



July 9, 2019

The Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 021

The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

Scrip Code : 500271

Name of Scrip : MFSL

Dear Sir/Madam,

Subject: Disclosure under Listing Regulations

This refers to the attached Article that appeared in The Economic Times on July 8, 2019 titled 'Axis may Have to Fork Out More to Hike Max Life Stake'.

In this regard, Max Financial Services Limited (MFSL) wishes to clarify that it has not approached the Insurance Regulator IRDAI with any proposal for Axis Bank purchasing 10% stake in MFSL's life insurance subsidiary, Max Life Insurance Company Limited. The news is incorrect and baseless.

We also wish to reiterate that the long standing Bancassurance relationship between Max Life and Axis Bank continues to be strong and highly productive.

You are requested to take the aforesaid on record and disseminate the information to the public.

Thanking you,

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

A handwritten signature in black ink, appearing to be "V. Krishnan", written over a horizontal line.

V. Krishnan
Company Secretary & Compliance Officer

Encl: As above

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020 | P: + 91 11 42598000 | F: +91 11 26324126 | www.maxfinancialservices.com
Regd. Office: 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab - 144 533, India

BACK TO THE DRAWING BOARD

Axis may Have to Fork Out More to Hike Max Life Stake

Regulator turns down bank's proposal of buying additional 10% stake at face value

Shilpy.Sinha@timesgroup.com

Mumbai: India's insurance watchdog has asked private lender Axis Bank to rework its proposal for buying an additional 10% in Max Life Insurance, people aware of the regulator's directive told ET.

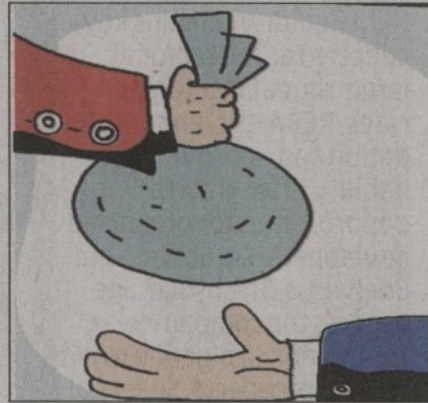
The Insurance Regulatory and Development Authority (IRDAI) has turned down the current Axis proposal of buying the stake at face value, and instead asked the lender to come up with a fair value deal. So, Axis must pay more if it wants to meet regulatory compliances and enhance its stake in the insurer. Its holding company, Max Financial Services, has a market capitalisation of ₹11,209 crore.

"The matter was brought to the regulator and it has asked Axis Bank to rework the structure so that it pays market value for the transaction," said a source close to the development.

Max Life and Axis Bank declined to comment.

Max Life's earlier attempt to merge with HDFC Life and later to acquire IDBI Federal Life Insurance fell through due to structure and valuation issues.

Max Life Insurance is a joint venture between Max Financial Services (owns 70%) and other investors that own the remaining 30%. These include the Japanese firm Sumitomo, Axis Bank and other smaller shareholders. In 2011, Axis Bank acquired a 4% stake from Max India in its joint venture Max Life Insurance for an undisclosed value. Max Life had entered into a long-term agreement with Axis Bank, and that arrangement is valid at least until 2021. To extend this arrangement,



gement, Max will have to either get into corporate agency or the equity structure tie-up.

Bancassurance deals are struck with banks in a way that cash is set off in the form of future commission income that banks will earn. It is the most sought after distribution channel for insurance companies as it is low cost.

According to section 40A of the Insurance Act, banks are not eligible for any payout from the insurer other than the commission. A discount in the valuation of equity is a way around this regulation. The regulator closely monitors payments made on bancassurance

deals. Max Life Individual APE has grown at a strong 22% to ₹3,917 crore, with increased contribution from protection products. Max Life MCEV on an operating basis has grown about 22% to ₹8,938 crore. The value of new business after cost overrun has grown by 30% to ₹856 crore. Max Financial Services was formed in January 2016 as the result of a three-way demerger of Max India. Max Financial Services is the holding company for Max Life, India's largest non-bank promoted private life insurance company. With MFS going public, this will be the first quasi-listing of a private life insurance company.

Max Life's earlier attempt to merge with HDFC Life and later to acquire IDBI Federal Life Insurance fell through due to structure and valuation issues