

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirtieth Board's Report of Max Financial Services Limited ("MFSL" or "the Company") along with the audited Statement of Accounts for the financial year ended March 31, 2018.

Standalone Results

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

	(Rs. Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Income		
Revenue from Services operations	21.24	21.22
Revenue from Investment Activities	207.50	233.70
Other income	0.68	1.36
Total Revenue (I)	229.42	256.28
Expenditure		
Employee benefits expenses	39.84	37.20
Depreciation and amortization	1.92	1.96
Other expenses	64.62	63.12
Total Expenses (II)	106.38	102.28
Profit/(Loss) Before tax (I-II)	123.04	154.00
Tax Expense	-	-
Profit/(Loss) After Tax	123.04	154.00

Your Company is primarily engaged in business of making and holding investments in its subsidiary, Max Life Insurance Company Limited and accordingly in terms of extant RBI guidelines, your Company is a Core Investment Company ("CIC") with its financial income exceeding 50% of its total income and financial assets (investment in securities etc.) exceeding 50% of the total assets. However, it does not meet the criteria stipulated by RBI for Systemically Important CIC and hence registration under Section 45-IA of RBI Act, 1934 is not required.

Net worth of your Company on a standalone basis grew by around 8.4% to Rs 1981 crore as at March 31, 2018 as against Rs.1828 crore as at March 31, 2017.

Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard ("AS") - 21 on Consolidated Financial Statements read with AS - 27 on Financial

Reporting of Interests in Joint Ventures/ subsidiaries/ step – down subsidiaries, the audited consolidated financial statements are enclosed as part of this Annual Report.

The subsidiary of your Company, Max Life Insurance Company Limited ("Max Life"), delivered another year of strong performance like last year, in line with Indian Life Insurance industry which witnessed high growth in new business for second year in a row. This growth strengthens the belief that consumer confidence in financial savings is sustainable and life insurance industry is well placed to leverage that.

During the year 2017-18, renewal premium income of Max Life grew by 15% to Rs. 8,152 crore taking gross written premium to Rs. 12,501 crore, an increase of 16% over previous year. The Market Consistent Embedded value as on March 31, 2018 was Rs.7,706 crore up 14% from previous year's Rs 6,739 crore and the individual adjusted first year premium for the year was Rs. 3,215 crore, up 22% from Rs. 2,639 crore for the immediate previous year. The Assets Under Management (AUM) of Max Life as at end of the year were Rs 52,237 crore, registering a growth of around 18% over Rs 44,370 crore as at end of the previous year.

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

	(Rs. Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Income		
Revenue from operations	16,577.35	15,227.89
Other Income	28.77	20.81
Total Revenue (I)	16,606.12	15,248.70
Expenses		
Change in policy reserves	8,213.33	7,969.51
Claims and other benefits payout	4,946.65	3,776.81
Employee benefits expense	776.28	918.13
Finance Costs	11.03	8.93
Depreciation and Amortisation	62.77	62.53
Legal and professional expenses	70.08	64.63
Other expenses	1,987.93	1,746.60
Total Expenses (II)	16,068.07	14,547.14
Profit / (Loss) Before Tax (I-II)	538.05	701.56
Tax Expense	87.54	108.29
Profit / (Loss) After Tax	450.51	593.27
Share of profit attributable to Minority Interest	(154.34)	(197.91)
Profit / (Loss) After tax (after adjusting Minority Interest)	296.17	395.36

Material Changes affecting Financial Position

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2018 and the date of the Directors' report i.e. August 6, 2018.

Your Company was contemplating raising of funds by way of equity or debt or a mix thereof, subject to necessary approvals, for making further investments in Max Life to partially fund a potential acquisition opportunity. However, as Max Life decided not to pursue the said acquisition opportunity, no funds were raised by the Company. The Board of Directors of your Company further decided not to access public funds.

Subsidiaries, Associates & Joint Venture companies

As on March 31, 2018, your Company had only 1 (one) subsidiary i.e. Max Life Insurance Company Limited ("Max Life"). There were no other associate or joint venture companies. The basic details of subsidiary form part of Form MGT-9 attached to this report as **Annexure - 1**.

During the year under review, your Company acquired 1,41,70,817 equity shares of Rs. 10/- each in Max Life in March, 2018. Accordingly, the equity stake of the Company in Max Life increased to 70.75% as at March 31, 2018.

A report on the performance and financial position of Max Life, included in the consolidated financial statements, presented in Form AOC-1 is attached to this report as **Annexure - 2**, as per Rule 8(1) of the Companies (Accounts) Rules, 2014.

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

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

Dividend

Your Directors have not recommended any dividend for the financial year 2017-18.

The Board of Directors of your Company has approved a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the said policy is attached to this report as **Annexure - 3**. The said policy is also available on website of the Company at www.maxfinancialservices.com/shareholder-information.

Transfer to Reserves

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

Share Capital

The Authorized share capital of the Company as on March 31, 2018 was Rs. 60,00,00,000/- (Rupees Sixty Crores only) comprising of 30,00,00,000 equity shares of Rs. 2/- each.

During the year under review, 11,13,978 equity shares of Rs.2/- each were allotted to the option-holders under the 'Max Employee Stock Plan 2003' ('2003 Plan').

The Paid up capital of the Company as on March 31, 2018 was Rs. 53,67,68,054/- (Rupees Fifty three crores sixty seven lakhs sixty eight thousand and fifty four only) comprising of 26,83,84,027 equity shares of Rs. 2/- each.

Further, after end of the financial year on March 31, 2018 till the date of this report i.e. August 6, 2018, your Company had allotted 31,710 equity shares of Rs.2/- each to the option-holders under the aforesaid 2003 Plan.

Employee Stock Option Plan

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

Details of options granted up to March 31, 2018 and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are enclosed to this report as **Annexure - 4**.

The statutory auditors of your Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants have time-to-time certified that the Employee Stock Option Scheme of the Company has been implemented in accordance with the applicable SEBI Regulations and the resolutions passed by the Members in this regard. A certificate to this effect shall also be placed before the members at the ensuing Annual General Meeting.

Further during the year under review, the Nomination and Remuneration Committee of Directors of the Company granted 17,744 phantom stock units to Mr. Mohit Talwar (DIN: 02394694) – Managing Director of the Company and 97,445 phantom stock units to Mr. Rahul Khosla – Executive President of the Company, which vest over a period of 3 years and shall be settled in cash.

Directors

As on date of this report, the Board of Directors of your Company comprised of 9 (nine) members with 1 (one) Executive Director and 8 (eight) Non-Executive Directors of which 4 (four) are independent. Mr. Analjit Singh (DIN: 00029641), Chairman of the Company is a Non Executive Promoter Director.

Mr. Sanjeev Kishen Mehra (DIN: 02195545), a non-executive director of the Company, resigned from the Board of the Company effective May 19, 2017. Simultaneously, the position held by Ms. Lavanya Ashok (DIN: 03453279) as an Alternate Director to Mr. Sanjeev Kishen Mehra on the Board of the Company stood vacated with effect from that date.

Your Directors place their deep appreciation for the valuable contributions made by Mr. Sanjeev Kishen Mehra and Ms. Lavanya Ashok during their association with the Company.

Mr. Sahil Vachani (DIN: 00761695) has been appointed as an additional director in non-executive capacity with effect from May 25, 2018. Further, Mr. Analjit Singh (DIN: 00029641), Founder and Chairman Emeritus Max Group, has been appointed as an additional director in non-executive capacity and designated as Chairman of the Board of Directors of the Company, with effect from July 23, 2018.

In terms of Section 161 of the Act, Mr. Sahil Vachani and Mr. Analjit Singh hold their respective office up to the date of the next annual general meeting. The Company is in receipt of notices under Section 160 of the Act, proposing their appointment as Directors of the Company at the ensuing Annual General Meeting and accordingly the proposals for their appointment shall be placed before the shareholders of the Company for their approval.

Further, in terms of Section 152 of the Act and the Articles of Association of the Company, Mr. Ashwani Windlass (DIN: 00042686) and Mr. Sanjay Omprakash Nayar (DIN: 00002615) are liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashwani Windlass and Mr. Sanjay Omprakash Nayar being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. Brief profiles of these directors are annexed to the Notice convening the Annual General Meeting.

The Board met five times during the financial year 2017-18:

S.No.	Date of the Meeting	Board Strength	No. of Directors Present
1	May 30, 2017	7	4
2	August 9, 2017	7	6
3	November 13, 2017	7	7
4	February 9, 2018	7	4
5	March 21, 2018	7	7

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

Statement of Declaration by Independent Directors

In terms of Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following Non-Executive Directors are categorized as Independent Directors of the Company: Mrs. Naina Lal Kidwai (DIN: 00017806), Mr. Rajesh Khanna (DIN: 00032562), Mr. Aman Mehta (DIN: 00009364) and Mr. Dinesh Kumar Mittal (DIN: 00040000).

The Company has received declaration of independence from all the above mentioned Independent Directors as per Section 149(7) of the Act, confirming that they continue to meet the criteria of independence.

Committees of the Board of Directors

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

1. Audit Committee:

The Audit Committee met five times during the financial year 2017-18, viz. on May 30, 2017, August 9, 2017, November 13, 2017, February 9, 2018 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mr. Rajesh Khanna, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar. All the recommendations by the Audit Committee were accepted by the Board.

2. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee met twice during the financial year 2017-18, viz. on August 9, 2017 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Rajesh Khanna (Chairman), Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai.

3. Investment & Finance Committee:

The Committee met five times during the financial year 2017-18, viz. on May 30, 2017, August 9, 2017, November 13, 2017, February 9, 2018 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, Mr. Rajesh Khanna and Mr. Mohit Talwar.

4. Corporate Social Responsibility Committee:

The Committee met once during the financial year 2017-18, viz. on March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

5. Stakeholders' Relationship Committee:

The Committee met six times during the financial year 2017-18, viz. on May 11, 2017, May 30, 2017, August 9, 2017, November 13, 2017, February 9, 2018 and March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

6. Risk & Compliance Review Committee:

The Committee met once during the financial year 2017-18, viz. on March 21, 2018. The Committee, as on March 31, 2018, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass, Mr. D.K. Mittal and Mr. Rajesh Khanna.

7. Independent Directors:

The Board of Directors included 4 Independent Directors as on March 31, 2018 viz. Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai and Mr. Rajesh Khanna. The Independent Directors had a separate meeting on August 9, 2017 during the financial year 2017-18. The meeting was conducted to:

- (a) Review the performance of non-independent Directors and the Board as a whole;
- (b) Review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors; and
- (c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance Evaluation of the Board

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

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

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

Key Managerial Personnel

As on the date of this Report, Mr. Mohit Talwar - Managing Director, Mrs. Sujatha Ratnam - Chief Financial Officer and Mr. Sandeep Pathak - Company Secretary are the Key Managerial Personnel ("KMP") of the Company, pursuant to the provisions of the Companies Act, 2013.

Human Resources

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

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

As on March 31, 2018, there were 13 employees on the rolls of the Company.

Nomination and Remuneration Policy

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

Corporate Social Responsibility ("CSR")

The Board of Directors of your Company has constituted a Corporate Social Responsibility Committee and adopted a CSR policy, as approved by the CSR Committee, copy of which is available on the website of the Company at www.maxfinancialservices.com/shareholder-information. The CSR Policy comprises Vision and Mission Statement, philosophy and objectives. It also explains the governance structure along with clarity on roles and responsibilities.

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

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

As Max Life Insurance Company Limited ("Max Life") from whom the Company has been receiving dividend, from time to time, discharged its CSR responsibilities for the financial year 2017-18, the dividend income received by the Company will be excluded for the purposes of computation of its 'net profits'. After excluding the dividend income received from Max Life, the Company does not have net profits computed as per the CSR rules. Therefore, it is not mandatorily required for the Company to spend on Corporate Social Responsibility for the financial year 2017-18. However, the Company has voluntarily given certain donations.

Business Responsibility Report

In terms of Clause 34(2)(f) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Business Responsibility Report, on various initiatives taken by the Company, is enclosed to this report as **Annexure - 6**.

Policy for Prevention of Sexual Harassment

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

Loans, Guarantees or Investments in Securities

The details of loans given and investments made by the company pursuant to the provisions of Section 186 of the Act are provided in Note nos.12 and 11 respectively, to the standalone financial statements of the Company for the FY 2017-18.

Management Discussion & Analysis

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

Report on Corporate Governance

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

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

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

Statutory Auditors and Auditors' Report

Pursuant to Sections 139 & 142 of the Act, M/s Deloitte Haskins and Sells, LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company at 27th Annual General Meeting ("AGM") held on September 23, 2015 for a period of five years i.e. till the conclusion of the 32nd AGM of the Company to be held in the year 2020. Pursuant to an amendment in Section 139 of the Companies Act, 2013 effective May 7, 2018, there is no requirement of annual ratification of such appointment and hence the same is not being put up for shareholders' approval in the ensuing AGM.

There are no audit qualifications, reservations, disclaimers or adverse remarks or reporting of fraud in the Statutory Auditors Report given by M/s Deloitte Haskins and Sells, LLP, Statutory Auditors of the Company for the financial year 2017-18 as annexed in this Annual Report.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Act, your Company had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2017-18. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial

Auditor for the FY 2017-18 is annexed to this report as **Annexure - 7**.

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

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

Internal Auditors

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

Internal Financial Controls

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

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

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

Risk Management

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

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

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

Vigil Mechanism

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

The said Policy, covering all employees, Directors and other persons having association with the Company, is hosted on the Company's website at www.maxfinancialservices.com/shareholder-information. A brief note on Vigil Mechanism / Whistle Blower Policy is also provided in the Report on Corporate Governance, which forms part of this Annual Report.

Cost Records

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

Public Deposits

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

Contracts or Arrangements with Related Parties

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

There is no material contract or arrangement in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Form AOC-2 furnishing particulars

of contracts or arrangements entered into by the Company with related parties referred in Section 188(1) of the Companies Act, 2013, is annexed to this report as **Annexure - 8**.

The details of all the Related Party Transactions form part of Note no. 30 to the standalone financial statements attached to this Annual Report.

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

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

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

a) Conservation of Energy

- (i) the steps taken or impact on conservation of energy: Regular efforts are made to conserve the energy through various means such as use of low energy consuming lightings, etc.
- (ii) the steps taken by the Company for using alternate sources of energy: Since your Company is not an energy intensive unit, utilization of alternate source of energy may not be feasible.
- (iii) capital investment on energy conservation equipment : Nil

b) Technology Absorption

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

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

c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo are given below:

Total Foreign Exchange earned	Nil
Total Foreign Exchange used	Rs. 605.58 Lacs

Extracts of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2018 forms part of this report as **Annexure - 1**.

Directors' Responsibility Statement

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

Unclaimed Shares

Regulation 39(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 inter alia requires every listed company to comply with certain

procedure in respect of shares issued by it in physical form, pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

The face value of the shares of the Company was split from Rs. 10/- each to Rs. 2/- each in the year 2007. Certain share certificates were returned undelivered and were lying unclaimed. The Company had sent 3 reminders to concerned shareholders, and subsequently such shares (2203 folios comprising 475310 equity shares) were transferred to the Unclaimed Suspense Account during the year under review. A separate Demat account has been opened by the Company for this purpose.

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

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

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

S. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of shareholders and the outstanding shares originally lying in the Unclaimed Suspense Account (at the time of transfer & dematerialization)	2,203	4,75,310
2.	Number of shareholders who approached listed entity for transfer of shares from the Unclaimed Suspense Account during the year	14*	5,150

S. No.	Particulars	No. of Shareholders	No. of Equity Shares
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account, during the year	12	4,250
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account (as at end of the financial year i.e. March 31, 2018)	2,191	4,71,060

* In remaining two cases, 900 shares were transferred from the Unclaimed Suspense Account in physical form in April, 2018.

Till date of this report, the Company has approved overall 20 such claims from shareholders, comprising

7280 shares, for transfer back of their shareholding from the Unclaimed Suspense Account in demat / physical form.

Cautionary Statement

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

Acknowledgements

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

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

New Delhi
 August 6, 2018

Naina Lal Kidwai
 Independent Director
 DIN: 00017806

Mohit Talwar
 Managing Director
 DIN: 02394694

Annexure 1 to the Directors' Report

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN****Financial year ended on 31.03.2018****Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014****I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L24223PB1988PLC008031
2.	Registration Date	24-02-1988
3.	Name of the Company	Max Financial Services Limited (Formerly Max India Limited)
4.	Category / Sub-category	Public Company Limited by Shares; Indian Non-Government Company
5.	Address of the Registered office & contact details	419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533 Phone : 01881-462000 Fax : 01881-273607 E-mail : investorhelpline@maxindia.com
6.	Whether listed company	Listed Company
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, 2 nd Floor, Okhla Industrial Area Phase – II, New Delhi – 110020 Phone : 011- 26387281/82/83 Fax : 011 – 26387384 E-mail : info@masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

The Business Activities of the Company namely Management Consultancy (NIC Code: 70200) and Investing in Subsidiaries (NIC Code: 64200), respectively constituted approx 9.3% and 90.7% of total turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

As on March 31, 2018, the Company had only 1 subsidiary as detailed hereunder, and there was no holding / associate company :

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	Max Life Insurance Company Limited 419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533	U74899PB2000PLC045626	Subsidiary	70.75%	2 (87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	420,833	0	420,833	0.16	420,833	0	420,833	0.16	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	80,881,905	0	80,881,905	30.26	80,881,905	0	80,881,905	30.14	-0.12
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	81,302,738	0	81,302,738	30.42	81,302,738	0	81,302,738	30.29	-0.13
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	54979410	5565	54984975	20.57	74734385	400	74734785	27.85	7.28
b) Banks / FI	448528	14450	462978	0.17	403352	13250	416602	0.16	-0.01
c) Alternate Investment Funds	0	0	0	0.00	1129369	0	1129369	0.42	0.42
d) Central Govt	0	0	0	0	0	0	0	0	0.00
e) State Govt(s)	0	0	0	0	0	0	0	0	0.00
f) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
g) Insurance Companies	0	45750	45750	0.02	0	45750	45750	0.02	0.00
h) FIIs	13953722	55	13953777	5.22	11633206	0	11633206	4.33	-0.89
i) Foreign Portfolio Investors	56683352	0	56683352	21.21	67511500	0	67511500	25.15	3.94
j) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
k) Others (specify) FDI	25528470	0	25528470	9.55	0	0	0	0	-9.55
Sub-total (B)(1):-	151593482	65820	151659302	56.74	155411812	59400	155471212	57.93	1.19
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6579789	67480	6647269	2.49	4871876	60125	4932001	1.84	-0.65
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals	0	0	0	0	0	0	0	0	0.00
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	21412263	2016980	23429243	8.77	21534733	1449665	22984398	8.56	-0.21
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2085626	0	2085626	0.78	625000	0	625000	0.23	-0.55
c) Others (specify)									
Non Resident Indians	1269024	33670	1302694	0.49	1559808	17755	1577563	0.59	0.10
Overseas Corporate Bodies	518	0	518	0	518	0	518	0.00	0.00
Foreign Nationals	0	0	0	0	0	0	0	0	0.00
Clearing Members	585079	0	585079	0.22	409201	0	409201	0.15	-0.07
Trusts	5292	0	5292	0.00	500823	0	500823	0.19	0.19
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0.00
Directors	252288	0	252288	0.09	109513	0	109513	0.04	-0.05
Unclaimed Suspense Account	0	0	0	0	471060	0	471060	0.17	0.17
Sub-total (B)(2):-	32189879	2118130	34308009	12.84	30082532	1527545	31610077	11.78	-1.06
Total Public Shareholding (B)=(B)(1)+ (B)(2)	183783361	2183950	185967311	69.58	185494344	1586945	187081289	69.71	0.13
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	265086099	2183950	267270049	100.00	266797082	1586945	268384027	100.00	0.00

B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2017]			Shareholding at the end of the year [As on 31-March-2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Analjit Singh	10000	0.00	0.00	10000	0.00	0.00	0.00
2.	Mrs. Neelu Analjit Singh	100000	0.04	0.00	100000	0.04	0.00	0.00
3.	Ms. Piya Singh	110333	0.04	0.00	110333	0.04	0.00	0.00
4.	Mr. Veer Singh	100500	0.04	0.00	100500	0.04	0.00	0.00
5.	Ms. Tara Singh Vachani	100000	0.04	0.00	100000	0.04	0.00	0.00
6.	Liquid Investment & Trading Co. P. Ltd	23818876	8.91	65.34	23818876	8.87	97.72	-0.04
7.	# Mohair Investment & Trading Co. P. Ltd.	8086560	3.02	0.00	13690570	5.10	83.95	2.08
8.	# Boom Investments P. Ltd.	5604010	2.10	52.76	0.00	0.00	0.00	0.00
9.	Max Ventures Investment Holdings P. Ltd	43372459	16.23	55.88	43372459	16.16	71.87	-0.07

Boom Investments Private Limited got merged with Mohair Investment and Trading Company Private Limited, pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Delhi, with effect from December 2, 2016. However, actual transfer of shares in the demat account of Mohair Investment and Trading Company Private Limited was reflected post March 31, 2017. Hence the shareholding of Boom Investment Private Limited mentioned at the beginning of the year i.e. March 31, 2017, later stood transferred to Mohair Investment and Trading Company Private Limited.

C) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Analjit Singh				
	At the beginning of the year	10,000	0.00	10,000	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			10000	0.00
2.	Mrs. Neelu Analjit Singh				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04
3.	Ms. Piya Singh				
	At the beginning of the year	110333	0.04	110333	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			110333	0.04
4.	Mr. Veer Singh				
	At the beginning of the year	100500	0.04	100500	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100500	0.04
5.	Ms. Tara Singh Vachani				
	At the beginning of the year	100000	0.04	100000	0.04
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100000	0.04

S. No.	Particulars	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	Liquid Investment & Trading Co. P. Ltd.				
	At the beginning of the year	23818876	8.91	23818876	8.91
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			23818876	8.87
7.	Mohair Investment & Trading Co. P. Ltd.				
	At the beginning of the year	8086560	3.02	8086560	3.02
	Increase / Decrease in Shareholding during the year # 02.12.2016	5604010	2.10	13690570	5.12
	At the end of the year			13690570	5.10
8.	Boom Investments P. Ltd.				
	At the beginning of the year	5604010	2.10	5604010	2.10
	Increase / Decrease in Shareholding during the year # 02.12.2016	(5604010)	2.10	0	0.00
	At the end of the year			0	0.00
9.	Max Ventures Investment Holdings P. Ltd.				
	At the beginning of the year	43372459	16.23	43372459	16.23
	Increase / Decrease in Shareholding during the year	0	0	0	0
	At the end of the year			43372459	16.16

Boom Investments Private Limited got merged with Mohair Investment and Trading Company Private Limited, pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Delhi, with effect from December 2, 2016. However, actual transfer of shares in the demat account of Mohair Investment and Trading Company Private Limited was reflected post March 31, 2017. Hence the shareholding of Boom Investment Private Limited mentioned at the beginning of the year i.e. March 31, 2017, later stood transferred to Mohair Investment and Trading Company Private Limited.

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

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the Year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Moneyline Portfolio Investments Limited				
	At the beginning of the year	26570048	9.94	26570048	9.94
	Increase / Decrease in Shareholding during the year 18.08.2017	(8500000)	3.17	18070048	6.77
	At the end of the year			18070048	6.73
2.	Xenok Limited				
	At the beginning of the year	24079700	9.00	24079700	9.00
	Increase / Decrease in Shareholding during the year 21.04.2017	(13000000)	4.86	11079700	4.14
	08.09.2017	(11079700)	4.13	0	0
	At the end of the year			0	0.00
3.	Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund				
	At the beginning of the year	5223731	1.95	5223731	1.95

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the Year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	07.04.2017	(223500)	0.08	5000231	1.87
	27.10.2017	100000	0.04	5100231	1.91
	12.01.2018	100000	0.04	5200231	1.95
	19.01.2018	100000	0.03	5300231	1.98
	02.02.2018	100000	0.03	5400231	2.01
	At the end of the year			5400231	2.01
4.	Motilal Oswal Most Focused Multicap 35 Fund				
	At the beginning of the year	4939407	1.85	4939407	1.85
	Increase / Decrease in Shareholding during the year				
	28.04.2017	305401	0.11	5244808	1.96
	19.05.2017	(77519)	0.03	5167289	1.93
	26.05.2017	(40189)	0.01	5127100	1.92
	09.06.2017	283081	0.10	5410181	2.02
	25.08.2017	168647	0.06	5578808	2.08
	01.09.2017	222394	0.08	5801222	2.16
	08.09.2017	151080	0.06	5952302	2.22
	15.09.2017	403240	0.15	6355542	2.37
	22.09.2017	390744	0.14	6746286	2.51
	30.09.2017	393000	0.15	7139286	2.66
	13.10.2017	125000	0.05	7264286	2.71
	15.12.2017	300763	0.11	7565049	2.82
	At the end of the year			7565049	2.82
5.	ICICI Prudential Value Discovery Fund				
	At the beginning of the year	4517866	1.69	4517866	1.69
	Increase / Decrease in Shareholding during the year	-	-	-	0
	At the end of the year			4517866	1.68
6.	Kotak Select Focus Fund				
	At the beginning of the year	3117954	1.17	3117954	1.17
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			3117954	1.16
7.	Government Pension Fund Global				
	At the beginning of the year	2693071	1.01	2693071	1.01
	Increase / Decrease in Shareholding during the year				
	22.09.2017	208262	0.07	2901333	
	At the end of the year			2901333	1.08
8.	HDFC Trustee Company Limited – A/C HDFC MID – Cap Opportunities Fund				
	At the beginning of the year	2400000	0.90	2400000	0.90
	Increase / Decrease in Shareholding during the year				
	13.10.2017	425000	0.16	2825000	1.06
	08.12.2017	872000	0.32	3697000	1.38
	15.12.2017	984300	0.37	4681300	1.75
	22.12.2017	470000	0.18	5151300	1.93
	29.12.2017	479000	0.18	5630300	2.11
	05.01.2018	200000	0.07	5830300	2.18
	12.01.2018	200000	0.07	6030300	2.25
	At the end of the year			6030300	2.25
9.	SBI Magnum Balanced Fund				
	At the beginning of the year	2300000	0.86	2300000	0.86

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the Year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Increase / Decrease in Shareholding during the year				
	09.06.2017	(1713457)	0.64	586543	0.22
	16.06.2017	(586543)	0.22	0	0.00
	At the end of the year			0	0.00
10.	GS Mace Holdings Limited				
	At the beginning of the year	2196381	0.82	2196381	0.82
	Increase / Decrease in Shareholding during the year				
	28.07.2017	(950000)	0.35	1246381	0.47
	04.08.2017	(500000)	0.19	746381	0.28
	15.09.2017	(746381)	0.28	0	0.00
	At the end of the year			0	0.00
11.	National Westminster Bank PLC as Trustee of the Jupiter India Fund				
	At the beginning of the year	1551870	0.58	1551870	0.58
	Increase / Decrease in Shareholding during the year				
	28.04.2017	679237	0.25	2231107	0.83
	30.06.2017	135208	0.05	2366315	0.88
	22.12.2017	166180	0.06	2532495	0.94
	29.12.2017	177459	0.07	2709954	1.01
	09.02.2018	24330	0.01	2734284	1.02
	At the end of the year			2734284	1.02
12.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund				
	At the beginning of the year	1383915	0.52	1383915	0.52
	Increase / Decrease in Shareholding during the year				
	14.04.2017	(118000)	0.04	1265915	0.48
	21.04.2017	(116000)	0.04	1149915	0.44
	28.04.2017	714231	0.27	1864146	0.71
	02.06.2017	705000	0.26	2569146	0.97
	07.07.2017	126000	0.05	2695146	1.02
	25.08.2017	(133000)	0.05	2562146	0.97
	08.09.2017	(150000)	0.06	2412146	0.91
	19.09.2017	1510000	0.56	3922146	1.47
	30.09.2017	(1882)	0.00	3920264	1.47
	02.02.2018	58000	0.02	3978264	1.49
	23.03.2018	142000	0.04	4120264	1.53
	At the end of the year			4120264	1.53
13.	*Baron Emerging Markets Fund				
	At the beginning of the year	999067	0.37	999067	0.37
	Increase / Decrease in Shareholding during the year				
	21.04.2017	704347	0.26	1703414	0.63
	28.04.2017	671586	0.25	2375000	0.88
	19.05.2017	325000	0.12	2700000	1.00
	16.06.2017	115000	0.04	2815000	1.04
	21.07.2017	125000	0.05	2940000	1.09
	08.09.2017	78339	0.03	3018339	1.12
	15.09.2017	150000	0.06	3168339	1.18
	22.09.2017	520475	0.19	3688814	1.37
	30.09.2017	829525	0.31	4518339	1.68
	30.03.2018	400000	0.15	4918339	1.83
	At the end of the year			4918339	1.83

* became shareholder w.e.f. April 14, 2017

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 31-March-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Mohit Talwar, Managing Director				
	At the beginning of the year	35,438	0.01	35,438	0.01
	Increase / Decrease in Shareholding during the year				
	*10.04.2017	31,210	0.01	66,648	0.02
	*18.08.2017	2,21,500	0.08	2,88,148	0.11
	**29.08.2017 to 31.08.2017	(2,61,085)	0.10	27,063	0.01
	At the end of the year			27,063	0.01
2	Mr. Ashwani Windlass, NED				
	At the beginning of the year	1,62,850	0.06	1,62,850	0.06
	Increase / Decrease in Shareholding during the year				
	**07.04.2017	(50,700)	0.02	1,12,150	0.04
	**16.08.2017	(8,700)	0.00	1,03,450	0.04
	**15.09.2017	(35,000)	0.01	68,450	0.03
	**18.09.2017 – 20.09.2017	(27,500)	0.01	40,950	0.01
	**21.09.2017	(7,500)	0.00	33,450	0.01
	**26.09.2017	(5,000)	0.00	28,450	0.01
	At the end of the year			28,450	0.01
3	Mr. Rajesh Khanna, ID				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			25,000	0.01
4	Mr. Aman Mehta, ID				
	At the beginning of the year	29,000	0.01	29,000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			29,000	0.01
5	Mrs. Sujatha Ratnam, CFO				
	At the beginning of the year	35,000	0.01	35,000	0.01
	Increase / Decrease in Shareholding during the year				
	**15.09.2017	(34,900)	0.01	100	0.00
	At the end of the year			100	0.00

* Allotment of equity shares under ESOP

**Sale of shares in open market

V. INDEBTEDNESS:

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs.)
		Mr. Mohit Talwar Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,25,18,748	5,25,18,748
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	35,54,956	35,54,956
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2	Stock Options [^]	8,57,92,501	8,57,92,501
3	Sweat Equity	NIL	NIL
4	Commission		
	- as % of profit	NIL	NIL
	- others, specify...		
5	Others:		
	- Company Contribution to PF	17,04,960	17,04,960
	- Medical Reimbursements	15,000	15,000
	- Medical Insurance Premium	56,070	56,070
	- Personal Accident Insurance Premium	405	405
	Total	14,36,42,640	14,36,42,640
	Ceiling as per the Act	NA	

[^] Perquisite value of stock options exercised during the year

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Mrs. Naina Lal Kidwai (ID)	Mr. Rajesh Khanna (ID)	Mr. Aman Mehta (ID)	Mr. D.K. Mittal (ID)	Mr. Ashwani Windlass (NED)	Mr. Sanjay Omprakash Nayar (NED)	Mr. Sanjeev Kishen Mehra * (NED)	Ms. Lavanya Ashok* (NED)	Total Amount
1	Independent Directors (ID):									
	Fee for attending board and committee meetings	13,00,000	20,00,000	7,00,000	16,00,000	NIL	NIL	NIL	NIL	56,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	13,00,000	20,00,000	7,00,000	16,00,000	NIL	NIL	NIL	NIL	56,00,000
2	Other Non-Executive Directors (NED):									
	Fee for attending board and committee meetings	NIL	NIL	NIL	NIL	20,00,000	NIL	NIL	NIL	20,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	20,00,000	NIL	NIL	NIL	20,00,000
	Total Remuneration = (1) + (2)	13,00,000	20,00,000	7,00,000	16,00,000	20,00,000	NIL	NIL	NIL	76,00,000

*ceased to be Director of the Company effective May 19, 2017.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

SI No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs.)
		CEO	Mrs. Sujatha Ratnam (CFO)	Mr. Sandeep Pathak (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,80,71,250	48,80,713	2,29,51,963
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	-	2,95,551	-	2,95,551
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others:				
	- Company Contribution to PF	-	7,78,913	2,58,382	10,37,295
	- Medical Reimbursements	-	15,000	15,000	30,000
	- Medical Insurance Premium	-	56,070	56,070	1,12,140
	- Personal Accident Insurance Premium	-	405	405	810
	Total	-	1,92,17,189	52,10,570	2,44,27,759

VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Annexure-2 to the Directors' Report

Form AOC-1

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

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

(Amount in Rs. Lakhs)

Sl. No.	Name of Subsidiary Company	Date since subsidiary was acquired	Reporting period for the subsidiary concerned	Reporting Currency and Exchange rate as on the last date of relevant financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Extent of Shareholding (in %)
1	Max Life Insurance Company Limited	11 July, 2000	31 March, 2018	INR	191,881.29	77,023.93	5,496,283.88	5,227,378.66	5,223,654.85	1,638,076.51	61,517.42	8,754.55	52,762.87	12,280.40	70.75%

Part "B" - Associate Companies and Joint Ventures

Not Applicable, as there are no Associates / Joint Ventures

Annexure- 3 to the Directors' Report

Dividend Distribution Policy

BACKGROUND:

Max Financial Services Limited ("the Company") has been paying dividends in past, based on the dividend distributed by its subsidiary Max Life Insurance Company Limited and after taking into account liquidity requirements of the Company.

While the aforesaid is the stated dividend distribution policy of the Company, it is proposed to formulate a Dividend Distribution Policy in line with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations").

OBJECTIVE:

The objective of the Dividend Distribution Policy ("the policy") is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend. The policy is broadly in line with the provisions of the Companies Act, 2013 and SEBI Regulations ("applicable laws") read with the relevant clauses of the Articles of Association of the Company, to the extent applicable.

The policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The Company currently has no other class of shares. Therefore, dividend declared if any will be distributed amongst all equity shareholders, based on their shareholding on the record date. The Company stands committed to deliver sustainable value to all its stakeholders.

PARAMETERS FOR DECLARATION OF DIVIDEND:

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting ("AGM") of the shareholders. The Board may also declare interim dividends as may be permitted as per the applicable laws.

The Board of Directors of the Company would consider the following financial parameters and factors before declaring or recommending dividend to shareholders:

Internal Factors / Financial Parameters:

- Operating cash flow of the Company
- Profits earned during the year
- Profits available for distribution
- Earnings Per Share (EPS)
- Dividend, if any, declared by Subsidiary
- Working capital requirements
- Capital expenditure requirement
- Business expansion and growth
- Likelihood of crystalization of contingent liabilities, if any

- Additional investment in subsidiary
- Creation of contingency fund
- Acquisition of brands and business
- Cost of Borrowing
- Past dividend payout ratio / trends

External Factors:

- Economic environment
- Statutory provisions and guidelines
- Dividend pay-out ratios of companies in the same industry

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

The Company shall not recommend dividend, if it is of the opinion that it is financially not prudent to do so. The shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion which would require higher allocation of resources
- If the Company requires significant amount of working capital to fund its future growth
- In case the Company proposes to utilise surplus cash for buy-back of securities
- Whenever the Company undertakes any acquisitions or joint ventures requiring significant allocation of capital or in case the company expands its stake in its subsidiary
- In the event of inadequacy of profits or whenever the Company has incurred losses

The profits being retained in the business shall be continued to be deployed in the Company and thus contributing to the growth to the business and operations of the Company.

MODIFICATIONS IN THE POLICY:

The Board of Directors is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the applicable laws.

DISCLOSURE:

The policy will be available on the Company's website and will also be disclosed in the Company's annual report.

Annexure - 4 to the Directors' Report**Details of Max Employees Stock Plan – 2003, pursuant to SEBI Regulations and Companies Act, 2013 for the year ended 31st March, 2018**

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

Details provided in Note no. 27.1 of Standalone Financial Statements for the year ended 31st March, 2018.

- B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Rs. 4.57 per share.

- C. Summary of status of ESOS granted:

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

S. No.	Particulars	
1	Date of shareholders' approval	September 30, 2003
2	Total number of options approved under ESOS	1,33,14,787
3	Vesting requirements	Vesting may be time based or performance based as determined by the Nomination and Remuneration Committee ("NRC"), from time to time, under the relevant Option Agreement.
4	Exercise price or pricing formula	As determined by the NRC, under the relevant Option Agreement.
5	Maximum term of options granted	As determined by the NRC, subject to the compliance of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	In August 2017, NRC approved the acceleration of the vesting of the unvested options granted on December 12, 2014, to vest as per revised graded vesting schedule detailed hereunder:
		Mr. Mohit Talwar (Managing Director)
		Mr. Rahul Khosla (Executive President)
	Total number of options	4,43,000
	Immediate vesting on August 9, 2017	2,21,500
	Vesting on December 1, 2018	1,10,750
	Vesting on December 1, 2019	1,10,750

- ii. Method used to account for ESOS:

The Company has adopted intrinsic value method of Valuation.

- iii. Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. :

Profits would have been lower by Rs.585.9 lakhs and Basic EPS Rs.0.22 per share & Diluted EPS Rs. 0.22 per share, if the Company would have recognized the compensation cost based on fair value.

iv. Option movement during the year:

Number of options outstanding at the beginning of the period	22,46,745
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	11,13,978
Number of options exercised during the year	11,13,978
Number of shares arising as a result of exercise of options	11,13,978
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 27,63,33,756/-
Loan repaid by the Trust during the year from exercise price received	Not Applicable. The ESOP Plan is not administered by any Trust.
Number of options outstanding at the end of the year	11,32,767

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

Weighted average exercise price for options exercised during FY17-18 was Rs.248.11 Further, the weighted average fair value of the outstanding options as on 31st March 2018 was Rs. 219.48. For details, please refer to Note no.27.1 of Standalone Financial Statements.

vi. Employee wise details of options granted - *No ESOPs were granted by the Company during the financial year 2017-18.*

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

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

No ESOPs were granted by the Company during the financial year 2017-18.

weighted-average values of share price (at time of grant)	NA
exercise price	NA
expected volatility	NA
expected option life (in years)	NA
expected dividends	NA
risk-free interest rate	NA
any other inputs to the model	NA
the method used and the assumptions made to incorporate the effects of expected early exercise	NA
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	NA
whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	NA

Annexure 5A to the Directors' Report
INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART
OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

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

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

Sl. No.	Name	Designation	Remuneration for FY17 (INR Cr.)	Remuneration for FY18 (INR Cr.)	% Increase in Remuneration in FY18 vs. FY17
1	Mr. Mohit Talwar ¹	Managing Director	6.76	14.36	112.42%
2	Ms. Sujatha Ratnam	Chief Financial Officer	1.76	1.92	8.9%
3	Mr. Sandeep Pathak	Company Secretary	0.47	0.52	NA ²

¹ Mr. Mohit Talwar's remuneration includes the perquisite value of Rs. 8.58 crores, being the value of ESOPs exercised during the year under review against the ESOPs granted earlier (corresponding value in FY17 was Rs.1.43 crores)

² Mr. Sandeep Pathak was appointed as the Company Secretary of the Company with effect from July 5, 2016. The remuneration for FY 2017 is for part of the year and hence it is not comparable with remuneration for FY 2018.

- B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs.39,04,383/- in FY18 as against Rs.35,67,162/- in FY17. The increase in MRE in FY18 as compared to FY17 is around 9.45%.

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2018) to the MRE for FY18 is around 36.8:1

As the Non-executive Directors of the Company have been receiving remuneration only in the form of Sitting Fees for attending the meetings of Board of directors or committees thereof, their remuneration details have not been considered while disclosing particulars under A and B above.

- C. The number of permanent employees on the rolls of the Company as on March 31, 2018 was 13, i.e. same as on March 31, 2017.
- D. The average increase in remuneration (excluding WTD remuneration and the impact of ESOPs / Phantom Stock Options exercised) in FY18 over FY17 was around 14.2%. This was based on the industry benchmarks and approval of the Nomination and Remuneration Committee.
- E. The increase in fixed remuneration for WTD and KMPs was 9.31% over previous year.

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

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

During FY18, there was no such employee who received remuneration in excess of the remuneration paid to Executive Director(s) and held 2% or more of the equity shares in the Company, along with spouse and / or dependent children.

Annexure 5B to the Directors' Report

Particulars of Employees

INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

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

Sr. No.	Name	Age (Yrs.)	Designation	Nature of duties	Remuneration (In Rs.)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment Held Organisation	Position held
A. Employed throughout the year										
1	Khosla, Rahul	59	Executive President	General Management	574,289,394	BA (Hons), CA	18.08.2011	34	Visa	Group Head of Products
2	Pai, Ramachandra Vishnu	51	Manager - Administration	Administration	2,005,583	B.Com	18.09.1995	30	Johnson & Johnson	Warehousing Supervisor
3	Pandey, Archana	58	Senior Director - Corporate Affairs	Corporate Affairs	29,035,786	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt.	08.06.2012	35	Abbott Healthcare Pvt Ltd.	Head - Government Affairs
4	Pathak, Sandeep	38	Company Secretary	Company Secretary	5,210,570	B.Com (Hons), FCS, FCMA, ACA, LL.B.	05.07.2016	18	Sembcorp Green Infra Limited	General Manager - Company Secretary
5	Ramsundar, K K	60	Admn. Assistant, Office of Founder & Chairman Emeritus	Administration	4,919,378	B.Com (P), PGDBA, PGDMM	21.06.1981	42	Ranbaxy Labs Limited	Steno Typist
6	Ratnam, Sujatha	54	Chief Financial Officer	Corporate Treasury	19,217,189	B. Com (Hons), ACA	12.07.2004	29	Jubilant Organosys Ltd.	General Manager - Finance
7	Rao, Anuradha	59	Executive Assistant, Office of Founder & Chairman Emeritus	Executive Assistant	5,719,834	BA (Hons)	03.06.1987	39	Northern Engineering Industries (India) Limited	Assistant cum Secretary
8	Talwar, Mohit	58	Managing Director	General Management	143,642,640	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	39	Standard Chartered Bank	Director & Head Wholesale Bank, East India
9	Thakur, Ananth Singh	44	Deputy General Manager - External Affairs	External Affairs	2,637,413	MBA	06.06.2011	23	Aviva Life Insurance	State Head (BSA)
10	Trehan, Vandana	43	Executive Assistant to Executive President	Executive Assistant	2,889,389	PGDBM	16.08.2011	18	TSYS International	Executive Assistant
B. Employed for part of the year										
	NIL									

Notes:

- Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites, as applicable.
- None of the above employees is a relative of any director of the Company.
- All appointments are / were contractual in accordance with the terms and conditions as per Company Rules / Policies.
- Mr. Mohit Talwar holds 48,773 equity shares constituting 0.017% of the equity share capital of the Company, as of the date of this report.
- None of the above employees held 2% or more equity shares of the Company, by himself / herself or alongwith his / her spouse and dependent children .

For Max Financial Services Limited

New Delhi
August 6, 2018

Naina Lal Kidwai
Independent Director
DIN: 00017806

Mohit Talwar
Managing Director
DIN: 02394694

Annexure – 6 to the Directors' Report

Business Responsibility Report

Section A	General information about the Company	
1	Corporate Identification Number	L24223PB1988PLC008031
2	Name of the Company	Max Financial Services Limited (formerly Max India Limited)
3	Registered address	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr Punjab 144533
4	Website	www.maxfinancialservices.com
5	Email address	investorhelpline@maxindia.com
6	Financial year reported	1 April 2017 – 31 March 2018
7	Sector(s) that the Company is engaged in	Investments and Consultancy services to group companies
8	Three key products/services manufactured/ provided by the Company	Investments in subsidiaries (NIC Code – 64200) Management Consultancy (NIC Code – 70200)
9	Total number of locations where business activity is undertaken by the Company	Two locations: Registered office at Nawanshahr (Punjab) and Corporate office at New Delhi
10	Markets served by the Company	India
Section B Financial details of the Company		
1	Paid-up capital	Rs. 53.68 crore
2	Total turnover	Rs. 228.74 crore (revenue from operations)
3	Total profit after tax	Rs. 123.04 crore
4	Total spending on CSR as percentage of profit after tax	N.A. (Refer Directors' Report)
5	List of the activities in which expenditure in 4 above has been incurred	N.A.
Section C Other details		
1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Company's subsidiary Max Life Insurance Company Limited engages in BR initiatives for the group. For detailed information, please refer to Business Responsibility Review section of this Annual Report.
3	Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No NA
Section D BR information		
1a	Details of Director(s) responsible for BR	Mr. Mohit Talwar (DIN: 02394694) Managing Director
1b	Details of the BR head	Name: Mrs. Sujatha Ratnam Designation: CFO Telephone number: (011) 42598000 Email ID: sratnam@maxindia.com
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report
Section E Principle-wise performance		
1	Principle-wise performance	Included in this report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 500 listed entities based on market capitalisation on the BSE and NSE, are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report. Max Financial Services Limited (MFSL) presents its second BRR in line with the requirements of SEBI. This BRR provides information on key initiatives undertaken by the Company and / or its subsidiary.

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

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

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

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

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

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

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

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

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

As of 31st March 2018, MFSL had a total of 13 employees, which included 5 women employees. There were no temporary or contractual employees in the reporting year. As a holding company with limited areas of operations, the Company's staffing is adequate and commensurate with the scale of its business. The Company believes its employees are its greatest strength and invests in the growth and development of all its employees and engages with them on a regular basis. Employees are also given opportunities to move across other Group companies to get wider exposure.

MFSL has policies and procedures in place to prevent any kind of discrimination. It has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2017-18 and none were pending as of 31 March 2018.

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

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

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

Principle 5: Businesses should respect and promote human rights

MFSL is dedicated to upholding the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights.

All policies of the Company comply with conventionally understood provisions of human rights. There is no discrimination whatsoever in the Company on the basis of cast, creed, race, gender, religion or physical handicap. The Company did not receive any complaint relating to violation of human rights in 2017-18.

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

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

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

MFSL is a holding company with no direct business

operations however its subsidiary Max Life actively engages in policy advocacy to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

Annexure – 7 to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

The Members,

Max Financial Services Limited

Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange

Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Not Applicable

- (vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on the Sectors / Businesses. Further, the management confirmed that the Company is a non-systemically important Core Investment Company and hence does not require registration as a NBFC.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that,

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

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

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

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

We further report that during the audit period the Company has acquired 14,170,817 Equity Shares of Rs 10/- each in Max Life Insurance company Limited and the said event deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner

Date: 06.08.2018
Place: Delhi

Membership No.:16302
Certificate of Practice No.:5673

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

Annexure-A to the Secretarial Audit Report

The Members,

Max Financial Services Limited

Bhai Mohan Singh Nagar,
Rail Majra, Tehsil Balachaur,
Distt. Nawanshahr, Punjab-144533

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

Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner

Date: 06.08.2018
Place: Delhi

Membership No.:16302
Certificate of Practice No.:5673

Annexure – 8 to the Directors' Report**Form No. AOC-2**

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:
 - a) Name(s) of the related party and nature of relationship: Max Life Insurance Company Limited (Subsidiary company)
 - b) Nature of contracts/arrangements/transactions: Sub-licensing of trademarks
 - c) Duration of the contracts/arrangements/transactions: 10 years
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any: The contract for sub-licensing of trademarks has been entered into with subsidiary company, pursuant to a Scheme of Demerger approved by Hon'ble High Court of Punjab at Chandigarh, which allows usage of trademarks without any consideration.
 - e) Justification for entering into such contracts or arrangements or transactions: The trademarks have been licensed to the Company for limited usage. Prior to the Scheme of Demerger, Max Life Insurance Company Limited had been using such trademarks. It was contemplated to allow usage of such trademarks by Max Life, without impacting the ownership of such trademarks.
 - f) Date(s) of approval by the Board: August 8, 2016
 - g) Amount paid as advances, if any: NIL
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: September 27, 2016
2. Details of material contracts or arrangement or transactions at arm's length basis: **N.A.**
 - a) *Name(s) of the related party and nature of relationship:*
 - b) *Nature of contracts/arrangements/transactions:*
 - c) *Duration of the contracts/arrangements/transactions:*
 - d) *Salient terms of the contracts or arrangements or transactions including the value, if any:*
 - e) *Date(s) of approval by the Board, if any:*
 - f) *Amount paid as advances, if any:*

For Max Financial Services Limited

New Delhi
August 6, 2018

Naina Lal Kidwai
Independent Director
DIN: 00017806

Mohit Talwar
Managing Director
DIN: 02394694