**

MHIL and its Subsidiaries

(i) Term loan of Rs. Nil (Previous year: Rs. 620.57 Lacs) from SREI Equipment Finance Private Limited repayable in 28 quarterly instalments from December 2011 is secured by way of an exclusive charge over the medical equipment acquired from through this facility.

(ii) Term loan from L&T Infrastructure Finance Company Limited of Rs. Nil (Previous year: Rs. 4,896.76 Lacs) is repayable in 32 quarterly instalment commencing from December 2014 obtained by MHIL is secured by way of assignment of all rights, titles, interests, benefits, claims and demands under the concession agreement, project documents and other contracts, first charge on movable fixed assets excluding vehicles, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets, first pari passu charge on all the book debts, operating cash flows, receivables and revenue from the project, all current assets, commissions and revenue, present and future (subject to a prior charge in favour of working capital bankers restricted to the present working capital limits of Rs. 1,000 Lacs each in HEPL and Rs. 500.00 Lacs in HBPL) and first charge on all intangibles.

MSFL

Term loan from Tourism Finance Corporation of India Limited amounting to Rs. Nil (Previous year: Rs. 3,000.00 lacs) obtained by MSFL is secured by way of first pari pasu charge on the moveable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immoveable fixed assets both present and future of MSFL.The loan is repayable in 32 step up quarterly instalments commencing from December 2016.

5.4 Finance lease obligation is secured by hypothecation of medical equipments underlying the leases repayable in 20 quarterly installments commencing from December 2011.

5.5 Vehicle Loans Rs. Nil (Previous year Rs. 236.00 Lacs) are secured by way of hypothecation of respective vehicles. The loans are repayable in 1 to 5 years.

6 **Deferred tax liabilities (net)**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax liabilities		
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	**49.85**	819.70
Tax effect of items constituting deferred tax liabilities	**49.85**	819.70
Deferred tax assets		
Disallowances under Section 40(a)(I), 43B of the Income Tax Act, 1961	**153.43**	273.54
Provision for doubtful debts / advances	-	12.64
Tax effect of items constituting deferred tax assets	**153.43**	286.18
Deferred tax liabilities (net) (Refer to note below)	-	533.52

Note : The Group has carried out its tax computation in accordance with the mandatory standard on accounting, Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets on unabsorbed tax losses has not been recognised.

7 Other long-term liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables		
Other than acceptance	6,346.75	7,379.78
Others		
i. Advances from customers	-	7,682.06
ii. Lease equalisation reserve	627.01	1,089.08
	627.01	8,771.14
	6,973.76	16,150.92

8 Long-term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Provision for employee benefits		
i. Provision for compensated absences	3,478.16	3,251.68
ii. Provision for gratuity (net) (Refer to note 35)	2,158.47	1,820.40
iii. Provision for employee stock options	-	5.14
iv. Provision for long term incentive plan	-	323.00
	5,636.63	5,400.22

9 Long-term policyholders' funds

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Opening balance	2,505,860.54	1,902,090.54
Add : Change in valuation of liability against life policies in force (net)	441,960.46	603,770.00
Closing balance	2,947,821.00	2,505,860.54

10 Short term borrowings

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Loans repayable on demand		
From banks (secured)		
Cash credit	-	11,471.38
	-	**11,471.38**

Cash credit facilities availed by MSFL and MNMI from banks are repayable on demand and are secured by a first pari passu hypothecation charge on all current assets of the respective companies, both present and future.

MHIL

Cash credit facilities availed by MHIL are secured by way of prior pari – passu charge on stocks, book debts and other current assets, present and future of the company prior to charge in favour of term lenders of the company. The cash credit is repayable on demand.

ALPS

Cash credit facility availed by ALPS is secured by way of a first charge on stocks, book debts and other current assets, present and future of the Company. The cash credit is repayable on demand.

HEPL and HBPL

Cash credit facility availed by HEPL and HBPL from bank is secured by:

1) First charge by way of hypothecation of the entire current assets of the respective companies, present and future (prior to charge in favour of term lenders), except escrow account with the Government of Punjab.
2) Second charge on the entire movable fixed assets (excluding vehicles) both present and future.

11 Trade payables

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Other than acceptances		
I. Total outstanding dues of micro enterprises and small enterprises *	-	-
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	66,591.22	90,721.08
	66,591.22	90,721.08

*Based on the information available with the Company, the balance due to Micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED 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.

12 Other current liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Current maturities of long-term borrowings (Refer note 5)	-	2,455.69
(b) Current maturities of finance lease obligations (Refer note 5)	-	24.51
(c) Interest accrued but not due on borrowings	-	54.51
(d) Unclaimed / unpaid dividend	231.99	200.47
(e) Others:		
(i) Advance from customers and policyholders	28,929.09	20,448.44
(ii) Claims outstanding (includes claims pending investigation)	3,571.58	6,453.99
(iii) Unclaimed amount - policyholders	21,338.22	15,124.22
(iv) Payable to policyholder	14.59	410.85
(v) Security deposit received	8.53	313.35
(v) Statutory remittances (Contributions to PF, Service Tax, Withholding Taxes etc.)	5,296.36	4,506.80
(vi) Payable on purchase of fixed assets	4,589.20	2,983.99
(vii) Unexpired discount on forward contracts	-	44.86
(viii) Lease equalisation reserve	80.53	382.67
(ix) Other payables	100.17	423.69
	64,160.26	**53,928.04**

13 Short term provisions

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Provision for employee benefits:		
(i) Provision for compensated absences	772.57	1,384.80
(ii) Provision for gratuity	50.99	414.63
(iii) Provision for employee stock options	-	14.77
(b) Provision - Others:		
(i) Provision for reserve for unexpired risk	-	20,400.27
(ii) Provision for proposed equity dividend	4,805.71	2,665.03
(iii) Provision for tax on dividend proposed by subsidiary	3,710.94	997.49
(iv) Provision for income tax (net of advance tax)	-	554.25
(v) Provision for wealth tax	-	6.25
	9,340.21	**26,437.49**

14 Short-term policyholders' funds

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Opening balance	274,794.74	267,172.97
Add : Change in valuation of liability against life policies in force (net)	(49,673.45)	7,600.96
Add : Policyholder bonus provided	76,592.64	20.81
Closing balance	**301,713.93**	**274,794.74**

15 Fixed Assets

(Rs. in Lacs)

Particulars	Gross block					Accumulated depreciation and amortisation					Net block	
	As at April 1, 2015	Additions	Transfer of assets on account of demerger (Refer note 44)	Deletions/ adjustments	As at March 31, 2016	As at April 1, 2015	Depreciation and amortisation expense for the year	Transfer of assets on account of demerger (Refer note 44)	Deletions/ adjustments	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
A TANGIBLE ASSETS - OWNED												
(a) Land (Freehold)	6,216.32	-	6,216.32	-	-	-	-	-	-	-	-	6,216.32
	6,216.32	-	-	-	*6,216.32*	-	-	-	-	-	*6,216.32*	*6,216.32*
(b) Land (Leasehold)	2,876.36	-	2,876.36	-	-	-	-	-	-	-	-	2,876.36
	6,257.62	-	-	*3,381.26*	*2,876.36*	-	-	-	-	-	*2,876.36*	*6,257.62*
(c) Building	21,040.87	-	20,990.04	-	50.83	3,003.71	0.80	2,983.55	-	20.96	29.87	18,037.16
	35,663.00	*532.95*	-	*15,155.08*	*21,040.87*	*3,530.26*	*862.00*	-	*1,388.55*	*3,003.71*	*18,037.16*	*32,132.74*
(d) Leasehold improvements	16,641.26	1,043.12	5,624.87	219.37	11,840.14	11,668.11	932.20	2,453.29	189.42	9,957.60	1,882.54	4,973.15
	20,911.55	*728.74*	-	*4,999.03*	*16,641.26*	*12,393.16*	*1,456.31*	-	*2,181.36*	*11,668.11*	*4,973.15*	*8,518.39*
(e) Plant & equipment	58,731.61	-	58,731.61	-	-	23,173.45	-	23,173.45	-	-	-	35,558.16
	80,379.53	*2,083.44*	-	*23,731.36*	*58,731.61*	*27,574.07*	*5,257.73*	-	*9,658.35*	*23,173.45*	*35,558.16*	*52,805.46*
(f) Computers	3,439.63	1,176.64	(8,487.32)	873.00	12,230.59	2,260.38	1,049.50	(8,114.24)	871.73	10,552.39	1,678.21	1,179.25
	4,081.78	*602.88*	-	*1,245.03*	*3,439.63*	*2,138.40*	*886.60*	-	*764.62*	*2,260.38*	*1,179.25*	*1,943.38*
(g) Furniture and fixtures	6,216.83	551.79	2,549.55	142.55	4,076.52	3,945.60	544.93	1,343.59	123.31	3,023.63	1,052.89	2,271.23
	8,323.02	*350.12*	-	*2,456.31*	*6,216.83*	*4,357.33*	*805.53*	-	*1,217.26*	*3,945.60*	*2,271.23*	*3,965.69*
(h) Vehicles	2,246.03	31.60	1,224.58	117.34	935.71	840.49	175.70	527.12	76.54	412.53	523.18	1,405.54
	2,368.87	*611.22*	-	*734.06*	*2,246.03*	*744.21*	*404.77*	-	*308.49*	*840.49*	*1,405.54*	*1,624.66*
(i) Office equipment	18,856.89	554.55	13,630.57	117.09	5,663.78	15,863.08	284.28	11,313.56	110.04	4,723.77	940.02	2,993.81
	18,806.13	*1,364.22*	-	*1,313.46*	*18,856.89*	*14,705.19*	*1,945.14*	-	*787.25*	*15,863.08*	*2,993.81*	*4,100.94*
(j) Electrical Installation & equipment	1,632.14	-	1,632.14	-	-	571.61	-	571.61	-	-	-	1,060.53
	3,473.00	*47.79*	-	*1,888.65*	*1,632.14*	*767.00*	*280.58*	-	*475.97*	*571.61*	*1,060.53*	*2,706.00*
Total (A)	**137,897.94**	**3,357.71**	**104,988.72**	**1,469.34**	**34,797.58**	**61,326.43**	**2,987.41**	**34,251.93**	**1,371.04**	**28,690.88**	**6,106.71**	**76,571.51**
Previous year	*186,480.82*	*6,321.36*	-	*54,904.24*	*137,897.94*	*66,209.62*	*11,898.66*	-	*16,781.85*	*61,326.43*	*76,571.51*	*120,271.20*
B INTANGIBLE ASSETS - OWNED												
(a) Technical Knowhow	57.29	-	57.29	-	-	57.29	-	57.29	-	-	-	-
	57.29	-	-	-	*57.29*	*57.29*	-	-	-	*57.29*	-	-
(b) Computer software	24,630.35	6,585.27	5,378.01	19.94	25,817.67	18,407.74	3,016.29	3,412.41	4.23	18,007.39	7,810.28	6,222.61
	23,498.96	*2,822.78*	-	*1,691.39*	*24,630.35*	*15,943.31*	*3,481.21*	-	*1,016.78*	*18,407.74*	*6,222.61*	*7,555.65*
Total (A)	**24,687.64**	**6,585.27**	**5,435.30**	**19.94**	**25,817.67**	**18,465.03**	**3,016.29**	**3,469.70**	**4.23**	**18,007.39**	**7,810.28**	**6,222.61**
Previous year	*23,556.25*	*2,822.78*	-	*1,691.39*	*24,687.64*	*16,000.60*	*3,481.21*	-	*1,016.78*	*18,465.03*	*6,222.61*	*7,555.65*

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

16 Non-current investments

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
A. Other investments		
(a) Investment property(net off accumulated depreciation)		
Cost of building given on operating lease	2,731.66	2,731.66
Less: accumulated depreciation	76.67	33.42
	2,654.99	**2,698.24**
B. Non-trade investments (valued at cost unless stated otherwise)		
(a) Life Insurance Business:		
(i) Investment in equity instruments (quoted)	916,442.04	897,658.26
(ii) Investment in preference shares (quoted)	130.83	116.29
(iii) Investment in bonds (quoted)	105,747.79	149,258.21
(iv) Investment in government and trust securities(quoted)	1,673,712.03	1,220,613.34
(v) Investment in term deposits (unquoted)	3,848.00	3,848.00
(vi) Investment in infrastructure & social sector (quoted)	525,876.34	437,969.13
(vii) Investment in other approved securities (quoted)	140,971.55	184,130.83
	3,366,728.58	**2,893,594.06**
(b) Health Insurance Business: (Refer to note 44)		
(i) Investment in bonds (quoted)	-	5,168.65
(ii) Investment in government and trust securities (quoted)	-	9,895.00
(iii) Investment in term deposits (unquoted)	-	1,970.76
(iv) Investment in infrastructure & social sector (quoted)	-	2,550.84
(v) Investment in other approved securities (quoted)	-	533.78
	-	**20,119.03**
	3,369,383.57	**2,916,411.33**
Aggregate amount of quoted investments (Market value: Rs. 33,95,837.57 Lacs) (previous year Rs. 29,12,328.74 Lacs)	3,362,880.58	2,907,894.33
Aggregate amount of unquoted investments	6,502.99	8,517.00

17 Long term loans and advances

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Capital Advances		
Unsecured, considered good	33.43	9,597.50
	33.43	**9,597.50**
(b) Security Deposits		
Unsecured, considered good	1,364.35	7,282.38
Doubtful	-	7.07
	1,364.35	7,289.45
Provision for doubtful security deposit	-	(7.07)
	1,364.35	**7,282.38**
(c) Intercorporate deposits		
Unsecured, considered good	-	4,677.70
	-	4,677.70
(d) Loan to policyholders		
Secured, considered good	7,612.68	5,856.07
	7,612.68	**5,856.07**
(e) Loans and advances to employees		
Unsecured, considered good	95.74	109.41
	95.74	**109.41**
(f) Prepaid expenses		
Unsecured, considered good	1,160.14	2,210.25
	1,160.14	**2,210.25**
(g) Balances with statutory/government authorities (unsecured considered good)		
MAT Credit Entitlement	-	80.09
	-	**80.09**
(h) Advances recoverable in cash or in kind		
Considered doubtful	303.00	303.00
	303.00	303.00
Less: Provision for Doubtful Advances	(303.00)	(303.00)
	-	-
(I) Advance income tax (net of provisions Rs. 402.07 lacs (previous year Rs. 560.49 lacs)) - Unsecured, considered good	2,124.28	4,352.12
	12,390.62	**34,165.52**

18 Trade Receivables

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Other trade receivables (Refer to note 44)		
Unsecured, considered good	-	1,793.67
	-	**1,793.67**

19 Other non-current assets

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Accruals		
(i) Interest accrued on deposits	1.21	1.82
(ii) Interest accrued on investments	1,660.32	1,183.69
	1,661.53	1,185.51
(b) Others		
- Deposit with original maturity for more than 12 months	-	17.00
- Marginal money deposit	-	820.54
	-	837.54
	1,661.53	**2,023.05**

20 Current Investments

Particulars	As at March 31, 2016		As at March 31, 2015	
	(Nos.)	(Rs. in Lacs)	(Nos.)	(Rs. in Lacs)
A. Current portion of long-term investments (valued at cost)				
(a) Life Insurance Business:				
(i) Investment in infrastructure and social sector (quoted)		15,585.48		21,854.60
(ii) Investment in government and trust securities (quoted)		24,809.19		42,851.07
(iii) Investment in bonds (quoted)		13,258.57		6,259.19
(iv) Investment in term deposits (unquoted)		2,238.19		7,226.67
(v) Investment in other approved securities (quoted)		17,228.34		-
(vi) Investment in unit in mutual funds (unquoted)		67,554.00		76,670.77
(vii) Investment in certificate of deposit (quoted)		37,426.08		8,482.59
(viii) Investment in commercial paper (quoted)		-		3,995.04
(ix) Reverse Repo		5,894.12		9,942.07
(x) Other investments		29,706.22		25,185.65
		213,700.19		**202,467.65**
(b) Health Insurance Business: (Refer to note 44)				
(i) Investment in infrastructure and social sector (quoted)		-		2,501.62
(ii) Investment in government and trust securities(quoted)		-		2,929.33
(iii) Investment in bonds(quoted)		-		499.18
(iv) Investment in term deposits (unquoted)		-		13,309.30
(v) Investment in unit in mutual funds (unquoted)		-		1,749.52
(vi) Investment in certificate of deposit (quoted)		-		1,885.86
		-		**22,874.81**
B. Other current investments (valued at lower of cost and fair value)				
(a) Investment in equity instruments				
(i) of other entities				
Shares of Rs.2/- each fully paid up in ICICI Bank Limited	**1,250**	**0.65**	**1,250**	**0.65**
(b) Investment in mutual funds (Refer note 44)				
(i) ICICI Prudential Money Market Fund - Face value Rs. 10/- per unit fully paid		-	9,523,687.00	18,401.45
(ii) Tata Money Market Fund - Direct Fund Growth - Face value Rs. 1000/- per unit fully paid		-	839,042.00	18,450.82
(iii) UTI Money Market Fund - Institutional Plan - Direct Fund Growth - Face value Rs. 1000/- per unit fully paid	15,907,320.38	26,997.00	907,042.00	14,200.59
(iv) Tata Liquid Fund Direct Plan Growth - Face value of Rs. 1000/- per unit fully paid		-	12,387.00	322.34
(v) Tata Money Market Fund Direct Plan - Growth - Face value of Rs. 1000/- per unit fully paid		-	12,203.00	265.00
(vi) Birla Sun Life Cash Plus - Direct Plan - Face value of Rs. 1000/- per unit fully paid		-	47,885.00	100.00
(vii) ICICI Prudential Ultra Short Term - Direct Plan - Growth - Face value of Rs.10/- per unit fully paid		-	12,266,948.00	1,700.15
(viii) IDFC Cash fund -Growth (Direct Plan) - Face value of Rs.10/- per unit fully paid		-	40,691.00	689.25
(ix) Kotak Liquid Scheme Plan A - Direct Plan - Growth - Face value of Rs.1000/- per unit fully paid		-	31,723.00	873.27
(x) Kotak Floater Short Term-Direct Plan Growth		-	20,107.00	459.50

20 **Current Investments**

Particulars	As at March 31, 2016		As at March 31, 2015	
	(Nos.)	(Rs. in Lacs)	(Nos.)	(Rs. in Lacs)
- Face value of Rs.1000/- per unit fully paid				
(xi) Reliance Liquid Fund - Cash Plan - Direct growth plan - Face value of Rs.1000/- per unit fully paid		-	51,183.00	1,149.21
(xii) UTI-Floating Rate Fund -STP-Direct Growth Plan - Face value of Rs.1000/- per unit fully paid		-	76,950.00	1,700.15
(xiii) Kotak Mahindra Mutual Fund - Face value of Rs. 10/- per unit fully paid		-	293,833.00	29.62
(xiv) Birla Sunlife Cash Plus Growth Regular Plan - Face value Rs. 10/- per unit fully paid		-	4,171.00	8.34
(xv) DSP BlackRock Liquidity Fund - Direct Plan - Growth - Face value of Rs. 1,000/- per unit fully paid		-	184.00	3.65
(xvi) DSP BlackRock Liquidity Fund - Direct Plan - Growth - Face value of Rs. 1,000/- per unit fully paid		-	68,762.00	1,375.36
		26,997.65		**59,729.35**
		240,697.84		**285,071.81**
Aggregate amount of quoted investments (Market value: Rs. 1,08,536.16 Lacs) (previous year Rs. 93,299.87 Lacs)		108,308.31		91,259.13
Aggregate amount of unquoted investments		132,389.53		193,812.68

21 **Inventories (at lower of cost and net realisable value) (Refer to note 44)**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Raw materials	-	1,806.94
Goods-in-transit	-	839.94
	-	2,646.88
(b) Packing material	-	58.18
(c) Stores and spares	-	1,132.28
(d) Work in process	-	985.17
(e) Finished goods	-	332.20
Goods-in-transit		426.64
	-	758.84
(f) Construction work in process	-	11,486.76
(g) Traded goods of Pharmacy and pharmaceuticals supplies	-	851.90
	-	**17,920.01**

22 Trade receivables

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months from the date they were due for payment (Refer to note 44)		
Unsecured, considered good	-	1,845.83
Considered doubtful	-	1,348.79
	-	3,194.62
Less: Provision for doubtful receivables	-	(1,348.79)
	-	**1,845.83**
Other trade receivables		
Unsecured, considered good	51,540.44	67,496.65
Considered doubtful	324.62	557.82
	51,865.06	68,054.47
Less: Provision for doubtful receivables	(324.62)	(557.82)
	51,540.44	**67,496.65**
	51,540.44	**69,342.48**

23 Cash and cash equivalents

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
A. Cash and cash equivalents (Refer to note 44)		
(a) Cash on hand	833.93	952.43
(b) Cheques/drafts on hand	4,620.62	5,322.37
(c) Balances with banks		
(I) in current accounts	27,642.31	18,451.70
(ii) in other deposit accounts		
original maturity of 3 months or less	-	1,125.00
Stamps on hand	233.67	107.49
Total - Cash and cash equivalents (As per AS 3 cash flow statement) (A)	**33,330.53**	**25,958.99**
B. Other bank balances (Refer to note 44)		
(a) In earmarked accounts		
- Unpaid dividend accounts	231.99	200.47
- in escrow accounts	-	153.26
- In balances held as margin money deposits	-	87.93
(b) In other deposit accounts*		
- Original maturity for more than 3 months	7.58	5,527.27
Total - Other bank balances (B)	**239.57**	**5,968.93**
Total - Cash and cash equivalents (A+B)	**33,570.10**	**31,927.92**
* Balance with banks include deposits with remaining maturity of more than 12 months from the balance sheet dates	7.58	7.58

24 **Short-term loans and advances**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Security deposits		
Unsecured, considered good	2,374.56	1,593.79
	2,374.56	**1,593.79**
(b) Loans and advances to related parties		
Unsecured, considered good	381.68	
	381.68	**-**
(c) Advances recoverable in cash or in kind		
Unsecured, considered good	11,889.86	17,526.53
Considered doubtful	539.34	222.30
	12,429.20	17,748.83
Less: Provision for doubtful advances	(539.34)	(222.30)
	11,889.86	**17,526.53**
(d) Loan to policyholders		
Secured, considered good	26.80	61.78
	26.80	**61.78**
(e) Balances with statutory/government authorities		
Unsecured, considered good		
(i) Service tax	6,044.07	5,434.88
(ii) MAT Credit Entitlement	-	228.23
	6,044.07	**5,663.11**
(f) Prepaid expenses		
Unsecured, considered good	1,147.34	2,424.89
	1,147.34	**2,424.89**
(g) Loans and advances to employees		
Unsecured, considered good	12.76	45.23
	12.76	**45.23**
(h) Advance income tax (net of provisions Rs. Nil (previous year Rs. Nil)) - Unsecured, considered good	**-**	**271.23**
	21,877.07	**27,586.56**

25 **Other current assets**

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Accruals		
(i) Interest accrued on deposits	-	92.52
(ii) Interest accrued on investments	44,863.07	38,654.54
	44,863.07	**38,747.06**
(b) Unbilled revenue	**-**	**363.67**
(c) Others		
(i) Others	69.89	-
(ii) Option fee receivable	-	710.30
(iii) Export benefits receivables	-	192.66
(iv) Forward Recoverable	-	156.19
	69.89	**1,059.15**
	44,932.96	**40,169.88**

26 Revenue from operations

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Sale of products		
(i) Manufactured goods		
- BOPP Film	-	79,489.83
- Soft leather finishing foil	-	492.81
(ii) Traded goods		
- Pharmacy and pharmaceuticals supplies	-	10,079.12
	-	**90,061.76**
(b) Sale of services		
(i) Life insurance premium(net)	913,888.18	810,421.94
(ii) Health insurance premium (net)	-	31,543.6
(iii) Healthcare services	-	74,590.18
(iv) Clinical research	-	1,715.73
(v) Lease rentals	-	105.87
(vi) Income from Shared services	1,125.37	-
	915,013.55	**918,377.37**
(c) Other operating revenue (Refer note below)	**254,600.46**	**479,304.34**
Revenue from operations (gross)	**1,169,614.01**	**1,487,743.47**
Less: Excise duty	**-**	**6,208.16**
Revenue from operations (net)	**1,169,614.01**	**1,481,535.31**
Note:		
Other Operating revenue comprise		
(i) Income from investment activities		
- Dividend income	13,814.71	11,759.78
- Interest income on		
(a) Government securities	146,862.60	117,873.14
(b) Bonds	34,939.06	32,335.84
(c) Fixed deposits	635.04	1,976.98
(d) Others	482.78	500.25
- Amortisation of discount/(premium)	1,890.88	5,223.97
- Profit on sale of investments	55,975.39	247,970.20
	254,600.46	**476,746.82**
(ii) Income from Healthcare services		
- from leasing activities	-	1,297.48
- Sponsorship and educational income	-	276.45
- Income from laundry services	-	192.46
- Income from ancillary activities	-	144.11
(iii) Export benefits	-	413.34
(iv) Scrap of waste of plastic sale	-	180.54
(v) Job work charges	-	53.14
	-	**2,557.52**
Total Other operating revenue	**254,600.46**	**479,304.34**

27 Other Income

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Dividend income on current investment	-	1.81
(b) Interest income on		
(i) Inter corporate deposits	-	1,027.42
(ii) Loans to employees	4.50	5.23
(iii) Fixed deposits	-	269.94
(iv) Others	714.64	537.56
(c) Other non operating income		
(i) Profit on sale of current investments	-	241.88
(ii) Liabilities/provisions no longer required written back	1.81	525.87
(iii) Policy reinstatement charges	656.21	945.76
(iv) Net Profit on Sale/Disposal of Fixed Assets	2.62	2.05
(v) Gain on foreign exchange fluctuation (net)	-	1,010.27
(vi) Scrap sales	55.67	265.19
(vii) Income from deferred credit	-	619.53
(viii) Other non operating income	137.72	671.68
	1,573.17	**6,124.19**

29 Cost of materials consumed

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening stock	1,806.94	3,174.00
Add: Purchases	-	51,158.01
	1,806.94	54,332.01
Less: Closing stock	-	2,646.88
Less: transfer of inventory on account of demerger (Refer to note 44)	(1,806.94)	-
Less: Inventory written off	-	224.38
Cost of materials consumed	**-**	**51,460.75**

29 **Changes in inventories of work-in-progress, finished goods and stock-in-trade**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Inventories at the end of the year		
Work-in-process	-	985.17
Finished goods	-	758.84
Traded goods - Pharmacy and pharmaceuticals supplies	-	851.90
	-	2,595.91
Inventories at the beginning of the year		
Work-in-process	985.17	1,089.45
Finished goods	332.20	654.64
Traded goods - Pharmacy and pharmaceuticals supplies	851.90	1,519.51
	2,169.27	3,263.60
(Increase)/ Decrease in work-in-progress and finished goods and traded goods	2,169.27	667.69
Less: Inventory written off	-	(50.43)
Less: transfer of inventory on account of demerger (Refer to note 44)	(2,169.27)	-
Less: Adjustment on account of conversion of subsidiary into Joint Venture		(970.82)
Net (increase)/ decrease	-	(353.56)

30 **Change in policy reserves**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Change in policy reserves	468,879.70	612,821.47
Transfer to/from Fund for future appropriations-participating policies	12,813.17	32,921.92
	481,692.87	645,743.39

31 **Employee benefit expenses**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, wages and bonus	57,451.85	89,382.77
Contribution to provident and other funds (Refer to note 35)	1,913.91	3,167.81
Employee stock option scheme (Refer to note 37)	3,245.15	4,499.45
Gratuity expense (Refer to note 35)	1,077.25	1,253.43
Staff welfare expenses	1,346.24	2,688.51
	65,034.40	100,991.97

32 **Finance cost**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest	-	6,780.00
Bank charges	765.69	1,432.64
	765.69	8,212.64

33 **Other expenses**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Claims and other benefits payout	314,642.80	364,488.78
Agents' commission for insurance business	82,101.36	78,082.57
Policy issuance cost	9,711.06	12,792.47
Professional and Consultancy Fees	-	18,932.76
Legal and professional (Refer note (i) below)	4,834.44	12,457.56
Consumption of stores and spares	-	792.68
Consumption of packing materials	-	2,181.33
(Increase)/decrease of excise duty on inventories	-	91.37
Power and fuel	2,212.47	9,856.25
Processing charges	-	1.97
Unrealised loss on long term investment	102,014.14	-
Recruitment and training expenses	9,245.39	6,295.23
Outside lab investigation	-	245.08
Patient catering expenses	-	1,051.61
Rent	6,446.06	9,992.89
Insurance	624.76	1,203.39
Rates and taxes	9,321.55	8,545.71
Repairs and maintenance:		
Building	0.45	693.50
Plant and equipments	-	1,955.83
Others	5,773.27	10,765.29
Printing and stationery	1,215.51	1,819.75
Travelling and conveyance	4,451.00	7,411.92
Communication	2,848.65	3,333.42
Directors' sitting fee	137.29	186.18
Commission to other than sole selling agents	-	114.58
Cash discounts	-	104.20
Freight and forwarding expenses	2,385.25	3,166.29
Branding, advertisement and publicity	10,874.17	18,407.00
Provision for doubtful debts and advances	236.58	750.10
Net loss on sale/disposal of fixed assets	-	88.95
Doubtful advances written off	163.62	273.48
Goodwill written off	-	3,370.09
Fixed assets written off	50.06	136.66
Inventory written off	-	274.81
Charity and donation	1.82	122.49
Net loss on foreign exchange fluctuation	6.53	-
Construction work in progress written off	-	6,295.85
CSR Expenditure (Refer note (ii) below)	979.31	969.00
Miscellaneous expenses	867.35	789.20
	571,144.89	**588,040.24**

Note:

(I) **Payment to auditor (excluding service tax) (included in legal and professional)**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
To statutory auditor:		
For audit	15.00	15.00
For company law matters	-	9.00
For other services	-	6.00
Reimbursement of expenses	0.91	4.75
	15.91	**34.75**

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

(Rs. in Lacs)

CSR Project / Activity	Sector in which project is covered	Amount spent
Village Adoption	Rural Development	296.02
Surgeries & Treatments	Health	245.83
NGO work on Healthcare platform	Health	199.82
Immunization/Health camp/Blood donation camp	Health	71.32
Health centre	Health	55.5
Artificial Limb and polio calipers	Health	43.66
Health Awareness	Health	40.08
Training in Health Programs	Health	20.59
Disaster relief	Health	2.02
Donations	Others	4.47
Total		**979.31**

34 Additional information to the financial statements

(Rs. in Lacs)

	As at March 31, 2016	As at March 31, 2015
(a) Contingent liabilities		
i. Claims against the Company not acknowledged as debts (Refer to note (b))		
- Demands from excise authorities	-	2,588.89
- Demand from custom authorities	407.12	395.95
- Demand raised by service tax authorities	51,998.50	43,637.72
- Demand raised by income tax authorities	159.04	177.64
- Penalty levied under section 271(1)© of the Income Tax Act, 1961	33.42	628.02
- Legal claims	1,013.42	809.72
- Potential liability in respect of repudiated policyholders claims	1,001.30	943.71
- Share of sales tax demands and medico legal claims of jointly controlled entity (Max Healthcare Institute Limited)	-	1,800.78
- Contingent liability for C-Form from customers	-	309.65
- Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the group with effect from December 1, 2005) (Refer note (f))		
- Litigation against the Company on Company law matters (Refer to note (d))		
- Obligation arising from import of capital equipment at concessional rate of duty during the year under Export Promotion Capital Goods Scheme (Refer to note (c))	-	236.02
ii. Guarantees		
- Corporate guarantee given to financial institutions / banks on behalf of others.		
Share of guarantee given by the jointly controlled entity (Max Healthcare Institute Limited)	-	5,624.28
(b) Capital commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,667.23	19,020.87
Less: Capital advances (Refer to note 18)	33.43	9,597.50
Net capital commitment for acquisition of capital assets	**2,633.80**	**9,423.37**
(c) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.		
(d) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.		
(e) The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company will buy back the stake held by Axis Bank Limited in Max Life (Refer to note 45).		

Note:

a. Guarantees given by the Group on behalf of others is not considered as prejudicial to the interest of the group as it provides opportunity for growth and increase in operations of the group.

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

c. The export obligation undertaken by the Company for import of capital equipment under Export Promotion Capital Goods Scheme of the Central Government at concessional or zero rate of custom duty are in the opinion of the management expected to be fulfilled within the respective timelines.

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

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

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

S. No.	Assessment Year	Brief Description	Pending Before
1	1998-99	The capital gains of Rs. 47,493.09 Lacs realized by MTVL from the sale of shares of Hutchison Max Telecom Limited ("HMTL") [1st Stake Sale] were denied exemption under section 10(23G) of the Income-tax Act, 1961 ("the Act") by the Assessing Officer vide order dated March 28, 2001 and the sale transaction was held to be chargeable to tax in the financial year relevant to Assessment Year 1998-99 (MTVL had claimed that it pertained to AY 1999-2000). This resulted in a demand of Rs. 9,503.93 Lacs. On appeal by MTVL, the CIT (Appeals) vide order dated March 18, 2002 [while concluding that the sale transaction pertained to financial year relevant to Assessment Year 1998-99], quashed the order of the Assessing Officer denying exemption under section 10(23G), thereby cancelling the demand. The Tax Department has filed an appeal with the Income-tax Appellate Tribunal (ITAT) against this order which is pending as on date.	ITAT
2	1999-2000	Subsequently, in the next Assessment Year i.e. 1999-00, the above-mentioned transaction was once again sought to be taxed both as capital gains and under a different head of income (i.e. business income) on a protective basis by the Assessing Officer vide order dated March 28, 2002 as MTVL had claimed that the transaction pertained to Assessment Year 1999-00 and not Assessment Year 1998-99. This, along with a few other additions, resulted in creation of a further demand of Rs. 24,993.19 Lacs which included the demand of Rs. 24,368.00 Lacs on protective basis. On appeal by MTVL, the CIT (Appeals) decided in favour of MTVL vide order dated December 18, 2002 and the demand was cancelled. The Tax Department has filed appeal against this order with the ITAT, which is pending as on date.	ITAT
3	1998-99	MTVL also filed an appeal before ITAT for Assessment Year 1998-99 contending that the aforesaid sale transaction pertained to financial year relevant to Assessment Year 1999-2000. This was disposed off by ITAT vide order dated March 23, 2007 by applying a circular of Tax Department applicable only to capital gains and holding, as a result, that the transaction of sale of shares pertained to financial year relevant to Assessment Year 1998-99. However, the Tax Authorities filed a petition before the ITAT requesting a review of the said order of the ITAT on the ground that all the matters pertaining to the aforesaid sale transaction should have been clubbed and heard together. The said petition of the Department was accepted by the ITAT vide order dated March 27, 2009 by recalling its earlier order. Aggrieved, the Company filed a writ petition to the Hon'ble High Court of Punjab and Haryana (HC) challenging the above action of ITAT on the ground that the same was beyond jurisdiction. The HC vide order dated May 04, 2009 admitted the writ petition and stayed the operations of the said order of ITAT. The ITAT, thereafter, adjourned sine-die all the matters pending operation of the stay imposed by the HC. The Department, subsequently, moved a Special Leave Petition (SLP) to Hon'ble Supreme Court against the stay granted by Hon'ble HC. The SLP was dismissed by the Hon'ble Supreme Court vide order dated May 12, 2010 with a direction to the HC to expeditiously dispose the writ petition filed by MTVL.	High Court
4	2006-07	The capital gains of Rs. 41,153.88 Lacs realized from the sale of remaining shares of HMTL [2nd Stake Sale] were taxed by holding the gains from sale transaction to be in the nature of business income and not capital gains and as a consequence exemption under Section 10(23G) of the Act was denied by the Assessing Officer vide order dated December 31, 2009 and a demand of Rs. 15,585.17 Lacs was raised. MTVL filed an appeal against the said order. The CIT(Appeals), vide order dated March 22, 2011, had quashed the assessment framed by the Assessing Officer, holding that the assessment was nullity in law and in view of the fact that the order was framed in the name of MTVL, an entity which had ceased to exist w.e.f. December 1, 2005. As a consequence, the demand stood cancelled. The Department had filed an appeal to ITAT against the said order of CIT(Appeals). The ITAT vide its order dated March 8, 2013 has upheld the order of CIT(Appeals). The Tax Department has filed appeal against this order with the Hon'ble HC, which is pending as on date.	High Court
5	2006-07	Consequent to quashing of the first proceedings in the name of MTVL, the Department initiated proceedings against Max India Limited as Successor of MTVL u/s 147 of the Act vide notice dated April 26, 2011. These proceedings had been completed on March 26, 2013 by holding the gains from sale transaction to be in the nature of business income and not capital gains and consequently denying exemption under Section 10(23G) of the Act and a demand of Rs. 19,816.25 Lacs had been raised. The company had filed an appeal against the same on April 25, 2013 and obtained stay of demand on May 27, 2013. The CIT(Appeals), vide order dated November 18, 2013, held on merits that the gain arising from sale of shares of HMTL be treated as long term capital gains and allowed the exemption u/s 10(23G) of the Act in respect of long term capital gain arising on sale of shares of HMTL be allowed to MTVL. The CIT(A), however, upheld reassessment proceedings by the Assessing Officer under section 147 of the Act as valid. As a consequence, the demand stood cancelled. Pursuant to this, the Tax Department has filed appeal against this order and MTVL has also filed cross objections before the ITAT against the action of the CIT(A) upholding the validity of re-assessment proceedings. Both appeals are pending as on date.	ITAT

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

For the assessment year 2002-2003, the Assessing Officer has reduced the returned loss of Rs. 6,684.09 Lacs (March 31, 2012: Rs. 6,684.09 Lacs) to Rs. 6,482.08 Lacs (March 31, 2012:Rs. 6,482.08 Lacs) by making disallowance of Rs. 202.01 Lacs (March 31, 2012: Rs. 202.01 Lacs) u/s 92CA(3) of the Income-tax Act, 1961 relating to Transfer Pricing. Similarly, for the assessment years 2003-04 & 2004-05, the returned losses have been reduced from Rs. 7,408.37 Lacs (March 31, 2012: Rs. 7,408.37 Lacs) to Rs. 7,331.92 Lacs (March 31, 2012: Rs. 7,331.92 Lacs) and from Rs. 7,563.42 Lacs (March 31, 2012: Rs. 7,563.42 Lacs) to Rs. 7,285.17 Lacs (March 31, 2012: Rs. 7,285.17 Lacs) respectively by the Assessing Officer. Further, for the assessment year 2005-06, the returned loss has been reduced from Rs. 9,427.20 Lacs (March 31, 2012: Rs. 9,427.20 Lacs) to Rs. 9,199.80 Lacs (March 31, 2012:Rs. 9,199.80 Lacs) by making disallowance of Rs. 121.70 Lacs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing and Rs. 105.70 Lacs due to disallowance of loss on sale of investment. CIT (Appeals) has passed favourable orders for all the above mentioned assessment years i.e 2002-03 to 2005-06. Appeal against the orders have been filed with Income Tax Appellate Tribunal by the Department. For the assessment year 2006-07, the returned loss has been reduced from Rs. 5,805.44 Lacs (March 31, 2012:Rs. 5,805.44 Lacs) to Rs. 5414.09 Lacs (March 31, 2012:Rs. 5,414.09 Lacs) by making disallowance of Rs. 11.83 Lacs u/s 92CA(3) of the Income Tax Act, 1961 relating to Transfer Pricing, Rs. 90.48 Lacs due to disallowance of loss on sale of investment, Rs. 255.75 Lacs on provision for FBT and Rs. 33.28 Lacs on provision for bad & doubtful debts. Appeal against the order has been filed with Income Tax Appellate Tribunal.

For the assessment year 2007-08, the returned loss has been reduced from Rs. 5,671.22 Lacs to Rs. 5023.02 Lacs by making disallowance of Rs. 270.19 Lacs on account of loss on sale of investment, Rs. 311.43 Lacs on provision for FBT and Rs. 58.08 Lacs on provision for bad & doubtful debts & Rs. 8.50 Lacs on donation paid. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2008-09, the Assessing Officer has recomputed the value of fringe benefits from Rs. 1,421.15 Lacs to Rs. 1,460.05 Lacs & has raised demand of Rs. 17.76 Lacs. CIT (Appeals) has passed the order confirming the demand to the extent of 25%. Appeal against the order has been filed with Income Tax Appellate Tribunal by the Department. The returned loss for AY 2008-09 has been reduced from Rs. 14,684.45 Lacs to Rs. 13,471.61 Lacs by making disallowance of Rs. 635.02 Lacs on account of loss on sale of investment, Rs. 468.91 Lacs on provision for FBT and Rs. 100.03 Lacs on provision for bad & doubtful debts & Rs. 8.88 Lacs on donation paid. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2009-10, the returned loss has been reduced from Rs. 32,270.85 Lacs to Rs. 30,449.38 Lacs by making disallowance of Rs. 653.53 Lacs on account of loss on sale of investment, Rs. 794.30 Lacs for provision for FBT, Rs. 132.13 Lacs for provision for bad & doubtful debts & Rs.241.51 Lacs for donation paid. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2010-11, Assessing Officer has increased the returned income from Rs. 4,005.06 Lacs to Rs. 5,684.41 Lacs by adding back Rs. 710.43 Lacs on account of profit on sale of investment & making disallowance of Rs. 21.60 Lacs for provision for Bad debts, Rs.250 Lacs for donation paid, Rs. 695.65 Lacs for Short deduction and payment of TDS and Rs. 1.67 Lacs for Penalties/Fine paid & Share issue expenses . Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2011-12, Assessing Officer has increased the returned income from Rs. 27,141.14 Lacs to Rs. 28,586.14. Lacs by adding back Rs. 751.62 Lacs on account of profit on sale of investment & making disallowance of Rs. 314.71 Lacs for provision for Bad debts, Rs.250.01 Lacs for donation paid and Rs. 128.66 Lacs for Short deduction and payment of TDS. Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2012-13, Assessing Officer has increased the returned income from Rs. 49,182.04 Lacs to Rs. 51,931.77. Lacs by adding back Rs. 1505.52 Lacs on account of profit on sale of investment & making disallowance of Rs. 194.21 Lacs for provision for Bad debts, Rs. 1050.00 Lacs for donation paid . Appeal against the order has been filed with CIT (Appeals).

For the assessment year 2013-14, Assessing Officer has increased the returned income from Rs. 44,927.02 Lacs to Rs. 47,249.28. Lacs by adding back Rs. 1845.42 Lacs on account of profit on sale of investment & making disallowance of Rs. 276.84 Lacs for provision for Bad debts, Rs. 200.00 Lacs for donation paid. Appeal against the order has been filed with CIT (Appeals).

The Company is hopeful that above appeals will be disposed off in its favour.

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35 **Retirement benefit plans**

(i) **Defined contribution plans**

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

As of 31 March, 2016, the fair value of the assets of the fund and the accumulated members' corpus is Rs. 33,513.81 lacs and Rs. 33,280.53 lacs respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of 7.72% and an average expected future period of 26.80 years.

The Group recognised Rs. 1,862.75 lacs (Previous year Rs. 2,871.01 lacs) for provident fund and Rs. 51.16 lacs (Previous year Rs. 45.90 lacs) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules to the scheme.

(ii) **Defined benefit plans**

The Group makes annual contribution to the Max India Limited Employees Group Gratuity Fund of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company financial statements as at March 31, 2016:

(Rs. in Lacs)

Particulars	**For the year ended March 31, 2016**	For the year ended March 31, 2015
Components of employer expense		
Current service cost	474.93	658.52
Interest cost	213.76	318.40
Expected return on plan assets	(113.54)	(170.96)
Actuarial losses/(gains)	502.10	447.47
Total expense recognised in the Statement of Profit and Loss	**1,077.25**	**1,253.43**
Actual contribution and benefit payments for year		
Actual benefit payments	504.00	614.41
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	3,281.14	4,725.49
Fair value of plan assets	1,071.68	2,107.09
Less: Adjustment on account of conversion of subsidiary into joint venture		383.37
Net asset / (liability) recognised in the Balance Sheet	**(2,209.46)**	**(2,235.03)**
Net liability has been classified under:		
Long-term provisions	2,158.47	1,820.40
Short-term provisions	50.99	414.63
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	4,725.49	3,693.83
Transfer of liability on account of demerger (Refer to note. 44)	(2,050.14)	
Current service cost	474.93	658.52
Interest cost	213.76	318.40
Actuarial loss/(gains)	421.09	669.15
Benefits paid	(504.00)	(614.41)
Acquisition adjustment		
Present value of DBO at the end of the year	**3,281.14**	**4,725.49**
Change in fair value of assets during the year		
Plan assets at the beginning of the year	2,107.09	2,260.44
Transfer of assets on account of demerger (Refer to note. 44)	(563.94)	-
Expected return on plan assets	113.54	170.96
Actual group contributions	-	(19.61)
Actuarial (loss)/gains	(81.01)	221.68
Benefits paid	(504.00)	(526.38)
Plan assets at the end of the year	**1,071.68**	**2,107.09**

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Principal actuarial assumptions for gratuity and compensated absences:		
Discount rate	7.4%-7.50%	7.70%-9.10%
Expected return on plan assets	8.35%-8.70%	8.32%-9.00%
Salary escalation	7.50%-10%	10.00%
Retirement age	58 years	58 -60 years
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)
Attrition (%)		
All Ages	5%-25% per annum	5%-40% per annum
Estimate of amount of contribution in the immediate next year Rs.	363.19	107.03

Notes:

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

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

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

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

Particulars	Gratuity				
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Present value of DBO	3,281.14	4,725.49	3,693.83	3,340.29	2,565.34
Fair value of plan assets	1,071.68	2,107.09	2,260.44	2,323.03	2,169.01
Funded status [Surplus / (Deficit)]	(2,209.46)	(2,618.40)	(1,433.39)	(1,017.26)	(396.33)
Experience gain / (loss) adjustments on plan liabilities	153.89	57.67	143.21	(58.42)	(76.09)
Experience gain / (loss) adjustments on plan assets	153.18	153.19	32.67	8.01	(92.17)

(iii) Other long term benefit

During the year, MLIC and Max Bupa has recognised the following expenses in the statement of profit and loss representing deferred compensation (long term incentive plan): amounting to Rs 1,753.15 Lacs (Previous year: Rs 4,263.19 Lacs) and Rs. Nil (Previous year: Rs. 547.71 Lacs) respectively

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Basic EPS		
Profit attributable to shareholders (Rs. in Lacs)	25,273.69	27,962.39
Weighted average number of equity shares outstanding during the year (Nos.)	266,800,977	266,402,847
Face value per equity share (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	**9.47**	**10.50**
Diluted EPS		
Equivalent weighted average number of employee stock options outstanding	2,769,196	1,809,165
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,570,173	268,212,012
Diluted Earnings Per Share (Rs.)	**9.38**	**10.43**

37. **Employee Stock Option Plan**

37.1 Employee Stock Option Plan – 2003 ("the 2003 Plan"):

The Company had instituted the 2003 Plan, which was approved by the Board of Directors in August 25, 2003 and by the shareholders in September 30, 2003. The 2003 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Company to eligible employees of the Company. The 2003 Plan is administered by the Nomination and Remuneration Committee appointed by the Board of Directors. Under the plan, the employees receive shares of the Company upon completion of vesting conditions such as rendering of services across vesting period. Vesting period ranges from one to five years and options can be exercised within two years from vesting date. As amended in the 2003 Plan and approved the shareholders in Annual General Meeting held on September 30, 2014, the Option Price will be determined by the Nomination and Remuneration Committee, from time to time, in accordance with the provisions of applicable law, provided that the Option Price shall not be below the face value of the equity shares of the Company.

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	3,039,166	2.00	1,072,282	2.00
Granted during the year	99,620	2.00	469,400	2.00
Granted during the year	-	-	1,773,000	394.00
Forfeited during the year	(154,000)	2.00	-	-
Exercised during the year	(481,226)	2.00	(275,516)	2.00
Outstanding at the end of the year	2,503,560	279.61	3,039,166	230.69
Exercisable at the end of the year	5,000	2.00	167,000	2.00

For the period, the weighted average share price at the exercise date was Rs. 540.68 (previous year Rs. 286.78)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 1.69 years (previous year 3.51 years). The range of exercise prices for options outstanding at the end of the year was 2.00 to 394.00 (previous year 2.00 to 394.00).

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

	March 31, 2016	March 31, 2015			
Date of option granted	18-Aug-15	1-Apr-14	19-Aug-14	12-Dec-14	27-Mar-15
Stock Price Now (in Rupees)	564.15	208.05	315.00	399.45	444.85
Exercise Price (X) (in Rupees)	2.00	2.00	2.00	394.00	2.00
Expected Volatility (Standard Dev-Annual)	38.49%	41.82%	41.82%	41.82%	41.82%
Life of the options granted (Vesting and exercise period) in years	3.00-7.00	9.50	9.12	8.81	8.52
Expected Dividend	0%	0%	0%	0%	0%
Average Risk- Free Interest Rate	7.98%-8.13%	9.19%	8.73%	7.89%	7.81%
Weighted average fair value of options granted	562.58 - 563.02	207.22	314.10	258.34	443.82

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.

37.1 Max Life Insurance Company Limited

Employee Phantom Option Plan (Cash settled):

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

During the previous year ended March 31, 2015, the Company had issued Employee Phantom Stock Plan (EPOP) w.e.f. July 01, 2014, September 25, 2014 and December 01, 2014. Further, during the year ended March 31, 2016, the Company issued Employee Phantom Stock Plan (EPOP) w.e.f. October 30th, 2015 and January 1st, 2016. Accordingly Rs. 2679.85 Lacs (previous year Rs 3495.19 Lacs) has been accrued as expense in the statement of profit & loss account as applicable The details of the scheme are as under:

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	23,969,000	32.09	21,087,000	29.97
Granted during the Year	14,585,000	50.48	3,808,000	43.30
Forfeited during the year	(2,428,000)	32.09	(651,000)	29.97
Exercised during the year	(1,445,000)	32.09	(275,000)	29.97
Outstanding at the end of the year	34,681,000	39.82	23,969,000	32.09

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Risk-free interest rate	7.13%-7.89%	7.81%-7.88%
Expected life	0.33-5.67 Years	0.34-3.76 Years
Expected Volatility	17.22%	13.65%
Expected dividend yield	1.95%	1.72%

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

37.3 Max Healthcare Institute Limited (Refer to note 44)

Employee Stock Option Plan - 2006 ("the 2006 Plan")

The company has instituted the 2006 Plan, which was approved by the Board of Directors on July 31, 2006 and subsequently by the shareholders on August 10, 2006. The 2006 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 2006 Plan is administered by the Remuneration Committee appointed by the Board of Directors. Vesting period ranges from one to five years and options can be exercised after one year from vesting date.

The 2006 Plan gives an option to the employee to purchase the share at a price determined by remuneration committee subject to minimum par value of shares (Rs. 10/-). However employees have a right to choose to settle in cash at a value calculated as a difference between Fair Market value of Shares and Exercise Price of Share. The Company has valued Employee Stock Option outstanding as at year end presuming all the employees will exercise their option in favour of Cash Settlement or equity settlement based on trend of last two years.

The details of activity under the Scheme are summarized below:

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	-	-	1,370,000	28.83
Granted during the Year	-	-	893,000	64.60
Forfeited during the year	-	-	(345,000)	31.52
Exercised during the year	-	-	(305,000)	27.46
Outstanding at the end of the year	-	-	1,613,000	48.32
Exercisable at the end of the year	-	-	90,000	25.00

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2016 are as follows:

(Rs. in Lacs)

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average remaining life in years	No. of Options	Weighted Average remaining life in years
1-Mar-12	-	-	270,000	1.92
1-Oct-12	-	-	450,000	2.34
22-Jul-13	-	-	-	-
25-Mar-15	-	-	893,000	4.26

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. During the year, no options have been granted. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Black Scholes Option Pricing model

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Stock Price Now (in Rupees)	-	45.17
B. Exercise Price (X) (in Rupees)	-	64.60
C. Expected Volatility (Standard Dev - Annual)	-	33.94%
D. Historical Volatility	-	-
E. Life of the options granted (Vesting and exercise period) in years	-	4.26 Years
F. Expected Dividend	-	Nil
G. Average Risk- Free Interest Rate	-	7.80%
H. Expected Dividend Rate	-	Nil

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome

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

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit after tax and minority interest as reported (Rs. in Lacs)	**25,273.69**	27,962.39
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	**3,245.15**	4,499.45
Less: Employee stock compensation under fair value method (Rs. in Lacs)	**(4,689.15)**	(5,267.21)
Performa profit (Rs. in Lacs)	**23,829.69**	27,194.63
Earnings Per Share		
Basic (Rs.)		
- As reported	**9.47**	10.50
- Performa	**8.93**	10.21
Diluted (Rs.)		
- As reported	**9.38**	10.43
- Performa	**8.84**	10.14

38. Leases

38.1 Finance lease: group as lessee

The group has finance leases and hire purchase contracts for various items of medical equipments. Upon the expiry of lease term the absolute and unencumbered ownership of the equipment shall vest with the Group at the guaranteed residual value. Each renewal is at the option of lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(Rs. in Lacs)

Particulars	March 31, 2016		March 31, 2015	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	-	-	158.50	124.57
After one year but not more than five years	-	-	299.23	240.89
More than five years	-	-	69.38	65.71
Present value of minimum lease payments	-	-	527.11	431.17

38.2 Operating lease: group as lessee

Lease rentals recognized in the statement of profit and loss for the year is Rs. 6,446.06 Lacs (previous year Rs. 9,992.89 Lacs).

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

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one year	**195.97**	1,527.29
Later than one year and not later than five year	**84.66**	6,516.97
Later than five year	-	7,031.39
Total	**280.63**	15,075.65

38.3 Operating lease: group as lessor

The group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining terms of 3 years.

The detail of total of future minimum lease payments under non-cancellable leases are as follows:

(Rs. in Lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one year	-	37.38
Later than one year and not later than five year	-	59.18
Later than five year	-	-
	-	**96.56**

39. Interest in a joint venture

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the period from April 1, 2015 to March 31, 2016 are as follows:

(Rs. in Lacs)

Particulars	Max Healthcare Institute Ltd.		Forum I Aviation Limited	
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
Current assets	-	17,589.28	-	96.70
Non current assets	-	49,146.81	-	976.67
Current liabilities	-	(12,649.66)	-	(48.90)
Non Current liabilities	-	(15,581.91)	-	(214.80)
Cosolidation adjustment	-	(22,462.65)	-	(476.94)
Equity	**-**	**16,041.87**	**-**	**332.73**
Revenue	-	22,894.48	-	529.61
Cost of material consumed	-	(6,799.05)	-	-
Depreciation	-	(1,520.89)	-	(57.13)
Employee benefit expenses	-	(4,683.43)	-	(75.74)
Other Expenses	-	(10,664.54)	-	(335.47)
Profit/(Loss) before tax	**-**	**(773.43)**	**-**	**61.27**
Tax expense	-	-	-	(25.97)
Profit/(Loss) after tax	**-**	**(773.43)**	**-**	**35.30**

40. Segment Information

40.1 Business Segments

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

a) Life Insurance – This segment relates to the life insurance business carried out pan India, by one of the Company's subsidiary.

b) Business Investments – This segment is represented by treasury investments.

The above business segments have been identified considering:

(i) The nature of products and services

(ii) The differing risks and returns

(iii) Organizational structure of the group, and

(iv) The internal financial reporting systems

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

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

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

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

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

40.2 Geographical Segments

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

40.3 Segment Information

(Rs. in Lacs)

Primary Segments	Speciality Plastic Products	Healthcare business	Business Investments	Life Insurance business	Health Insurance business	Clinical Research Business	Senior Living	Others	Total
a. Segment Revenue from									
Sales to external customers	-	-	-	-	-	-	-	-	-
	73,774.48	10,079.12	-	-	-	-	-	-	83,853.60
Service Income	-	-	1,125.37	913,888.18	-	-	-	-	915,013.55
	-	74,590.18	-	810,421.94	31,543.65	1,715.73	-	105.87	918,377.37
Service/Interest Income from inter segments	-	-	17,216.01	4.45	-	-	-	-	17,220.46
	-	1,373.61	21,460.79	92.91	36.52	164.77	58.40	682.74	23,869.74
Income from investment activities	-	-	1,729.75	252,870.71	-	-	-	-	254,600.46
	-	-	35,745.28	437,630.34	3,371.20	-	-	-	476,746.82
Export benefits	-	-	-	-	-	-	-	-	-
	630.17	1,927.35	-	-	-	-	-	-	2,557.52
Total Segment Revenue	-	-	20,071.13	1,166,763.34	-	-	-	-	1,186,834.47
	74,404.65	87,970.26	57,206.07	1,248,145.19	34,951.37	1,880.50	58.40	788.61	1,505,405.05
Less: Inter segment revenue	-	-	17,216.01	4.45	-	-	-	-	17,220.46
	-	1,373.61	21,460.79	92.91	36.52	164.77	58.40	682.74	23,869.74
Revenue from operations	-	-	2,855.12	1,166,758.89	-	-	-	-	1,169,614.01
	74,404.65	86,596.65	35,745.28	1,248,052.28	34,914.85	1,715.73	-	105.87	1,481,535.31
b. Segments Results	-	-	2,855.12	51,639.08	-	-	-	-	54,494.20
	5,234.66	967.28	32,375.19	48,005.67	(9,211.24)	(231.28)	(9,012.21)	292.96	68,421.03
Interest Income									719.14
									1,840.15
Sub-total									55,213.34
									70,261.18
Less:									
Unallocated Expenses (Net of unallocated income)									7,945.28
									10,756.72
Interest Expenses									765.69
									8,258.64
Profit before tax									46,502.37
									51,245.82
Provision for taxation (includes provision for Deferred Tax)									7,183.35
									14,754.47
Profit after tax									39,319.02
									36,491.35
Minority Interest									(14,045.33)
									(8,528.96)
Profit after tax (after adjusted minority interest)									25,273.69
									27,962.39
c. Carrying amount of segment assets	-	-	27,304.75	3,761,136.28	-	-	-	-	3,788,441.03
	51,527.30	65,728.01	58,016.04	3,246,965.10	50,993.78	1,653.65	21,929.50	3,677.46	3,500,490.84
Add: Unallocated assets									5,238.30
									12,617.79
Goodwill									20,944.67
									37,187.54
Total Assets									3,814,624.00
									3,550,296.17
d. Segment Liabilities	-	-	-	3,540,929.69	-	-	-	-	3,540,929.69
	6,887.48	8,878.75	-	3,040,025.90	34,002.70	774.65	7,486.73	455.70	3,098,511.91
Add: Unallocated liabilities									6,935.61
									59,876.28
Total Liabilities									3,547,865.30
									3,158,388.19
e. Cost to acquire tangible and intangible fixed assets	-	-	-	-	-	-	-	-	-
	3,754.37	3,474.50	-	5,359.42	1,366.81	61.35	(61.48)	0.57	13,955.54
Unallocated									668.82
									900.90
Total Addition									668.82
									14,856.44
f. Depreciation and amortisation expenses	-	-	-	5,824.59	-	-	-	-	5,824.59
	2,298.38	6,050.21	-	5,005.03	1,215.57	104.80	135.74	132.10	14,941.83
Unallocated depreciation and amortisation									222.37
									438.04
Total depreciation and amortisation									6,046.96
									15,379.87
g. Non-cash expenses other than depreciation and amortisation	-	-	-	2,679.85	-	-	-	-	2,679.85
	-	5.95	-	3,505.92	-	-	-	-	3,511.87
Unallocated non cash expenses									565.30
									987.58
Total									3,245.15
									4,499.45

SECONDARY SEGMENT

(Rs. in Lacs)

		India	Outside India	Total
		0	0	0
a.	Revenue from external customers	**1,169,614.01**	**-**	**1,169,614.01**
		1,134,187.07	*28,446.36*	*1,162,633.43*
b.	Carrying amount of segment assets by location of assets	**3,788,441.03**	**-**	**3,788,441.03**
		2,854,965.53	*7,897.68*	*2,862,863.21*
c.	Cost to acquirer tangible and intangible fixed assets by location of assets	**5,359.41**	**-**	**5,359.41**
		18,327.16	*-*	*18,327.16*

Note: Amount in italics represents previous year figures

41 Related parties disclosures

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

Key Management Personnel (KMP)	1	Mr. Rahul Khosla (Managing Director) - upto January 14, 2016
	2	Mr. Mohit Talwar (Managing Director) - w.e.f. January 15, 2016
	3	Mrs. Sujatha Ratnam (Chief Financial Officer) - w.e.f. June 01, 2015
	4	Mr. Rahul Ahuja (Chief Financial Officer) - upto May 31, 2015*
	5	Mr. V Krishnan (Company Secretary) - upto February 29, 2016*
Enterprises owned or significantly influenced by key management personnel or their relatives	1	Max India Limited
	2	Max Bupa Health Insurance Company Limited
	3	Antara Purukul Senionr Living Limited
	4	Max Speciality Films Limited
	5	Max Venture and Industries Limited
	6	Pharmax Corporation Limited
	7	Max UK Limited
	8	Max Healthcare Institute Limited
	9	New Delhi House Services Limited
	10	Delhi Guest House Private Limited
	11	Max India Foundation
Employee benefit funds	1	Max India Ltd. Employees' Provident Fund Trust
Relatives of Key Management Personnel (KMP)	1	Mr. Veer Singh
	2	Ms. Piya Singh

* Mr Rahul Ahuja and Mr V Krishnan were Key Managerial Personnel of the Company for part of the financial year 2015-16. Subsequent to the Scheme of Arrangement becoming effective on January 15, 2016, their remuneration has been charged to Max India Limited with effect from the appointed date i.e April 1, 2015.

Transactions with related parties during the year:

(Rs in Lacs)

	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Reimbursement of expenses (Received from)										
Max Healthcare Institute Limited					**26.71**	-			**26.71**	-
Max Bupa Health Insurance Company Limited					**121.09**	-			**121.09**	-
Antara Senior Living Limited					**2.96**	-			**2.96**	-
Antara Purukul Senior Living Limited					**10.28**	-			**10.28**	-
Max Speciality Films Limited					**19.03**	-			**19.03**	-
New Delhi House Services Limited					**-**	15.78			**-**	15.78
Max India Foundation					**-**	1.03			**-**	1.03
Piveta Estates Private Limited					**-**	34.03			**-**	34.03
Max Ventures Private Limited					**3.50**	28.21			**3.50**	28.21
Max Skill First Limited					**94.18**	-			**94.18**	-
Max One Distribution and Services Limited					**10.73**	-			**10.73**	-

Transactions with related parties during the year:

(Rs in Lacs)

	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)		Enterprises owned or significantly influenced by key management personnel or their relatives		Employee Benefit Fund		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Rahul Khosla	33.25	23.73							33.25	23.73
Siva Realty Ventures Private Limited					-	0.24			-	0.24
Studio Urban Space Consultants Pvt Limited					-	16.80			-	16.80
Vana Retreats Private Limited					-	25.04			-	25.04
Income from shared services										
Max India Limited					741.38	-			741.38	-
Max Healthcare Institute Limited					223.00	-			223.00	-
Max Venture and Industries Limited					90.00	-			90.00	-
Reimbursement of expenses (Paid to)										
Max India Limited					1919.63	-			1919.63	-
Max Skill First Limited					3,171.88	-			3,171.88	-
New Delhi House Services Limited					146.11	421.88			146.11	686.75
Delhi Guest House P.Limited					40.34	44.04			40.34	44.04
Max India Foundation					-	13.22			-	13.22
Malsi Estates Limited					-	1.05			-	1.05
Rent paid										
Veer Singh			-	72.60					-	72.60
Pharmax Corporation Limited					41.58	-			41.58	-
Delhi Guest House P.Limited					247.25	204.12			247.25	204.12
Lakeview Enterprises					-	43.56			-	43.56
Malsi Estates Limited					-	132.00			-	132.00
Managerial Remuneration										
Rahul Khosla	2,214.29	1,821.61							2,214.29	1,821.61
Mohit Talwar	871.39	799.72							871.39	799.72
Sujatha Ratnam	161.42	-							161.42	-
Rahul Ahuja*	-	164.49							-	164.49
V Krishnan*	-	79.78							-	79.78
Salary Paid										
Piya Singh			-	1.27	-	-	-	-	-	1.27
Donation Paid										
Max India Foundation					974.85	1,054.60			974.85	1,054.60
Company's contribution to Provident Fund Trust							1,860.06	2,663.97	1,860.06	2,663.97
Company's contribution to Gratuity Trust							-	5.00	-	5.00
Company's contribution to Superannuation Trust							-	17.07	-	17.07
Security deposit given										
Delhi Guest House P. Limited					12.00	18.00			12.00	18.00
Balance outstanding as at the year end										
Amount receivable										
Max Healthcare Institute Limited					239.22				239.22	-
Max Bupa Health Insurance Company Limited					33.86				33.86	-
Antara Purukul Senior Living Limited					3.75				3.75	-
Max Speciality Films Limited					3.17					
Pharmax Corporation Limited					36.24				36.24	-
Max Venture and Industries Limited					96.06				96.06	-
Max One Distribution and Services Limited					11.16				11.16	-
Veer Singh			-	30.00					-	30.00
Lakeview Enterprises					-	18.00			-	18.00
Delhi Guest Houses Pvt Ltd					66.00	54.00			66.00	54.00
Piveta Estates Pvt Ltd					6,710.00	14,030.00			6,710.00	14,030.00
Amount Payable										
New Delhi House Services Limited					(5.13)	(46.62)			(5.13)	(46.62)
Max India Limited					(195.95)	-			(195.95)	-
Max Skill First Limited					(270.81)	-			(270.81)	-
Malsi Estates Limited					-	(3.54)			-	(3.54)
Max Ventures Private Limited					-	(66.00)			-	(66.00)
Veeras Kitchen Private Limited					-	(1.91)			-	(1.91)

42. Actuarial Assumptions

Life Insurance Business

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

(a) **Interest:**

The valuation rate of interest is based upon the current and projected yields on the fund and the current and projected yields on 10 year G-sec. A valuation rate of interest of 7.4% (previous year 7.4%) for participating and 7.5% (previous year 7.6%) for non-participating, health business and riders has been used

The valuation rate of interest rate was reduced by margins for adverse deviations of 1.65% (previous year1.65%) for the participating products and 1.65% (previous year1.65%) for the major non-participating products.

Gross unit growth rate of 7.5% (previous year7.6%) has been used which was further reduced by a margin of adverse deviation of 1.65% (previous year1.65%). For unit-linked products where there is a premium related bonus payable, the margin for adverse deviation (MAD) for unit linked fund growth rate has been used as 2.35% (March 31, 2015 :2.35%)

(b) **Mortality:**

Mortality assumptions for valuation purposes in general are set at levels above the current experience. These rates were further increased by margins for adverse deviation of 10% (previous year 10%) for participating policies, 20% (previous year 20%-25%) for the non-participating, unit linked and health business.

(c) **Morbidity:**

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

Proportions of 95% to 300% (previous year 95% to 300%) of these tables have been used which were further increased by a margin for adverse deviation of 25% (previous year 25%).

(d) **Expenses:**

The maintenance expense assumptions are based on the current expense levels of the company. For prudence, assumptions don't allow for future expected savings in expenses. The assumptions were increased by margins for adverse deviation of 10% (previous year 10%) for participating policies and 10% (previous year 10%) for non-participating, health and unit-linked policies.

(e) **Inflation:**

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

(f) **Commission:**

It is based on the actual commission rates paid.

(g) **Lapses:**

Lapse assumptions for valuation purposes in general are set at levels below the current experience. These rates were further reduced by margins for adverse deviation of 20% (previous year 20%) for participating policies, 50% (previous year 50%) for non-participating and unit-linked policies and 20% (previous year 20%) for health plans.

(h) **Free look cancellation:**

Provisions are made for the additional payments that are required to be made in the event of cancellation during the free look period. The free look cancellation assumption is 6.5% (previous year 5.0%) for participating plans, 3% (previous year 3%) for non participating plans, and 7.0% (previous year 5.5%) for the unit linked business. The assumptions were increased by margins for adverse deviation of 20% (previous year 20%) for participating and non-participating policies; and, 20% (previous year 50%) for unit linked policies.

(i) **Future bonuses:**

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

(j) **Linked Liabilities:**

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

43. The management is in the process of appointing a full time Company secretary (who had resigned on February 29, 2016) and accordingly the financial statements are signed by two Directors on behalf of the Board and the Chief Financial Officer.

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

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

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

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

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

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

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

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

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

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

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

46 Derivative Instruments and Unhedged Foreign Currency Exposure

a. Particulars of forward contract

(Rs. in Lacs)

Particulars of derivatives	As at March 31, 2016	As at March 31, 2015	Purpose
Forward Contracts (Buy) outstanding at Balance Sheet date (in Lacs)	Nil	Nil	To hedge the liability against outstanding trade payables.
Forward Contracts (Sell) outstanding at Balance Sheet date (in Lacs)	Nil	USD 33.08 (INR 2,029.10) EURO 13.13 (INR 941.73) GBP 3.28 (INR 306.81)	To hedge the outstanding trade receivables.

b. Particulars of Unhedged Foreign Currency Exposure

Particulars	As at March 31, 2016			As at March 31, 2015		
	Foreign Currency (in Lacs)	Exchange Rate (Rupee)	Indian Rupee (in Lacs)	Foreign Currency (in Lacs)	Exchange Rate (Rupee)	Indian Rupee (in Lacs)
Import trade payables (EUR)	-	-	-	4.24	68.98	292.48
Import trade payables (GBP)	-	-	-	0.03	94.50	2.84
Import trade payables (USD)	-	-	-	28.04	63.63	1,784.19
Import capital creditors	-	-	-	0.06	68.98	4.14
Import capital creditors	-	-	-	1.78	63.63	113.26
Import capital creditors	-	-	-	0.61	53.20	0.32
Export trade receivables (USD)	-	-	-	30.10	61.34	1,846.31
Export trade receivables (EURO)	-	-	-	6.13	71.72	439.66
Export trade receivables (GBP)	-	-	-	1.51	93.33	140.93
Short term borrowings (USD)	-	-	-	0.02	63.63	1.27

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

(Rs. in Lacs)

Name of subsidiary	Net Assets i.e total assets - total liabilities		Share in profit or loss	
	Amount (Rs. /lacs)	As % of consolidated net assets	Amount (Rs. /lacs)	As % of consolidated profit or loss
Parent				
Max Financial Services Limited	46,552	23.69%	(5,086)	-12.94%
Subsidiary				
Max Life Insurance Company Limited	149,950	76.31%	44,405	112.94%
Total	**196,502**	**100%**	**39,319**	**100%**

48. Derivative contract

The company has Guaranteed products where the returns to the policy holders are fixed. 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 premium received.

The Company hedged the interest rate risk through execution of an interest rate swap (IRS) transaction whereby it receives a pre-determined fixed rate and pays a floating rate to the bank.

The Company has executed two way International Swaps and Derivatives Association (ISDA) master agreements with the banks and has a Board Approved Risk policy in place for derivatives. 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 Company uses hedge accounting as per the accounting standards 30 issued by the Institute of Chartered Accountants of India.

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

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
	Interest rate derivatives	Interest rate derivatives
Cash Flow Derivatives		
1 Derivatives (Notional principal amount)	22,084,745	-
2 Marked to market positions		
a) Asset (+)	10,826	-
b) Liability (-)	-3,837	-
3 Credit exposure		
Current Credit Exposure	6,989	-
Potential Future Credit Exposure	525,587	-

Benchmark wise derivative position

(Rs. in Lacs)

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
FRA	MIBOR/OIS/INBMK		NA			
IRS	MIOIS/ MIBOR	13	-	22,084,745	-	22,084,745
IRF	GOI		NA			

49. Consequent to the Scheme of Demerger effective from 1st April 2015, the figures for the year ended March 31, 2016 are not comparable with the corresponding figures disclosed under previous year ended March 31, 2015. The previous year's figures have been regrouped / reclassified, wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Mohit Talwar
(Managing Director)
DIN - 02394694

D.K. Mittal
(Director)
DIN - 00040000

Sujatha Ratnam
(Chief Financial Officer)

Place : New Delhi
Date : May 30, 2016

MAX | FINANCIAL SERVICES

MAX LIFE INSURANCE