

## Notes forming part of the standalone financial statements

### 1. Corporate information

Max Financial Services Limited ("the Company") is a public limited company domiciled in India. The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

##### (i) Statement of Compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

##### (ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

#### 2.2 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three

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months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 2.4 Cash flow statement

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

### 2.5 Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2017 (transition date) measured as per the previous GAAP as their deemed cost as of the transition date.

All the items of property, plant and equipment are stated at historical cost net of cenvat credit less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised so as to write off

the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken in accordance with Schedule II to the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 2.6 Intangible assets

Intangible assets acquired separately Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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### Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its

carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### *Income from services*

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

#### *Interest*

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

#### *Dividend*

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

### 2.9 Share-based payment arrangements

The Company has constituted an Employee Stock Option Plan - 2003 for equity settled share based payment transactions. Employee Stock Options granted on or after 1 April, 2005 are measured at the fair value of the equity instruments at

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the grant date. The Scheme provides for grant of options to employees (including directors) of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Company had constituted a Phantom Stock option plan in 2016, to be settled in cash. The Company is required to make provisions for estimated cash requirement for settlement on the basis of Fair Market Value of equity shares of the Company, Max India Limited and Max Ventures and Industries Limited as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

The Company has constituted another Phantom Stock option plan in 2017, which will be settled in cash. The Company is required to make provisions for estimated cash requirement for

settlement on the basis of Fair Market Value of equity shares of the Company as at end of each financial period/year till the estimated life of phantom stocks. As and when any cash payment is made on account of settlement of phantom stock, the provision is accordingly adjusted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### 2.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Investment in subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

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Investments in subsidiary are carried at cost less impairment. Cost comprises price paid to acquire the investment and directly attributable cost.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

### Investments in equity instruments at FVTOCI

On initial recognition, the Company can make

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an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

### Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost

criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This

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expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no

longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

## 2.11 Financial liabilities and equity instruments (including derivative contracts)

### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity

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instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a

group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

#### b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-

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trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### d) Derecognition of financial liabilities

The Company derecognises financial

liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 2.12 Employee benefit costs

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

#### Retirement benefits costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in

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profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. rereasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at

the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the rereasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in

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accordance with Ind AS 19.70.

### 2.13 Segment information

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

### 2.14 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. As a result, the comparative information has not been restated.

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the

underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with

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expected general inflation.

The Company as lessor :

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on accrual basis over the term of the relevant lease.

### 2.15 Earnings per share

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

options and bonus shares, if any, as appropriate.

### 2.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

In case of uncertainty whether the relevant taxation authority will accept the tax treatment, the Company predicts the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the Company shows the effect of the uncertainty for each uncertain tax treatment on amount of related items by using either the most likely outcome or the expected outcome of the uncertainty.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be

## Notes forming part of the standalone financial statements

utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.18 Goods and services tax input credit

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

## Notes forming part of the standalone financial statements

### 2.19 Critical accounting judgements and key sources of estimation uncertainty

#### Critical accounting judgements

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote. (See note 25)

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying

amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes (See note 34)

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

### 2.20 Operating Cycle

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

## Notes forming part of the standalone financial statements

### 3. Cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Cash in hand	0.65	0.81
(ii) Balance with scheduled banks		
- in current accounts	28.09	41.96
<b>Total</b>	<b>28.74</b>	<b>42.77</b>

### 4. Bank balances other than cash and cash equivalents

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances in earmarked accounts		
- Unpaid dividend accounts (See note 14)	153.59	256.02
- Balances held as margin money against guarantee	11.20	11.20
<b>Total</b>	<b>164.79</b>	<b>267.22</b>

### 5. Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good		
- Trade receivables	1,924.60	2,179.55
<b>Total</b>	<b>1,924.60</b>	<b>2,179.55</b>

#### Notes:

Trade receivables are related to the amounts recoverable from group companies. The management based on confirmations from the group companies believes that no expected credit allowance is required to be recognised on these trade receivables.

### 6. Loans (Carried at amortised cost)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Loans to employees - Unsecured, considered good	1.36	7.37
<b>Total</b>	<b>1.36</b>	<b>7.37</b>

## Notes forming part of the standalone financial statements

### 7. Investments

Particulars		Quantity	As at	Quantity	As at
		(in number)	31.03.2020 (Rs. in lakhs)	(in number)	31.03.2019 (Rs. in lakhs)
<b>A. Unquoted investments in equity shares (all fully paid) of subsidiary company (Carried at cost)</b>					
	Max Life Insurance Company Limited (face value of Rs 10 per share) (See note 43 and 44)	1,391,579,381	220,281.31	1,377,408,564	208,026.12
	<b>Total (A)</b>		<b>220,281.31</b>		<b>208,026.12</b>
<b>B. Investment in mutual funds (unquoted)</b>					
<b>Carried at FVTPL</b>					
(a)	Aditya Birla Sun Life Cash Plus Fund - Direct Plan Growth- Face value Rs. 100 per unit	23,892.12	76.35	333,920.59	1,003.22
(b)	Axis Liquid Fund - Direct Plan Growth- Face value Rs. 1000 per unit	53,664.91	1,182.96	98,326.32	2,038.82
(c)	ICICI Prudential Liquid Plan - Direct Growth- Face value Rs. 100 per unit	-	-	105,023.95	290.30
(d)	Sundaram Money fund (G) - Direct Growth- Face value Rs. 10 per unit	2,764,944.63	1,157.68	4,499,591.42	1,773.36
(e)	Kotak Money Market Scheme - (Growth) - Direct - Face value Rs. 1000 per unit	157,809.89	5,228.37	-	-
(f)	HDFC Liquid Fund - Direct Plan - Face value Rs. 1000 per unit	7,106.09	277.61	-	-
(g)	Aditya Birla Sun Life Money Manager Fund - Growth - Direct Plan - Face value Rs. 100 per unit	1,904,428.41	5,159.53	-	-
(h)	ICICI Prudential Money Market Fund Option - Direct Plan - Growth - Face value Rs. 100 per unit	1,030,301.31	2,877.27	-	-
(i)	HDFC Money Market Fund - Direct Plan - Growth Option - Face value Rs. 1000 per unit	116,880.99	4,932.19	-	-
(j)	SBI Liquid Fund - DIRECT PLAN -Growth - Face value Rs. 1000 per unit	17,567.71	546.18	-	-
(k)	UTI Liquid Cash Fund Institutional - Direct Plan - Face value Rs. 1000 per unit	24,576.73	799.10	-	-
(l)	UTI Money Market Fund - Institutional Plan - Direct Plan Growth- Face value Rs. 1,000 per unit	190,560.15	4,321.43	-	-
	<b>Total (B)</b>		<b>26,558.67</b>		<b>5,105.70</b>
<b>Total aggregate unquoted investments</b>			<b>246,839.98</b>		<b>213,131.82</b>
<b>Aggregate carrying value of unquoted investments</b>			<b>246,839.98</b>		<b>213,131.82</b>

## Notes forming part of the standalone financial statements

### 8. Other financial assets

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Security deposits	47.44	31.47
(ii) Interest accrued on deposits	0.76	0.01
(iii) Interest receivable from erstwhile directors (See note 25B)	-	31.89
(iv) Receivable on sale of property, plant and equipment	-	3.25
(v) Income accrued on lease rental	-	0.30
(vi) Other receivables	20.04	47.43
<b>Total</b>	<b>68.24</b>	<b>114.35</b>

### 9. Non current tax assets (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance tax including tax deducted at source	23,642.39	23,435.64
Less: Provision for income tax	(22,829.43)	(22,829.43)
<b>Total</b>	<b>812.96</b>	<b>606.21</b>

### 10.

#### 10A Property, plant and equipment

(Rs. in lakhs)

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

(Rs. in lakhs)

	Buildings [See notes (i) and (ii) below]	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>							
Balance at 1 April, 2018	2,640.81	94.69	17.39	-	242.70	277.91	3,273.50
Additions	-	26.72	11.59	45.99	38.95	-	123.25
Disposals	-	4.24	0.02	-	23.66	4.32	32.24
<b>Balance at 31 March, 2019</b>	<b>2,640.81</b>	<b>117.17</b>	<b>28.96</b>	<b>45.99</b>	<b>257.99</b>	<b>273.59</b>	<b>3,364.51</b>
Additions	-	3.78	2.12	-	1.21	4.28	11.39
Disposals	-	0.93	3.56	-	-	4.19	8.68

## Notes forming part of the standalone financial statements

	Buildings [See notes (i) and (ii) below]	Office equipment	Computers	Leasehold improvements	Furniture and fixtures	Vehicles	Total
<b>Balance at 31 March, 2020</b>	<b>2,640.81</b>	<b>120.02</b>	<b>27.52</b>	<b>45.99</b>	<b>259.20</b>	<b>273.68</b>	<b>3,367.22</b>
<b>Accumulated depreciation</b>							
Balance at 1 April, 2018	44.05	37.30	6.38	-	36.40	51.64	175.77
Depreciation expense	44.05	19.84	6.32	10.97	37.74	43.78	162.70
Elimination on disposals of assets	-	2.28	-	-	6.03	2.12	10.43
<b>Balance at 31 March, 2019</b>	<b>88.10</b>	<b>54.86</b>	<b>12.70</b>	<b>10.97</b>	<b>68.11</b>	<b>93.30</b>	<b>328.04</b>
Depreciation expenses	44.05	16.18	4.29	20.91	36.82	36.08	158.33
Impairment allowance [See note (ii) below]	671.99	-	-	-	-	-	671.99
Elimination on disposals of assets	-	0.69	2.37	-	-	1.71	4.77
<b>Balance at 31 March, 2020</b>	<b>804.14</b>	<b>70.35</b>	<b>14.62</b>	<b>31.88</b>	<b>104.93</b>	<b>127.67</b>	<b>1,153.59</b>
<b>Net carrying value as at March 31, 2019</b>	<b>2,552.71</b>	<b>62.31</b>	<b>16.26</b>	<b>35.02</b>	<b>189.88</b>	<b>180.29</b>	<b>3,036.47</b>
<b>Net carrying value as at March 31, 2020</b>	<b>1,836.67</b>	<b>49.67</b>	<b>12.90</b>	<b>14.11</b>	<b>154.27</b>	<b>146.01</b>	<b>2,213.63</b>

Note :

- (i) Buildings include property owned by the Company, given to a former employee on an operating lease. The former employee has a right to purchase the property at an amount equivalent to the cost of acquisition for the Company. Such right will be settled by way of transfer of property at a future date. Considering the current market value, the management believes that exercising of such right cannot be concluded at the current date.
- (ii) During the year ended 31 March 2020, the Company has recognised impairment loss of Rs. 671.99 lakhs due to decline in value of the building held by the Company, as determined based on the valuation report obtained by the Company from external certified valuer.

### 10B Other intangible assets

(Rs. in lakhs)

	As at 31.03.2020	As at 31.03.2019
<b>Carrying amounts of :</b>		
Computer software	-	8.89
	-	<b>8.89</b>
	<b>Computer Software</b>	<b>Total</b>
<b>Gross carrying value</b>		
Balance at 1 April, 2018	<b>33.88</b>	<b>33.88</b>
Additions	-	-
Disposals	-	-

## Notes forming part of the standalone financial statements

	As at 31.03.2020	As at 31.03.2019
<b>Balance at 31 March, 2019</b>	<b>33.88</b>	<b>33.88</b>
Additions	-	-
Disposals	33.88	<b>33.88</b>
<b>Balance at 31 March, 2020</b>	<b>-</b>	<b>-</b>
<b>Accumulated amortisation</b>		
Balance at 1 April, 2018	<b>12.44</b>	<b>12.44</b>
Amortisation expense	12.55	<b>12.55</b>
Disposals	-	-
<b>Balance at 31 March, 2019</b>	<b>24.99</b>	<b>24.99</b>
Amortisation expense	8.89	<b>8.89</b>
Disposals	33.88	<b>33.88</b>
<b>Balance at 31 March, 2020</b>	<b>-</b>	<b>-</b>
<b>Net carrying value as at March 31, 2019</b>	<b>8.89</b>	<b>8.89</b>
<b>Net carrying value as at March 31, 2020</b>	<b>-</b>	<b>-</b>

### 10C Right-of-use assets

	As at 31.03.2020	As at 31.03.2019
<b>Carrying amounts of:</b>		
Right-of-use assets (See note 30)	336.61	-
	<b>336.61</b>	<b>-</b>

	Right-of-use assets	Total
(Rs. in lakhs)		
<b>Gross carrying value</b>		
Balance at 1 April, 2018	-	-
Additions	-	-
Disposals	-	-
<b>Balance at 31 March, 2019</b>	<b>-</b>	<b>-</b>
Impact of adoption of Ind AS 116	207.22	207.22
Additions	279.35	279.35
Disposals	-	-
<b>Balance at 31 March, 2020</b>	<b>486.57</b>	<b>486.57</b>
<b>Accumulated depreciation</b>		
Balance at 1 April, 2018	-	-
Amortisation expense	-	-
Disposals	-	-
<b>Balance at 31 March, 2019</b>	<b>-</b>	<b>-</b>
Depreciation expense	149.96	149.96
Disposals	-	-
<b>Balance at 31 March, 2020</b>	<b>149.96</b>	<b>149.96</b>
<b>Net carrying value as at March 31, 2019</b>	<b>-</b>	<b>-</b>
<b>Net carrying value as at March 31, 2020</b>	<b>336.61</b>	<b>336.61</b>

## Notes forming part of the standalone financial statements

## 11. Other non financial assets

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Prepaid expenses	47.67	54.20
(ii) Deposits under protest (see note 25)	23.40	23.40
(iii) Advances recoverable in cash or kind		
- Unsecured, considered good	14.74	25.60
- Unsecured, considered doubtful	303.00	303.00
	317.74	328.60
Less: Impairment allowance for doubtful advances	(303.00)	(303.00)
	14.74	25.60
(iv) Balances with government authorities - input tax credit receivable		
- Unsecured, considered good	79.09	60.96
- Unsecured, considered doubtful	262.98	202.98
	342.07	263.94
Less: Impairment allowance for doubtful balances	(262.98)	(202.98)
	79.09	60.96
<b>Total</b>	<b>164.90</b>	<b>164.16</b>

## 12. Derivative financial instruments

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Derivative financial liabilities (See note 42)	9,146.70	16,013.45
<b>Total</b>	<b>9,146.70</b>	<b>16,013.45</b>

## 13. Trade payables

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade payables - Other than acceptances		
- total outstanding dues of micro enterprises and small enterprises (See note 40)	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,005.05	1,419.86
<b>Total</b>	<b>1,005.05</b>	<b>1,419.86</b>

## 14. Other financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Security deposits received	0.90	3.34
(ii) Unclaimed/unpaid dividends (See note 4)	153.59	256.02
(iii) Liability for employee stock appreciation rights (See note 29.2)	133.49	845.27
<b>Total</b>	<b>287.98</b>	<b>1,104.63</b>

## Notes forming part of the standalone financial statements

### 15. Current tax liability (net)

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for income tax (see note 25f)	12,378.21	-
<b>Total</b>	<b>12,378.21</b>	<b>-</b>

### 16. Provisions

(Rs. in lakhs)

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

#### Note

(Rs. in lakhs)

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

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

### 17. Other non-financial liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory remittances (Contribution to PF, GST, TDS, withholding taxes etc.)	241.63	623.02
<b>Total</b>	<b>241.63</b>	<b>623.02</b>

### 18. Equity share capital

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Equity share capital	5,390.19	5,387.72
<b>Authorised share capital:</b>		
350,000,000 (As at 31 March, 2019 300,000,000) equity shares of Rs. 2 each with voting rights	7,000.00	6,000.00
<b>Issued and subscribed capital comprises:</b>		
269,509,487 (As at 31 March, 2019, 269,385,779) equity shares of Rs. 2 each fully paid up with voting rights	5,390.19	5,387.72

## Notes forming part of the standalone financial statements

### Fully paid equity shares:

	Number of shares	Share capital (Rs. in lakhs)
<b>Balance as at 1 April, 2018</b>	268,384,027	5,367.68
Add: Issue of shares	1,001,752	20.04
<b>Balance as at 31 March, 2019</b>	<b>269,385,779</b>	<b>5,387.72</b>
Add: Issue of shares	123,708	2.47
<b>Balance as at 31 March, 2020</b>	<b>269,509,487</b>	<b>5,390.19</b>

### Refer notes (i) to (iv) below

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

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

Name of Shareholder	As at 31.03.2020 No. of Shares	% Holding	As at 31.03.2019 No. of Shares	% Holding
<b>Fully paid equity shares with voting rights:</b>				
- Max Ventures Investment Holdings Private Limited	75,883,275	28.16%	67,518,275	25.06%
- Moneyline Portfolio Investments Limited	18,070,048	6.70%	18,070,048	6.71%
- Reliance Capital Trustee Co Limited	10,613,525	3.94%	15,429,537	5.73%
- Mirae Assets Equity Savings fund	13,982,331	5.19%	4,601,640	1.71%

### (iii) Shares reserved for issuance

As at 31.03.2020 - 154,737 (As at 31 March, 2019 : 131,015) shares, face value of Rs. 2 each were reserved for issuance towards outstanding employee stock options granted under Employee Stock Option Plan 2003 (ESOP) of the Company. (See note 29.1).

(iv) The Company has issued total 3,006,714 shares (As at 31 March, 2019 : 3,158,522) during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP plan wherein part consideration was received in the form of employee services.

## 19. Other equity

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Securities premium	42,483.58	41,870.90
(ii) Share options outstanding account	424.05	251.72
(iii) General reserve	16,418.22	16,418.22
(iv) Surplus in Statement of Profit and Loss	163,316.10	136,073.75
<b>Total</b>	<b>222,641.95</b>	<b>194,614.59</b>

## Notes forming part of the standalone financial statements

(Rs. in lakhs)

		As at 31.03.2020	As at 31.03.2019
<b>(i)</b>	<b>Securities premium account</b>		
a.	Opening balance	41,870.90	37,280.67
b.	Add : Premium on shares issued during the year	612.68	4,590.23
c.	Closing balance	<b>42,483.58</b>	<b>41,870.90</b>
		(A)	
<b>(ii)</b>	<b>Share options outstanding account</b>		
a.	Employees stock option outstanding (ESOP)	251.72	1,723.28
b.	Add : ESOP compensation expense	442.57	719.98
c.	Less : Transferred to securities premium account on exercise	(270.24)	(2,191.54)
d.	Closing balance	<b>424.05</b>	<b>251.72</b>
		(B)	
<b>(iii)</b>	<b>General reserve</b>		
a.	Opening balance	16,418.22	16,418.22
b.	Add : Addition/(deletion)	-	-
c.	Closing balance	<b>16,418.22</b>	<b>16,418.22</b>
		(C)	
<b>(iv)</b>	<b>Surplus in Statement of Profit and Loss</b>		
a.	Opening balance	136,073.75	131,164.91
b.	Add: Profit for the year	27,254.80	4,938.51
c.	Other comprehensive income arising from remeasurement of defined benefit obligation	(12.45)	(29.67)
d.	Closing balance	<b>163,316.10</b>	<b>136,073.75</b>
		(D)	
		<b>(A+B+C+D)</b>	<b>222,641.95</b>
			<b>194,614.59</b>

### 20. Other Income

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Liabilities / provisions no longer required written back	-	1.26
(b) Interest on income tax refund	-	33.06
(c) Interest recovery from erstwhile directors (See note 25B)	-	31.89
(d) Interest on loan to employees	0.18	0.72
(e) Net gain on foreign currency transactions and translation	-	4.30
(f) Net profit on sale of property, plant and equipment	2.33	-
(g) Rental income	4.68	42.30
(h) Interest on security deposit	0.40	1.32
(i) Miscellaneous Income	0.76	-
<b>Total</b>	<b>8.35</b>	<b>114.85</b>

## Notes forming part of the standalone financial statements

### 21. Employee benefits expense

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Salaries and wages (See note below)	1,640.59	5,707.11
(b) Contribution to provident and other funds (See note 27)	68.27	141.17
(c) Expense on employee stock option scheme (See note 29)	554.79	1,772.07
(d) Staff welfare expenses	22.29	19.25
<b>Total</b>	<b>2,285.94</b>	<b>7,639.60</b>

Note:

Salaries and wages for the year ended March 31, 2020 and March 31, 2019 includes severance pay aggregating to Rs. 274.92 lakhs and Rs. 2,575.00 lakhs respectively.

### 22. Depreciation, amortisation and impairment

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Depreciation of property, plant and equipment (See note 10A)	158.33	162.70
(b) Amortisation of intangible assets (See note 10B)	8.89	12.55
(c) Depreciation of right-of-use assets (See note 10C)	149.96	-
(d) Impairment of property, plant and equipment (See note 10A)	671.99	-
<b>Total</b>	<b>989.17</b>	<b>175.25</b>

### 23. Other expenses

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Recruitment and training expenses	0.62	2.01
(b) Rent including lease rentals (See note 30)	230.18	431.82
(c) Insurance	35.16	40.86
(d) Rates and taxes	6.04	2.66
(e) Repairs and maintenance - others	259.69	359.98
(f) Power and fuel	9.71	37.01
(g) Printing and stationery	23.38	21.42
(h) Travelling and conveyance	314.39	308.79
(i) Communication	32.02	41.30
(j) Director's sitting fees	61.36	124.99
(k) Commission to directors	100.00	131.42
(l) Business promotion	53.49	39.76
(m) Advertisement expenses	5.64	10.73
(n) Net loss on sale / disposal of property, plant and equipment	-	17.73
(o) Allowance on doubtful input tax credit receivable	60.00	-
(p) Charity and donation	85.22	75.21
(q) Net loss on foreign currency transactions and translation	7.06	-
(r) Provision for contingencies (See note 16)	802.75	2.74
(s) Miscellaneous expenses	48.93	38.87
<b>Total</b>	<b>2,135.64</b>	<b>1,687.30</b>

## Notes forming part of the standalone financial statements

### 24. Income taxes

#### A Income tax recognised in Statement of Profit and Loss

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(a) Current tax</b>		
In respect of current year	-	-
Adjustments recognised in the period for current tax of prior periods (see note 25f)	12,378.21	-
	12,378.21	-
<b>(b) Deferred tax</b>		
In respect of current year	-	-
	-	-
<b>Total tax expense charged/(credited) in Statement of Profit and Loss</b>	<b>12,378.21</b>	<b>-</b>
<b>(c) The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Profit/(Loss) before tax	39,633.01	4,938.51
Applicable tax rate	25.17%	34.94%
Income tax expense calculated	9,974.84	1,725.71
Effect of income that is exempt from taxation	(9,974.84)	(1,725.71)
	-	-
Adjustment required in the period for current tax of prior periods (see note 25f)	12,378.21	-
<b>Total tax expense charged/(credited) in Statement of Profit and Loss</b>	<b>12378.21</b>	<b>-</b>

#### B Movement in deferred tax

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

(Rs. in lakhs)

Particulars	Year ended 31.03.2020		
	Opening balance as on 1 April, 2019	Recognised in profit or loss	Closing balance as on 31 March, 2020
<u>Tax effect of items constituting deferred tax liabilities</u>			
Fair value of Financial Instruments measured at FVTPL	-	(65.34)	(65.34)
Property, plant and equipment and other intangible assets	(125.11)	125.11	-
	<b>(125.11)</b>	<b>59.77</b>	<b>(65.34)</b>
<u>Tax effect of items constituting deferred tax assets</u>			
Property, plant and equipment and other intangible assets	-	65.34	65.34
Carry forward business loss to be adjusted in future years	125.11	(125.11)	-
	<b>125.11</b>	<b>(59.77)</b>	<b>65.34</b>
<b>Deferred tax liabilities (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes forming part of the standalone financial statements

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

(Rs. in lakhs)

Particulars	Year ended 31.03.2019		
	Opening balance as on 1 April, 2018	Recognised in profit or loss	Closing balance as on 31 March, 2019
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, plant and equipment and other intangible assets	(125.11)	-	(125.11)
	<b>(125.11)</b>	<b>-</b>	<b>(125.11)</b>
<u>Tax effect of items constituting deferred tax assets</u>			
Carry forward business loss to be adjusted in future years	125.11	-	125.11
	<b>125.11</b>	<b>-</b>	<b>125.11</b>
<b>Deferred tax liabilities (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note :** The Company is a Non Systematic Core Investment Company (CIC) and earns income out of dividend received from subsidiary company which is not liable to tax under Income Tax. Accordingly, in the absence of any future taxable profits under Income Tax, no deferred tax liability/ asset is recognised. Further, the Company has carried its assessment of carried forward business losses and other differences and believes that it cannot reasonable determine the future tax liability against which these items can be set off and accordingly, no deferred tax asset have been recorded in these financial statements.

### 25. Commitments and contingent liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>A. Capital commitments</b>		
(i) Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances)	-	-
<b>B. Contingent liabilities</b>		
<b>Claims against the Company not acknowledged as debts (Refer note a)</b>		
(i) Disputed demands raised by custom authorities	451.71	440.54
(ii) Disputed demand raised by service tax authorities (See note b)	352.58	352.58
(iii) Notice for non-compliance with corporate governance requirements (See note c)	11.40	11.40
(iv) Disputed demand raised by income tax authorities (See note d)	-	159.04
(v) Litigation against the Company relating to Company Law matters (See note e)		
(vi) Litigation in an erstwhile subsidiary of the Company, Max Telecom Ventures Limited ("MTVL") (since merged with the Company with effect from December 1, 2005) (See note f)		

## Notes forming part of the standalone financial statements

### C. Other commitments

The Company has entered into tripartite agreement between Axis Bank Limited, Mitsui Sumitomo Insurance Company Limited and the Company, whereby the Company is required to buy back the stake held by Axis Bank Limited in Max Life Insurance Company Limited, upon exercise of put option by Axis Bank Limited tranches at a price linked to fair market value. (See note 43)

Also refer note 44 and 45 with respect to other ongoing transactions.

#### Notes :

- a. Claims against the Company not acknowledged as debts represent the cases pending with judicial forums / authorities. Based on management estimation and opinions from legal advisors, management believes that its position is likely to be upheld in appellate process. No tax has been accrued in the financials statements for tax / legal case demands. The management believes that the ultimate outcome of the proceedings will not have material adverse effect on the Company's financial position and result of operations.
- b. The Company has not made any provision for the demands in service tax cases as the Company believes that they have a good case based on existing judicial pronouncements. Advance paid against the same is Rs. 12.00 lakhs (As at 31 March, 2019 : Rs. 12.00 lakhs).
- c. The Company has received notices from National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respect of non-compliance with Regulation 17(1) of SEBI (Listing obligations and Disclosure requirements) 2015, pertaining to composition of Board. The Company has deposited Rs. 11.40 lakhs under protest and has requested NSE and BSE for waivers.
- d. Income tax cases represent the cases pending with income tax authorities / appellate authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgments / decisions pending with various courts / authorities. The Company has not made any provision for the demands in income tax cases as the Company believes that they have a good case based on existing judicial pronouncements.
- e. During the year 2006, the Ministry of Corporate Affairs had carried out an inspection, wherein certain technical offences were alleged by the Inspection Officer, based on which prosecution proceedings were initiated against the Company, its erstwhile Whole-time Directors and the Company Secretary at Chief Judicial Magistrate, Chandigarh. The Company filed writ petition against the prosecution proceedings with the Hon'ble High Court of Punjab and Haryana. The Hon'ble High Court had stayed the proceedings and listed the case for arguments, which concluded in 2019.

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

1. Non-display of registered office address at its corporate office in a prominent manner: Decided in favour of the Company with no costs.
2. Providing interest free loans to group companies: A nominal compounding fee of Rs. 0.50 lakhs has been levied on the Company and the matter was disposed off. The Company has paid the compounding fee of Rs. 0.50 lakhs vide demand draft number 033477 dated 7 March 2019.

## Notes forming part of the standalone financial statements

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

S. No.	Assessment Year	Brief Description
1	1998-99 and 1999-2000	<p>Gains arising from stake sale of shares held by MTVL in Hutchison Max telecom Limited ['HMTL'] during AY 1998-99 (1st stake sale) amounting to Rs. 47,493.09 Lakhs, were returned as capital gains and claimed as tax exempt under Section 10(23G) of the Act. The said exemption claim made by MTVL was denied to it by the Assessing Officer, but subsequently allowed in favour of MTVL by the CIT(A), which is currently being contested by the Department before the ITAT, Amritsar. Further, a Writ petition filed by MTVL, is also pending before the Hon'ble Punjab &amp; Haryana High Court on the action of ITAT of recalling its own order passed in relation to appeal filed by MTVL on the issue of the year of taxability of the stake sale being AY 1999-2000 and not AY 1998-99.</p> <p>In AY 1999-2000, the above mentioned stake sale transaction was once again brought to tax on a protective basis by the Assessing Officer, as MTVL had claimed that the transaction pertained to AY 1999-2000 and not AY 1998-99. The issue was once again held in favour of MTVL by the CIT(A), against which the Department is into appeal before the ITAT, Amritsar, which is pending as on date.</p>
2	2006-07	<p>In AY 2006-07, the Assessing Officer proceeded to tax the gains arising from sale of balance shares held by MTVL in HMTL (2nd stake sale) amounting to Rs. 41,153.88 lakhs as business income and denying the capital gains exemption u/s 10(23G) in the hands of MTVL, an entity which by that time had merged with the Company and hence, had ceased to exist. The issue of assessment being made in the name of non-existent entity has since been allowed in favour of the Company and is now pending as Department's appeal before the Hon'ble Punjab &amp; Haryana High Court.</p> <p>Subsequently reassessment proceedings were again initiated under Section 147 r.w.s 148 of the Act by the Department and the assessment was framed on the Company, as successor of MTVL, denying the capital gains exemption u/s 10(23G). In further appeal, the CIT(A) decided the issue in favour of the Assessee and currently the matter is pending before the ITAT, Amritsar. Assessee has also filed cross objections on the technical issue of validity of reassessment proceedings initiated under Section 148 of the Act before ITAT, Amritsar.</p>

**Note:** In March 2020, the Company had filed application(s) with the income tax authorities

## Notes forming part of the standalone financial statements

under the 'The Direct Tax Vivad se Vishwas Act, 2020' ('the Scheme'), enacted vide the Gazette of India on March 17, 2020 regarding settlement of the ongoing tax litigation pertaining to Telecom stake sale made by its erstwhile subsidiary Max Telecom Ventures Limited (since merged with the Company w.e.f December 1, 2005) [Details as stated in note (F) above]. The said litigation was being contested both by the Company and the Income Tax Department for multiple years, pending before various Appellate Authorities and previously disclosed as contingent liabilities.

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

### 26. Segment information

- I. The Company is primarily engaged in making business investments in its subsidiary and providing management advisory services to the group companies. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting', notified under the Companies (Indian Accounting Standard) Rules, 2015.

### 27. Employee benefit plans

#### Defined benefit plans

##### A Gratuity:

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

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

The gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

## Notes forming part of the standalone financial statements

### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees

In respect of the plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March, 2020 by Manohar Lal Sodhi, Consulting Actuary, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Discount rate(s)	6.50%	7.00%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10.00%	10.00%
Retirement age	58-65 years	58-65 years
Mortality tables	IALM (2012 - 14)	IALM (2006 - 08)
Attrition (%) - All ages	5% p.a.	5% p.a.
Estimate of amount of contribution in the immediate next year (Rs. in lakhs)	79.33	81.63

The following tables set out the funded status of the defined benefit scheme and amounts recognised in the Company's standalone financial statements as at March 31, 2020:

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2020	Year ended 31.03.2019
Service cost		
- Current service cost	16.54	18.34
- Past service cost and (gain)/loss from settlements	-	-
Interest cost (net)	15.18	24.95
Interest income	-	-
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>31.72</b>	<b>43.29</b>
Remeasurement on the net defined benefit liability		

## Notes forming part of the standalone financial statements

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2020	Year ended 31.03.2019
- Return on plan assets (excluding amounts included in net interest expense)	(0.04)	(0.33)
- Actuarial (gains) / losses arising from changes in demographic assumptions	0.06	-
- Actuarial (gains) / losses arising from changes in financial assumptions	5.78	1.68
- Actuarial (gains)/losses arising from experience adjustments	6.65	28.32
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>12.45</b>	<b>29.67</b>
<b>Total</b>	<b>44.17</b>	<b>72.96</b>

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

- (c) The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows as computed by the Actuarial:

Particulars	(Rs. in lakhs)	
	As at 31.03.2020	As at 31.03.2019
Present value of funded defined benefit obligation	(217.75)	(224.07)
Fair value of plan assets	7.76	7.22
<b>Net liability arising from defined benefit obligation</b>	<b>(209.99)</b>	<b>(216.85)</b>

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

Particulars	(Rs. in lakhs)	
	As at 31.03.2020	As at 31.03.2019
Opening defined benefit obligation	224.07	377.73
Current service cost	16.54	18.34
Interest cost	15.68	27.20
Liability transferred to Max India Limited from the enterprise	(4.53)	-
Liability transferred from Max India Limited to the enterprise.	59.72	-
Remeasurement (gains)/losses:		
- Actuarial gains and losses arising from changes in demographic assumptions	0.06	-
- Actuarial gains and losses arising from changes in financial assumptions	5.78	1.68
- Actuarial gains and losses arising from experience adjustments	6.65	28.32
Benefit paid - Paid by the Enterprise	(106.22)	(202.42)
Benefit paid - Payment made out of the Fund	-	(26.78)
<b>Closing defined benefit obligation</b>	<b>217.75</b>	<b>224.07</b>

## Notes forming part of the standalone financial statements

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

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2020	Year ended 31.03.2019
Plan assets at beginning of the year	7.22	31.41
Acquisition adjustment	-	-
Interest Income	0.50	2.25
Return on plan assets (excluding amounts including in net interest expense)	0.04	0.33
Actuarial gain / (loss) on plan assets	-	-
Benefits paid	-	(26.77)
<b>Plan assets at the end of the year</b>	<b>7.76</b>	<b>7.22</b>

(f) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- i) If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 11.29 lakhs (increase by Rs. 12.43 lakhs) [as at 31 March, 2019: decrease by Rs. 10.29 lakhs (increase by Rs. 10.97 lakhs)].
- ii) If the expected salary growth increases (decreases) by 1.00%, the defined benefit obligation would increase by Rs. 11.90 lakhs (decrease by Rs. 11.04 lakhs) [as at 31 March, 2019: increase by Rs. 8.49 lakhs (decrease by Rs. 8.01 lakhs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(g) The average duration of the benefit obligation represents average duration for active members at 31 March, 2020: 11.33 years (as at 31 March, 2019: 10.83 years).

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

Particulars	(Rs. in lakhs)				
	Gratuity				
	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Present value of DBO	217.75	224.07	377.73	295.34	252.68
Fair value of plan assets	7.76	7.22	31.41	29.01	16.92
Funded status [Surplus / (Deficit)]	(209.99)	(216.85)	(346.32)	(235.76)	(389.53)
Experience gain / (loss) adjustments on plan liabilities	(6.65)	(28.32)	(30.31)	12.54	(14.69)
Experience gain / (loss) adjustments on plan assets	-	-	-	(0.04)	(0.54)

## Notes forming part of the standalone financial statements

### B Provident Fund:

The Company is contributing in a provident fund trust "Max Financial Services Limited Employees Provident Trust Fund" which is a common fund for Max Group companies. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan.

The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by respective group companies. The actuary has accordingly provided a valuation for "Max Financial Services Limited Employees Provident Trust Fund" which is a common fund for MFSL, its subsidiaries and associate companies.

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

Particulars	(Rs. in lakhs)	
	As at 31.03.2020	As at 31.03.2019
Plan assets at year end at fair value	1,063.75	1,987.06
Present value of defined benefit obligation at year end	1,054.67	1,945.33
Surplus as per actuarial certificate	9.08	41.73
<b>Shortfall recognized in balance sheet</b>	-	-
Active members as at year end (Nos)	7	12

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

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2020	Year ended 31.03.2019
Discount rate	5.45%	6.76%
Yield on existing funds	8.50%	8.65%
Expected guaranteed interest rate	8.50%	8.65%

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

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2020	Year ended 31.03.2019
Employer's Contribution towards Provident Fund (PF)	36.55	95.77
<b>Total</b>	<b>36.55</b>	<b>95.77</b>

## Notes forming part of the standalone financial statements

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

(Rs. in lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Basic EPS</b>		
Profit attributable to shareholders (Rs. in lakhs)	27,254.80	4,938.51
Weighted average number of equity shares outstanding during the year (Nos.)	269,431,688	268,605,095
Face value per equity share (Rs.)	2.00	2.00
<b>Basic Earnings Per Share (Rs.)</b>	<b>10.12</b>	<b>1.83</b>
<b>Diluted EPS</b>		
Equivalent weighted average number of employee stock options outstanding (Nos)	142,130	254,562
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	269,573,818	268,859,657
<b>Diluted Earnings Per Share (Rs.)</b>	<b>10.11</b>	<b>1.83</b>

### 29 Employee Stock Option Plan

#### 29.1 Employee Stock Option Plan – 2003 (“the 2003 Plan”):

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

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

(Rs. in lakhs)

Options Series	Number	Grant date	Expiry date	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
1 Employee Stock Option Plan - 2003	7,307	1-Apr-16	1-Apr-20	2.00	332.46
	57,710	1-Apr-19	1-Apr-20	2.00	420.43
	57,710	1-Apr-19	14-Jan-21	2.00	420.53
	8,003	2-Jul-19	2-Jul-20	404.45	146.53
	8,003	2-Jul-19	30-Jun-21	404.45	175.33
	8,002	2-Jul-19	30-Jun-22	404.45	198.27
	8,002	2-Jul-19	30-Jun-23	404.45	218.10

Options were priced at fair value on the date of grant by using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

## Notes forming part of the standalone financial statements

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

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted Average exercise price (Rs.)	Number of options	Weighted Average exercise price (Rs.)
Option outstanding at the beginning of the year	131,015	224.82	1,132,767	219.48
Granted during the year	147,430	89	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(123,708)	278.87	(1,001,752)	218.78
Outstanding at the end of the year	154,737	85.25	131,015	224.82
Exercisable at the end of the year	-	-	-	-

For the period, the weighted average share price at the exercise date was Rs. 509.29 (March 31, 2019: Rs. 425.52).

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

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

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

### 29.2 Employees Phantom Stock Plans (PSP Plans) - Employee stock appreciation rights

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

Accordingly Rs. 112.22 lakhs (previous year: Rs. 1,052.09 lakhs) has been accrued as an expense in the Statement of Profit and Loss account as applicable. The details of the units granted during the year are as under:

## Notes forming part of the standalone financial statements

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

Options were priced using Black Scholes model, by an approved valuer engaged by the Company. The key assumptions used to estimate fair value of options are as follows:

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

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

### 30. Leases

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted.

Consequently, in the current period financial results, the nature of expenses in respect of Operating Leases has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for the interest accrued on lease liability. The effect of this adoption is not material on the profit and earnings per share for the current year.

The Company has entered into short term lease arrangements for certain facilities and office premises. Rent expense of Rs. 230.18 lakhs in respect of obligation under cancellable operating leases has been charged to the Statement of Profit and Loss for these short term lease arrangements.

## Notes forming part of the standalone financial statements

### Company as a Lessee

- a. Following are the changes in the carrying value of right of use assets for the year ended ended March 31, 2020:

Particulars	(Rs. in lakhs)
	Category of ROU assets Building
Balance as on 1 April, 2019 (on adoption of Ind AS 116)	207.22
Additions	279.35
Depreciation	149.96
<b>Balance as of 31 March, 2020</b>	<b>336.61</b>

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

Particulars	(Rs. in lakhs)
	Amount as on March 31, 2020
Current Liabilities	152.10
Non-Current Liabilities	120.65
<b>Total</b>	<b>272.75</b>

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

Particulars	(Rs. in lakhs)
	Amount as on March 31, 2020
Balance as on 1 April, 2019 (on adoption of Ind AS 116)	203.83
Additions	274.19
Finance cost accrued during the period	19.57
Payment of Lease liabilities	224.84
<b>Balance as of 31 March, 2020</b>	<b>272.75</b>

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

Particulars	(Rs. in lakhs)
	Amount as on March 31, 2020
Less than one year	138.17
One to five years	159.28
More than five years	-
<b>Total</b>	<b>297.45</b>

### Company as a Lessor

The Company has entered into an agreement of leasing out the property. This is in the nature of operating lease and lease arrangement contains provisions for renewal. The total lease income in respect of such lease recognised in Statement of Profit and Loss for the year ended March 31, 2020 is Rs. 46.68 lakhs."

## Notes forming part of the standalone financial statements

### 31. Related party disclosures

#### A. List of related parties

<b>Subsidiary company</b>	-	Max Life Insurance Company Limited
<b>Names of other related parties with whom transactions have taken place during the year</b>		
<b>Entity/person having significant influence/control upon the Company</b>	-	Max Ventures Investment Holdings Private Limited
	-	Mr. Analjit Singh (Chairman)
<b>Key Management Personnel (KMP)</b>	-	Mr. Analjit Singh (Chairman) (w.e.f. 23 July, 2018)
	-	Mr. Mohit Talwar (Managing Director)
	-	Mr. Ashwani Windlass (Director) (till January 16, 2020)
	-	Mr. Rajesh Khanna (Director) (till 11 February, 2019)
	-	Mr. Aman Mehta (Director)
	-	Mr. D.K. Mittal (Director)
	-	Ms. Naina lal Kidwai (Director)
	-	Mr. Sahil Vachani (Director) (w.e.f. 25 May, 2018)
	-	Mr. Jai Arya (Director) (w.e.f. 14 November, 2018)
	-	Mr. Charles Richard Vernon Stagg (Director) (w.e.f. 11 February, 2019)
	-	Mr. Sanjay Nayar (Director) (till February 06, 2020)
	-	Ms. Sujatha Ratnam (Chief Financial Officer) (till June 30, 2019)
	-	Mr. Sandeep Pathak (Company Secretary) (till June 30, 2019)
	-	Mr. Jatin Khanna (Chief Financial Officer) (w.e.f. July 01, 2019)
	-	Mr. V Krishnan (Company Secretary) (w.e.f. July 01, 2019)
<b>Enterprises owned or significantly influenced by key management personnel or their relatives (with whom transactions have taken place during the year)</b>	-	Max India Foundation
	-	Max India Limited
	-	Max Ventures and Industries Limited
	-	Max Bupa Health Insurance Company Limited (till December 16, 2019)
	-	Antara Purukul Senior Living Limited
	-	Max Skill First Limited
	-	Antara Senior Living Limited
	-	Max Learning Limited
	-	Max UK Limited
	-	KKR Capital Market India Private Limited
	-	Delhi Guest House Private Limited
	-	New Delhi House Services Limited
	-	Pharmax Corporation Limited
	-	Advaita Allied Health Services Limited
	-	Forum I Aviation Private Limited (w.e.f. July 01, 2019)
	-	SKA Diagnostic Private Limited (w.e.f. September 01, 2019)
	-	Max Healthcare Institute Limited
	-	ALPS Hospital Limited
<b>Employee benefit funds</b>	-	Max Financial Services Limited Employees' Provident Fund Trust

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

## Notes forming part of the standalone financial statements

- B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Nature of transaction	Name of related party	year ended March 31, 2020	year ended March 31, 2019	
Sale of services	Max Life Insurance Company Limited	1,500.00	1,503.73	
	Max India Limited	300.00	809.80	
	Max Ventures and Industries Limited	153.00	159.15	
	Max Healthcare Institute Limited	60.00	248.60	
	Max Bupa Health Insurance Company Limited	-	5.19	
	Antara Purukul Senior Living Limited	-	2.09	
Reimbursement of expenses (received from)	Max Life Insurance Company Limited	3.46	23.39	
	Max Bupa Health Insurance Company Limited	1.38	22.02	
	Max Ventures and Industries Limited	3.46	3.64	
	Max India Limited	67.65	1.46	
	Max Skill First Limited	1.38	1.46	
	Antara Senior Living Limited	1.38	1.46	
	Advaita Allied Health Services Limited	1.80	1.46	
	Max Healthcare Institute Limited	1.80	1.46	
	Antara Purukul Senior Living Limited	-	4.85	
	Max Learning Limited	-	1.25	
	ALPS Hospital Limited	-	2.40	
	Reimbursement of expenses (paid to)	Max Life Insurance Company Limited	11.00	4.72
		New Delhi House Services Limited	-	24.26
Max India Limited		9.06	34.04	
Max Ventures and Industries Limited		-	9.41	
Repairs and maintenance - others	New Delhi House Services Limited	151.28	189.02	
Miscellaneous expense	New Delhi House Services Limited	26.24	-	
Contribution to provident fund	Max Financial Services Limited Employees' Provident Fund Trust	36.55	95.77	
Finance costs	KKR Capital Markets India Private Limited	-	2,034.00	
Insurance expense	Max Life Insurance Company Limited	3.89	10.90	
	Max Bupa Health Insurance Company Limited	10.31	10.40	
Legal and professional expenses	Max India Limited	2,700.00	2,700.00	
	Max UK Limited	74.70	51.49	
Lease rental payments	Delhi Guest House Private Limited	99.97	189.05	
	Max India Limited	214.82	184.87	
	Pharmax Corporation Limited	3.80	26.96	
	SKA Diagnostic Private Limited	58.33	-	

## Notes forming part of the standalone financial statements

Nature of transaction	Name of related party	year ended March 31, 2020	year ended March 31, 2019
Charity and donations	Max India Foundation	85.00	75.00
Travelling and conveyance	Forum I Aviation Private Limited	82.62	-
Security deposit paid	Delhi Guest House Private Limited	-	4.82
Security deposit received	Max India Limited	0.45	-
	Advaita Allied Health Services Limited	0.45	-
	Max Healthcare Institute Limited	0.45	-
Investments made	Max Life Insurance Company Limited	12,255.19	15,961.05

C. Transactions with the key management personnel during the year:

(Rs. in lakhs)

Name of key management personnel	Nature of transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Mohit Talwar	Remuneration	1,251.86	974.09
Ms. Sujatha Ratnam	Remuneration (including severance pay)	332.17	204.58
Mr. Sandeep Pathak	Remuneration	19.48	86.26
Mr. Jatin Khanna	Remuneration	86.22	-
Mr. V Krishnan	Remuneration	100.93	-
Mr. Analjit Singh	Director sitting fees	4.00	3.00
Mr. Ashwani Windlass	Director sitting fees	10.00	27.00
Mr. Rajesh Khanna	Director sitting fees		22.00
Mr. Aman Mehta	Director sitting fees	10.00	7.00
Mr. D.K. Mittal	Director sitting fees	17.00	28.00
Ms. Naina Lal Kidwai	Director sitting fees	5.00	21.00
Mr. Sahil Vachani	Director sitting fees	5.00	3.00
Mr. Jai Arya	Director sitting fees	3.00	2.00
Mr. Charles Richad Vernon Stagg	Director sitting fees	2.00	2.00
Mr. Rajesh Khanna	Commission	-	26.05
Mr. Aman Mehta	Commission	20.00	30.00
Mr. D.K. Mittal	Commission	20.00	30.00
Ms. Naina Lal Kidwai	Commission	20.00	30.00
Mr. Jai Arya	Commission	20.00	11.34
Mr. Charles Richad Vernon Stagg	Commission	20.00	4.03

Note : As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

## Notes forming part of the standalone financial statements

D. The following table provides the year end balances with related parties for the relevant financial year:

(Rs. in lakhs)

Nature of transaction	Name of related party	As at March 31, 2020	As at March 31, 2019
Trade receivables	Max Bupa Health Insurance Company Limited	1.63	5.05
	Max Life Insurance Company Limited	1,608.76	1,629.25
	Max Healthcare Institute Limited	149.02	388.01
	Max Ventures and Industries Limited	165.18	157.24
Other receivables	Antara Purukul Senior Living Limited	-	3.25
	Pharmax Corporation Limited	19.56	19.16
	Delhi Guest House Private Limited	-	20.96
	Advaita Allied Health Services Limited	0.49	-
Security deposits receivable	Pharmax Corporation Limited	-	4.50
	Delhi Guest House Private Limited	22.82	22.38
	SKA Diagnostic Private Limited	25.00	-
Advance lease rental payments	SKA Diagnostic Private Limited	66.67	-
Trade payables	New Delhi House Services Limited	30.57	22.36
	Max India Limited	448.15	625.96
	Max UK Limited	74.70	-
Investment in equity share capital	Max Life Insurance Company Limited	220,281.31	208,026.12

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

Particulars of Investments made:

(Rs. in lakhs)

Name of the Investee	As at 01.04.2019	Investment made during the year	Investment redeemed / extinguished	As at 31.03.2020	Purpose
<b>Investment in equity shares of</b>					
Max Life Insurance Company Limited	208,026.12	12,255.19	-	220,281.31	Strategic investment

### 33. Financial Instruments

#### (a) Capital Management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

## Notes forming part of the standalone financial statements

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

### (b) Financial risk management objective and policies

#### Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

#### As at 31 March, 2020

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	28.74	-	-	28.74
Bank balances other than (a) above	164.79	-	-	164.79
Trade receivables	1,924.60	-	-	1,924.60
Loans	1.36	-	-	1.36
Investments	-	-	26,558.67	26,558.67
Other financial assets	68.24	-	-	68.24
	<b>2,187.73</b>	-	<b>26,558.67</b>	<b>28,746.40</b>
Investment in equity shares of subsidiary carried at cost less impairment				<b>220,281.31</b>
<b>Total financial assets</b>				<b>249,027.71</b>

(Rs. in lakhs)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	-	-	9,146.70	9,146.70
Trade payables	1,005.05	-	-	1,005.05
Lease liability	272.75	-	-	272.75
Other financial liabilities	287.98	-	-	287.98
	<b>1,565.78</b>	-	<b>9,146.70</b>	<b>10,712.48</b>

#### As at 31 March, 2019

(Rs. in lakhs)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	42.77	-	-	42.77
Bank balances other than (a) above	267.22	-	-	267.22
Derivative financial instruments	-	-	-	-
Trade receivables	2,179.55	-	-	2,179.55
Loans	7.37	-	-	7.37
Investments	-	-	5,105.70	5,105.70
Other financial assets	114.35	-	-	114.35
	<b>2,611.26</b>	-	<b>5,105.70</b>	<b>7,716.96</b>
Investment in equity shares of subsidiary carried at cost less impairment				<b>208,026.12</b>
<b>Total financial assets</b>				<b>215,743.08</b>

## Notes forming part of the standalone financial statements

(Rs. in lakhs)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Derivative financial instruments	-	-	16,013.45	16,013.45
Trade payables	1,419.86	-	-	1,419.86
Other financial liabilities	1,213.06	-	-	1,213.06
	<b>2,632.92</b>	-	<b>16,013.45</b>	<b>18,646.37</b>

### (c) Risk management framework

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Company's risk management framework is to manage the above risks and aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

#### (i) Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price.

The Company's activities expose it primarily to interest rate risk, currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes : Fixed deposits, current investments, borrowings and other current financial liabilities.

#### (ii) Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment needs.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company (other than derivative financial liability).

(Rs. in lakhs)

	As at 31 March, 2020				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Trade payables	1,005.05	-	-	-	1,005.05
Other financial liabilities	287.98	-	-	-	287.98
<b>Total</b>	<b>1,293.03</b>	-	-	-	<b>1,293.03</b>

## Notes forming part of the standalone financial statements

(Rs. in lakhs)

	As at 31 March, 2019				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Trade payables	1,419.86	-	-	-	1,419.86
Other financial liabilities	1,213.06	-	-	-	1,213.06
<b>Total</b>	<b>2,632.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,632.92</b>

### iii. Interest rate risk

The Company is exposed to interest rate risk on fixed deposits outstanding as at the year end. The Company invests in fixed deposits to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

The changes to interest risk will impact the return of the Company, in terms of investments in deposits accounts and fluctuations in NAV of debt mutual fund investments made, which is not ascertainable.

### (iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. The Company's exposure and credit worthiness of its counterparties are continuously monitored.

## 34. Fair value measurement

- i) Financial assets and financial liabilities that are not measured at fair value are as under:

(Rs. in lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	28.74	28.74	42.77	42.77
Bank balances other than cash and cash equivalents	164.79	164.79	267.22	267.22
Trade receivables	1,924.60	1,924.60	2,179.55	2,179.55
Loans	1.36	1.36	7.37	7.37
Other financial assets	68.24	68.24	114.35	114.35
<b>Financial liabilities</b>				
Trade payables	1,005.05	1,005.05	1,419.86	1,419.86
Other financial liabilities	287.98	287.98	1,213.06	1,213.06

### Note :

The carrying value of the above financial assets and financial liabilities carried at amortised cost approximate these fair value.

- ii) Fair value hierarchy of assets measured at fair value as at 31 March, 2020 and 31 March, 2019 is as follows:

## Notes forming part of the standalone financial statements

(Rs. in lakhs)

Particulars	As at 31.03.2020	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					Based on the NAV report issued by the fund manager
Investment in mutual funds	26,558.67	26,558.67	-	-	
<b>Total financial assets</b>	<b>26,558.67</b>	<b>26,558.67</b>	<b>-</b>	<b>-</b>	
<b>Financial liabilities</b>					Valuation based on black scholes option pricing model.
Derivative financial instruments	9,146.70	-	-	9,146.70	
<b>Total financial liabilities</b>	<b>9,146.70</b>	<b>-</b>	<b>-</b>	<b>9,146.70</b>	

(Rs. in lakhs)

Particulars	As at 31.03.2019	Fair value measurement at end of the reporting period/year using			Valuation techniques
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					Based on the NAV report issued by the fund manager
Investment in mutual funds	5,105.70	5,105.70	-	-	
<b>Total financial assets</b>	<b>5,105.70</b>	<b>5,105.70</b>	<b>-</b>	<b>-</b>	
<b>Financial liabilities</b>					Valuation based on black scholes option pricing model.
Derivative financial instruments	16,013.45	-	-	16,013.45	
<b>Total financial liabilities</b>	<b>16,013.45</b>	<b>-</b>	<b>-</b>	<b>16,013.45</b>	

### 35. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in lakhs)

Particulars	As at 31.03.2020			As at 31.03.2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>A. ASSETS</b>						
<b>1. Financial Assets</b>						
(a) Cash and cash equivalents	28.74	-	28.74	42.77	-	42.77
(b) Bank balances other than cash and cash equivalents	153.59	11.20	164.79	256.02	11.20	267.22
(c) Receivables - Trade receivables	1,924.60	-	1,924.60	2,179.55	-	2,179.55
(d) Loans	1.36	-	1.36	7.37	-	7.37
(e) Investments	26,558.67	220,281.31	246,839.98	5,105.70	208,026.12	213,131.82
(f) Other financial assets	20.80	47.44	68.24	82.88	31.47	114.35
<b>Total financial assets</b>	<b>28,687.76</b>	<b>220,339.95</b>	<b>249,027.71</b>	<b>7,674.29</b>	<b>208,068.79</b>	<b>215,743.08</b>

## Notes forming part of the standalone financial statements

Particulars	As at 31.03.2020			As at 31.03.2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>2. Non financial Assets</b>						
(a) Current tax assets (Net)	-	812.96	812.96	-	606.21	606.21
(b) Property, plant and equipment	-	2,213.63	2,213.63	-	3,036.47	3,036.47
(c) Intangible assets	-	-	-	-	8.89	8.89
(d) Right-of-Use asset	-	336.61	336.61	-	-	-
(e) Other non-financial assets	141.50	23.40	164.90	140.76	23.40	164.16
<b>Total non-financial assets</b>	<b>141.50</b>	<b>3,386.60</b>	<b>3,528.10</b>	<b>140.76</b>	<b>3,674.97</b>	<b>3,815.73</b>
<b>TOTAL Assets</b>	<b>28,829.26</b>	<b>223,726.55</b>	<b>252,555.81</b>	<b>7,815.05</b>	<b>211,743.76</b>	<b>219,558.81</b>
<b>B. LIABILITIES AND EQUITY</b>						
<b>1. Financial liabilities</b>						
(a) Derivative financial instruments	9,146.70	-	9,146.70	9,005.42	7,008.03	16,013.45
(b) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,005.05	-	1,005.05	1,419.86	-	1,419.86
(c) Lease liability	152.10	120.65	272.75	-	-	-
(d) Other financial liabilities	287.98	-	287.98	1,104.63	-	1,104.63
<b>Total financial liabilities</b>	<b>10,591.83</b>	<b>120.65</b>	<b>10,712.48</b>	<b>11,529.91</b>	<b>7,008.03</b>	<b>18,537.94</b>
<b>2. Non-financial liabilities</b>						
(a) Current tax liability (Net)	12,378.21	-	12,378.21	-	-	-
(b) Provisions	197.39	993.96	1,191.35	197.61	197.93	395.54
(c) Deferred tax liabilities (net)	-	-	-	-	-	-
(d) Other non-financial liabilities	241.63	-	241.63	623.02	-	623.02
<b>Total non-financial liabilities</b>	<b>12,817.23</b>	<b>993.96</b>	<b>13,811.19</b>	<b>820.63</b>	<b>197.93</b>	<b>1,018.56</b>
<b>3. Equity</b>						
(a) Equity share capital	-	5,390.19	5,390.19	-	5,387.72	5,387.72
(b) Other equity	-	222,641.95	222,641.95	-	194,614.59	194,614.59
<b>Total equity</b>	<b>-</b>	<b>228,032.14</b>	<b>228,032.14</b>	<b>-</b>	<b>200,002.31</b>	<b>200,002.31</b>
<b>Total liabilities and equity</b>	<b>23,409.06</b>	<b>229,146.75</b>	<b>252,555.81</b>	<b>12,350.54</b>	<b>207,208.27</b>	<b>219,558.81</b>

## Notes forming part of the standalone financial statements

36. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
37. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
38. The Company is primarily engaged in the business of making business investment in its subsidiaries. The investments (financial assets) and dividend income (financial income) on the same has resulted in financial income to be in excess of 50% of its total income and its financial assets to be more than 50% of total assets. The Company is of the view supported by legal opinion that the Company is a 'Core Investment Company' ('CIC') and does not meet the criteria for Systemically Important Core Investment Company ('CIC-SI') as laid down in the CIC Master Circular dated July 1, 2015. Hence, registration under Section 45-IA of the Reserve Bank of India Act, 1934 is not required.

39. Payment to auditor (excluding GST (included in legal and professional))

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>To statutory auditor:</b>		
For audit (Including limited reviews)*	41.00	18.00
For certifications	7.00	-
For other services	-	5.00
Reimbursement of expenses	2.14	1.09
<b>Total</b>	<b>50.14</b>	<b>24.09</b>

\*Including Rs. 13.00 lakhs pertaining to previous year

40. Disclosures as per the Micro and Small Enterprises

(Rs. in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) The principal amount remaining unpaid to any supplier	-	-
(ii) Interest due thereon remaining unpaid at the end of the year	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

41. During the previous year, the Company had incurred finance cost aggregating to Rs. 2,724.62 lakhs towards underwriting fee and arranger's fee in respect of firm commitments made by certain lenders to enable

## Notes forming part of the standalone financial statements

the Company to provide its portion of shareholders' contribution for a potential acquisition opportunity pursued by its subsidiary company. However, subsequently the subsidiary company decided not to pursue the said acquisition opportunity and hence no fund raising was done by the Company. As the Company has not accessed any public funds, it continues to be a non Systemically Important Core Investment Company under the Non-Banking Finance Company (NBFC) rules as defined under the Reserve Bank of India Act, 1934.

- 42.** Gain/(loss) on fair value changes on derivative financial instruments represents gain/(loss) arising out of the Option arrangements relating to equity shares of Max Life Insurance Company Limited (MLIC), executed during the year ended March 31, 2016, amongst the Company, Axis Bank Limited and Mitsui Sumitomo Insurance Company Limited (MSI) and accounted for Fair Value Through Profit or Loss account (FVTPL) in standalone financial statements of the Company as per Ind AS 109.

During the year, the Company acquired 0.73% equity shares of MLIC, subsidiary of the Company from Axis Bank Limited (previous year: 0.74% equity shares of MLIC from Axis Bank Limited and 0.30% equity shares of MLIC from MSI), thereby increasing its stake in MLIC from 71.79% to 72.52% (previous year: 70.75% to 71.79%) as at the year end; on exercise of such options.

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

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

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

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

- 44.** On February 20, 2020, the Company and Axis Bank Limited ("Axis Bank") executed Confidentiality and Exclusivity Agreement to explore a long-term strategic partnership. The Board of Directors of the Company in its meeting held on April 27, 2020 further approved entering into definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life Insurance Company Limited ("Max

## Notes forming part of the standalone financial statements

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

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

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

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

### 45. Estimation of uncertainties relating to COVID-19 global health pandemic:

The Company has considered the impact of COVID-19 on its operations as well as its financial statements, including carrying amounts of trade receivables, investments, property, plant and equipment and other assets, as at March 31, 2020. In assessing the carrying value of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The Company will continue to closely monitor any material changes to the business and financial statements due to COVID-19, wherever required.

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

### 47. The standalone financial statements were approved for issue by the Board of Directors on May 26, 2020.

For and on behalf of the Board of Directors

**Mohit Talwar**  
(Managing Director)  
DIN No:02394694  
Place : Gurugram

**Sahil Vachani**  
(Director)  
DIN No:00761695  
Place : New Delhi

**Jatin Khanna**  
(Chief Financial Officer)  
Place : Noida

**V Krishnan**  
(Company Secretary)  
M.No. - FCS-6527  
Place : New Delhi

Date : May 26, 2020