

# Board's Report

## Dear Members,

Your Directors have pleasure in presenting the Thirty-first 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, 2019.

## Standalone Results

The highlights of the standalone financial results of your Company along with previous year's figures (prepared / restated as per IND-AS) are as under:

	(Rs. in Crore)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Revenue from operations</b>	<b>316.63</b>	<b>263.49</b>
Other income	1.15	0.72
<b>Total income</b>	<b>317.78</b>	<b>264.21</b>
<b>Expenses</b>		
Finance costs	27.25	-
Loss on fair value changes on derivative financial instruments	102.61	-
Impairment on financial instruments		
Employee benefits expenses	76.40	53.74
Depreciation and amortization expense	1.75	1.92
Legal and professional expenses	43.51	46.31
Other expenses	16.87	18.31
<b>Total expenses</b>	<b>268.39</b>	<b>120.28</b>
<b>Profit before tax</b>	<b>49.39</b>	<b>143.93</b>
<b>Tax expense</b>	<b>-</b>	<b>-</b>
<b>Profit after tax for the year</b>	<b>9.39</b>	<b>3.93</b>
<b>Other comprehensive income for the year</b>	<b>(0.30)</b>	<b>(0.23)</b>
<b>Total comprehensive income (after tax)</b>	<b>49.09</b>	<b>143.70</b>

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 4.2% to Rs 2001 crore as at March 31, 2019 as against Rs.1920 crore as at March 31, 2018 (restated as per IND-AS).

## Consolidated Results

In accordance with the Companies Act, 2013 ("the Act") and applicable accounting standards, 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 FY2019, Max Financial Services Limited reported consolidated revenues of Rs. 17,538 Crore, with an encouraging growth of 17% over the previous year. The Company reported consolidated Net Profit of Rs. 406 Crore, 28% lower compared to the previous year, largely due to fair valuation impact as per the recently introduced accounting methodology, Ind AS, and one-time expenses for pursuing an inorganic opportunity for Max Life.

Max Life achieved a significant milestone this year with its Assets under Management (AUM) crossing the Rs. 60,000 crore mark for the first time. The AUM as at March 31, 2019 stood at Rs. 62,798 Crore, growing 20% over the previous year. Another benchmark set by Max Life was in the Claims Paid Ratio category. Already being an industry leader with the highest claims paid ratio of 98.26% in FY18, as per the Insurance Regulatory and Development Authority of India (IRDAI) Annual Report, Max Life further improved the ratio by 48 bps to 98.74% during FY19. The Market Consistent Embedded value of Max Life as on March 31, 2019 was Rs.9,257 crore up 20% from previous year's Rs 7,706 crore.

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

(Rs. in Crores)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>Revenue from operations</b>	<b>19,497.62</b>	<b>16,337.45</b>
Other income	3.61	1.26
<b>Total income</b>	<b>19,501.23</b>	<b>16,338.71</b>
<b>Expenses</b>		
Finance costs	27.30	0.11
Impairment on financial instruments	5.02	0.32
Employee benefits expenses	84.37	37.17
Depreciation and amortization expense	1.75	1.92
Legal and professional expenses	43.51	46.31
Policyholders' Expenses of Life Insurance operations	18,826.57	15,693.64
Other expenses	31.87	29.22
<b>Total expenses</b>	<b>19,020.39</b>	<b>15,808.69</b>
<b>Profit before tax</b>	<b>480.84</b>	<b>530.02</b>
<b>Tax expense</b>	<b>64.38</b>	<b>88.18</b>
<b>Profit after tax for the year (including Non-controlling interests)</b>	<b>416.46</b>	<b>41.84</b>
<b>Other comprehensive income for the year</b>	<b>1.31</b>	<b>(17.82)</b>
<b>Total comprehensive income (after tax)</b>	<b>417.77</b>	<b>424.02</b>
<b>Total comprehensive income attributable to</b>		
Owners of the company	263.41	273.72
Non-controlling interests	154.36	150.30

### 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, 2019 and the date of the Directors' report i.e. May 28, 2019.

### Subsidiaries, Associates & Joint Venture companies

As on March 31, 2019, 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 1,98,787,368 equity shares of Rs. 10/- each in Max Life. Accordingly, the equity stake of the Company in Max Life increased to 71.79% as at March 31, 2019.

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](http://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 2018-19.

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](http://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, 2019 remains unchanged at 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, 10,01,752 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, 2019 was Rs. 53,87,71,558/- (Rupees Fifty three crores eighty seven lakhs seventy one thousand five hundred fifty eight) comprising of 26,93,85,779 equity shares of Rs. 2/- each.

Further, after end of the financial year on March 31, 2019 and till the date of this report i.e. May 28, 2019, your Company had allotted 12,958 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, 2019 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.

During the year under review, the Nomination and Remuneration Committee of Directors of the Company ("NRC") granted 44,448 phantom stock units to Mr. Mohit Talwar, Managing Director of the Company and 129,275 phantom stock units to Mr. Rahul Khosla, erstwhile Executive President, which vest(ed) in a graded manner and settled in cash. Further, the NRC granted 1,15,420 Stock Options to Mr. Mohit Talwar, Managing Director with effect from April 1, 2019 which will vest with him in a graded manner.

#### DIRECTORS

As on date of this report, the Board of Directors of your Company comprised of 10 (ten) members with 1 (one) Executive Director and 9 (nine) Non-Executive Directors of which 5 (five) are independent. Mr. Analjit Singh (DIN: 00029641), Chairman of the Company is a Non Executive Promoter Director.

Mr. Rajesh Khanna, a non-executive independent director of the Company, resigned from the Board of the Company effective February 11, 2019. Your Directors place their deep appreciation for the valuable contributions made by Mr. Rajesh Khanna during his association with the Company.

Mr. Jai Arya (DIN: 0008270093) has been appointed as an additional director in non-executive independent capacity with effect from November 14, 2018. Further, Sir Charles Richard Vernon Stagg (DIN: 07176980), has been appointed as an additional director in non-executive independent capacity on the Board of Directors of the Company, with effect from February 11, 2019.

The above directors were appointed as additional directors and therefore, their term of office expires on the date of ensuing Annual General Meeting. The Company is in receipt of notices under Section 160 of the Companies Act, 2013 from members proposing the candidature of these directors for being appointed as directors of the Company. The Board of Directors recommend to the shareholders for their appointment as Directors of the Company. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Mr. Jai Arya and Sir Charles Richard Vernon Stagg, as Independent Directors of the Company, form part of the notice of the ensuing Annual General Meeting.

Mr. Aman Mehta was appointed by the Shareholders as an Independent Director of the Company for a period of five years with effect from September 30, 2014. The five year tenure of Mr. Aman Mehta as Independent Director of the Company shall be completed on September 29, 2019. Similarly, Mr. Dinesh Kumar Mittal was appointed as an Independent Director of the Company for a period of five years with effect from January 1, 2015. The five year tenure of Mr. Mittal as Independent Director of the Company shall be completed on December 31, 2019.

In accordance with the Section 149(10) of the Companies Act, 2013 and the SEBI Listing Regulations, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of the Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of a special resolution by the Company.

Further, as per SEBI Listing regulations, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect, along with a justification in the explanatory statement annexed to the notice for such motion.

Your directors recommend the re-appointment of Mr. Aman Mehta as Independent Director on the Board of the Company for another term of five years, despite his attaining of 75 years during this new term. Your directors also recommend the re-appointment of Mr. Dinesh Kumar Mittal as an Independent Director on the Board of the Company for another term of five years.

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

Brief profiles of aforesaid directors are annexed to the Notice convening the Annual General Meeting.

The Board met eight times during the financial year 2018-19:

S.No.	Date	Board Strength	No. of Directors present
1	April 9, 2018	7	5
2	May 25, 2018	8	5
3	July 23, 2018	9	8
4	August 6, 2018	9	5
5	September 28, 2018	9	4
6	November 14, 2018	10	7
7	February 11, 2019	11*	10
8	March 22, 2019	10	6

\*Including one director appointed in the meeting

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. Aman Mehta (DIN: 00009364) Mr. Dinesh Kumar Mittal (DIN: 00040000), Mr. Jai Arya (DIN: 0008270093) and Sir Charles Richard Vernon Stagg (DIN: 07176980).

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 2018-19, viz. on May 25, 2018, August 6, 2018, November 14, 2018, February 11, 2019 and March 20, 2019. The Committee, as on March 31, 2019, comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, 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 seven times during the financial year 2018-19, viz. on May 25, 2018, July 23, 2018, August 6, 2018, November 14, 2018, December 21, 2018, February 11, 2019 and March 20, 2019. The Committee, as on March 31, 2019, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai.

#### 3. Investment & Finance Committee:

The Committee met six times during the financial year 2018-19, viz. on April 9, 2018, May 25, 2018, August 6 2018, November 14, 2018, February 11, 2019 and

March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar.

4. Corporate Social Responsibility Committee:

The Committee met once during the financial year 2018-19, viz. on March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal.

5. Stakeholders' Relationship Committee:

The Committee met six times during the financial year 2018-19, viz. on May 25, 2018, August 6, 2018, November 14, 2018, December 24, 2018, February 11, 2019 and March 22, 2019. The Committee, as on March 31, 2019, 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 2018-19, viz. on March 22, 2019. The Committee, as on March 31, 2019, comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal.

7. Independent Directors:

The Board of Directors included 5 Independent Directors as on March 31, 2019 viz. Mr. Aman Mehta, Mr. Dinesh Kumar Mittal, Mrs. Naina Lal Kidwai, Mr. Jai Arya and Sir Charles Richard Vernon Stagg. The Independent Directors had a separate meeting on August 6, 2018 during the financial year 2018-19. 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.

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.

Mrs. Sujatha Ratnam has tendered her resignation and she will be continuing as Chief Financial Officer till end of business hours of June 30, 2019.

#### 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.

#### Performance Evaluation 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, 2019, there were 12 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](http://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](http://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 2018-19, 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 2018-19. 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](http://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. 7 and 8 respectively, to the standalone financial statements of the Company for the FY 2018-19.

### **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](http://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 Number: 117366W/W-100018), were appointed as the Statutory Auditors of the Company at 27<sup>th</sup> Annual General Meeting ("AGM") held on September 23, 2015 for a period of five years i.e. till the conclusion of the 32<sup>nd</sup> 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 2018-19 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 2018-19. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2018-19 is annexed

to this report as **Annexure - 7**.

There are no audit qualifications, reservations, disclaimers or adverse remarks in the said Secretarial Audit Report, except a remark on penalty paid by the Company to stock exchanges.

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have equal number of Independent and Non-Independent Directors, in case the Company is having a promoter chairman. The said requirement had arisen for the Company on the appointment of Mr. Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of provision of Articles of the Company. However, both BSE and NSE had levied penalty of Rs 5,70,000/- each for period July 23, 2018 up to November 13, 2018 - which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. NSE has formally communicated to the Company that such waiver cannot be granted.

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 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.

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](http://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 an ongoing transaction with Max Life Insurance Company Limited for allowing usage of trademarks without any consideration and an approval has already been obtained from shareholders of the Company in 2016 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. 31 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](http://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. 448.69 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, 2019 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.

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

The Hon'ble High Court passed the following judgements in

the three matters on 5 March 2019:

- (a) Non-display of registered office address at its corporate office in a prominent manner:

Decided in favour of the Company with no costs.

- (b) Providing interest free loans to certain group companies:

A nominal compounding fee of INR 50,000 had been levied on the Company and the matter was disposed off. The said compounding fee has been paid by the Company in March 2019.

- (c) Non-charging of interest on the excess remuneration received and refunded by former executive directors:

The Hon'ble High Court directed the former executive directors to pay simple interest @ 12 per cent per annum for the period such excess remuneration was retained by them. The Company has received the interest amount from the former executive directors aggregating Rs 31,89,492/-. In case of one such director, the number of days mentioned in the order were not correct and the Company has filed an application for rectification of the same.

#### TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND

The Company had paid interim dividend in FY2012-13 and the unpaid dividend was transferred to a separate account in same year within prescribed time. After completion of 7 years, the unpaid amounts still lying in the said account shall be transferred to the Investor Education and Protection Fund, along with respective shares on which such dividend remains unpaid.

#### 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 necessary reminders

to concerned shareholders, and subsequently such shares were transferred to the Unclaimed Suspense Account.

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 <b>(as at beginning of the financial year i.e. April 1, 2018)</b>	2,191	4,71,060
2.	Number of shareholders who approached listed entity for transfer of shares from the Unclaimed Suspense Account during the year	12	3,265
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account, during the year	14*	4,165
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account <b>(as at end of the financial year i.e. March 31, 2019)</b>	2,177	4,66,895

\*Two cases comprising 900 shares were transferred from the Unclaimed Suspense Account in physical form in April

2018, corresponding requests having been received in FY2017-18.

Till date of this report, the Company has approved overall 26 such claims from shareholders, comprising 8415 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**

Place: New Delhi  
Date: May 28, 2019

Sd/-  
**Mohit Talwar**  
**Managing Director**  
DIN: 02394694

Sd/-  
**Sahil Vachani**  
**Director**  
DIN: 00761695

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2019**

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	Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533 Phone : 01881-462000 Fax : 01881-273607 E-mail : <a href="mailto:investorhelpline@maxindia.com">investorhelpline@maxindia.com</a>
6	Whether listed company	Listed Company
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area Phase - II, New Delhi - 110020 Phone : 011- 26387281/82/83 Fax : 011 - 26387384 E-mail : <a href="mailto:info@masserv.com">info@masserv.com</a>

**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 8.6% and 91.4% of total turnover of the Company.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

As on March 31, 2019, 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	71.79%	2 (87) of the Companies Act, 2013

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

##### A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	420,833	0	420,833	0.16	420,333	0	420,333	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	30.14	75,883,275	0	75,883,275	28.17	(1.96)
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
<b>Total shareholding of Promoter (A)</b>	<b>81,302,738</b>	<b>0</b>	<b>81,302,738</b>	<b>30.29</b>	<b>76,303,608</b>	<b>0</b>	<b>76,303,608</b>	<b>28.33</b>	<b>(1.96)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	74,734,385	400	74,734,785	27.85	83,171,900	400	83,172,300	30.87	3.02
b) Banks / FI	40,335,2	13,250	41,660,2	0.16	17,571,8	13,250	18,896,8	0.07	(0.09)
c) Alternate Investment Funds	11,293,69	0	11,293,69	0.42	25,330,34	0	25,330,34	0.94	0.52
d) Central Govt	0	0	0	0	0	0	0	0.00	0.00
e) State Govt(s)	0	0	0	0	0	0	0	0.00	0.00
f) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
g) Insurance Companies	0	45,750	45,750	0.02	0	0	0	0.00	(0.02)
h) FIs	11,633,206	0	11,633,206	4.33	10,388,572	0	10,388,572	3.86	(0.47)
i) Foreign Portfolio Investors	67,511,500	0	67,511,500	25.15	70,025,154	0	70,025,154	25.99	0.84
j) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
k) Others (specify) FDI	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>155,418,12</b>	<b>5,940</b>	<b>155,471,212</b>	<b>57.93</b>	<b>166,294,378</b>	<b>13,650</b>	<b>166,308,028</b>	<b>61.74</b>	<b>3.81</b>

##### B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2018]			Shareholding at the end of the year [As on 31-March-2019]			% change in sharehold- ing 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	100000	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	8.87	97.72	3675000	1.36	100.00	(7.51)
7.	Mohair Investment & Trading Co. (P) Ltd.	13690570	5.10	83.95	4690000	1.74	100.00	(3.36)
8.	@Max Ventures Investment Holdings P Ltd	43372459	16.16	71.87	67518275	25.06	76.27	8.90

# sold shares to Max Ventures Investment Holdings Private Limited (promoter entity) through open market

@ Pursuant to Composite Scheme of Amalgamation and Arrangement approved by the Hon'ble National Company Law Tribunal, New Delhi vide its order pronounced on September 10, 2018, Liquid Investment & Trading Company Private Limited and Mohair Investment & Trading Company Private Limited, both entities were part of Promoter Group merged with Max Ventures Investment Holdings Private Limited, another promoter group entity. The certified copy of the said order was received on September 14, 2018 which was submitted with the Registrar of Companies, NCT of Delhi and Haryana on September 28, 2018. The shares from the demat account of Mohair Investment & Trading Company Private Limited and the demat account of Liquid Investment & Trading Company Private Limited to Max Ventures Investment Holdings Private Limited are under process.

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

SN	Particulars	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Mr. Analjit Singh</b>				
	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.	<b>Mrs. Neelu Analjit Singh</b>				
	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.	<b>Ms. Piya Singh</b>				
	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.	<b>Mr. Veer Singh</b>				
	At the beginning of the year	100500	0.04	100500	0.04
	Increase / Decrease in Shareholding during the year ^04.09.2018	(500)	0.00	100000	0.04
	At the end of the year			100000	0.04
5.	<b>Ms. Tara Singh</b>				
	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
6.	<b>Liquid Investment &amp; Trading Co. P. Ltd.</b>				
	At the beginning of the year	23818876	8.87	23818876	8.87
	Increase/Decrease in Shareholding during the year (Shares transferred to Max Ventures Investment Holdings Pvt. Ltd. pursuant to Scheme of Amalgamation and Arrangement explained above)	(20143876)		3675000	



SN	Particulars	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the end of the year			3675000	1.36
<b>7.</b>	<b>Mohair Investment &amp; Trading Co. P. Ltd.</b>				
	At the beginning of the year	13690570	5.10	13690570	5.10
	Increase / Decrease in Shareholding during the year (Shares transferred to Max Ventures Investment Holdings Pvt. Ltd. pursuant to Scheme of Amalgamation and Arrangement explained above)	(9000570)		4690000	
	At the end of the year			4690000	1.74
<b>8.</b>	<b>Max Ventures Investment Holdings P. Ltd.</b>				
	At the beginning of the year	43372459	16.16	43372459	16.16
	Increase / Decrease in Shareholding during the year 04.09.2018 (shares acquired from Liquid Investment & Trading Co. Pvt. Ltd. and Mohair Investment & Trading Co. Pvt. Ltd., pursuant to Scheme of Amalgamation and Arrangement explained above)	24145816		67518275	
	At the end of the year			67518275	25.06

^ sold shares to Max Ventures Investment Holdings Private Limited (promoter entity) through open market

#### D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Moneyline Portfolio Investments Limited</b>				
	At the beginning of the year	18070048	6.73	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	18070048	6.71
<b>2.</b>	<b>Reliance Emergent India Fund</b>				
	At the beginning of the year	18368381	6.85	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		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				
	06.04.2018	(5000)	0.00	18363381	6.85
	13.04.2018	(20000)	0.00	18343381	6.85
	20.04.2018	64000	0.02	18407381	6.87
	27.04.2018	(50000)	0.02	18357381	6.85
	04.05.2018	(3000)	0.00	18354381	6.85
	11.05.2018	(14000)	0.00	18340381	6.85
	18.05.2018	(13013)	0.00	18327368	6.85
	25.05.2018	(208797)	0.08	18118571	6.77
	01.06.2018	(128500)	0.05	17990071	6.72
	08.06.2018	(753000)	0.28	17237071	6.44
	29.06.2018	8400	0.00	17245471	6.44
	06.07.2018	138400	0.05	17383871	6.49
	13.07.2018	(6800)	0.00	17377071	6.49
	20.07.2018	62000	0.02	17439071	6.51
	27.07.2018	(646400)	0.24	16792671	6.27
	03.08.2018	(472800)	0.18	16319871	6.09
	10.08.2018	(10000)	0.00	16309871	6.09
	07.09.2018	115600	0.04	16425471	6.13
	14.09.2018	(15600)	0.00	16409871	6.13
	28.09.2018	100000	0.04	16509871	6.17
	12.10.2018	51000	0.02	16560871	6.19
	30.11.2018	(62400)	0.02	16498471	6.17
	07.12.2018	(87600)	0.03	16410871	6.14
	21.12.2018	(68000)	0.03	16342871	6.11
	28.12.2018	(9600)	0.00	16333271	6.11
	11.01.2019	(146000)	0.06	16187271	6.05
	19.01.2019	(32400)	0.01	16154871	6.04
	01.02.2019	(74928)	0.04	16079943	6.00
	08.02.2019	(65962)	0.03	16013981	5.97
	22.02.2019	1	0.00	16013982	5.97
	01.03.2019	46	0.00	16014028	5.97
	08.03.2019	11911	0.00	16025939	5.97
	15.03.2019	1526	0.00	16027465	5.97
	22.03.2019	460	0.00	16027925	5.97
	29.03.2019	(598388)	0.24	15429537	5.73
	At the end of the year	-	-	15429537	5.73
<b>3.</b>	<b>ICICI Prudential Business Cycle Fund Series 2</b>				
	At the beginning of the year	13759730	5.13	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		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				
	27.04.2018	(148000)	0.05	13611730	5.08
	11.05.2018	(622923)	0.23	12988807	4.85
	18.05.2018	(68018)	0.02	12920789	4.83
	25.05.2018	40923	0.02	12961712	4.85
	01.06.2018	96442	0.04	13058154	4.89
	15.06.2018	33210	0.01	13091364	4.90
	22.06.2018	173790	0.06	13265154	4.96
	06.07.2018	99200	0.04	13364354	5.00
	13.07.2018	(85200)	0.03	13279154	4.97
	20.07.2018	(126000)	0.05	13153154	4.92
	27.07.2018	(76)	0.00	13153078	4.92
	10.08.2018	12234	0.00	13165312	4.92
	31.08.2018	(108741)	0.04	13056571	4.88
	07.09.2018	(3094)	0.00	13053477	4.88
	14.09.2018	(169306)	0.06	12884171	4.82
	18.09.2018	30000	0.01	12914171	4.81
	21.09.2018	(18000)	0.00	12896171	4.81
	28.09.2018	(204831)	0.08	12691340	4.73
	05.10.2018	(310547)	0.12	12380793	4.61
	12.10.2018	202800	0.08	12583593	4.69
	26.10.2018	(67451)	0.02	12516142	4.67
	02.11.2018	116210	0.04	12632352	4.71
	30.11.2018	(21600)	0.01	12610752	4.70
	21.12.2018	(20400)	0.01	12590352	4.69
	28.12.2018	(2)	0.00	12590350	4.69
	11.01.2019	(45600)	0.02	12544750	4.67
	25.01.2019	(185195)	0.08	12359555	4.59
	01.02.2019	132297	0.05	12491852	4.64
	08.02.2019	94201	0.04	12586053	4.68
	15.02.2019	(136800)	0.05	12449253	4.63
	22.02.2019	(61200)	0.01	12388053	4.62
	01.03.2019	80808	0.02	12468861	4.64
	08.03.2019	107236	0.02	12576097	4.66
	15.03.2019	(36000)	0.01	12540097	4.65
	At the end of the year	-	-	12540097	4.65
<b>4.</b>	<b>HDFC Trustee Company Ltd. - HDFC Equity Saving</b>				
	At the beginning of the year	6150300	2.29	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		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				
	20.04.2018	479300	0.18	6629600	2.47
	18.05.2018	500000	0.19	7129600	2.66
	25.05.2018	500000	0.19	7629600	2.85
	01.06.2018	600000	0.22	8229600	3.07
	08.06.2018	805000	0.30	9034600	3.37
	15.06.2018	1100000	0.41	10134600	3.78
	22.06.2018	152000	0.06	10286600	3.84
	29.06.2018	170000	0.06	10456600	3.90
	06.07.2018	174000	0.06	10630600	3.96
	13.07.2018	155900	0.06	10786500	4.02
	03.08.2018	17100	0.00	10803600	4.02
	24.08.2018	65000	0.02	10868600	4.04
	28.09.2018	(6000)	0.00	10862600	4.04
	05.10.2018	200000	0.07	11062600	4.11
	19.10.2018	200000	0.07	11262600	4.18
	02.11.2018	300000	0.11	11562600	4.29
	At the end of the year	-	-	11562600	4.29
<b>5.</b>	<b>Motilal Oawal Focused 25 Fund</b>				
	At the beginning of the year	11015390	4.10	-	-
	Increase / Decrease in Shareholding during the year				
	06.04.2018	71239	0.03	11086629	4.13
	13.04.2018	50000	0.02	11136629	4.15
	27.04.2018	197103	0.07	11333732	4.22
	04.05.2018	107545	0.04	11441277	4.26
	18.05.2018	98137	0.04	11539414	4.30
	08.06.2018	(851938)	0.32	10687476	3.98
	15.06.2018	(48062)	0.02	10639414	3.96
	22.06.2018	250732	0.09	10890146	4.05
	29.06.2018	175576	0.06	11065722	4.11
	06.07.2018	110844	0.04	11176566	4.15
	03.08.2018	103362	0.04	11279928	4.19
	31.08.2018	201935	0.07	11481863	4.26
	07.09.2018	103482	0.04	11585345	4.30
	14.12.2018	(65232)	0.02	11520113	4.28
	11.01.2019	(129084)	0.05	11391029	4.23
	18.01.2019	(104450)	0.04	11286579	4.19
	01.02.2019	6257	0.00	11292836	4.19
	08.02.2019	64	0.00	11292900	4.19
	22.02.2019	64	0.00	11292964	4.19
	01.03.2019	64	0.00	11293028	4.19
	08.03.2019	128	0.00	11293156	4.19
	15.03.2019	(379140)	0.14	10914016	4.05
	22.03.2019	(141920)	0.05	10772096	4.00
	29.03.2019	(81449)	0.03	10690647	3.97
	At the end of the year	-	-	10690647	3.97
<b>6.</b>	<b>Baron Emerging Markets Fund</b>				
	At the beginning of the year	4918339	1.83	-	-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		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				
	27.04.2018	550000	0.20	5468339	2.03
	08.06.2018	165000	0.06	5633339	2.09
	15.06.2018	364782	0.14	5998121	2.23
	22.06.2018	285218	0.11	6283339	2.34
	03.08.2018	254155	0.09	6537494	2.43
	10.08.2018	322823	0.12	6860317	2.55
	21.09.2018	129437	0.05	6989754	2.60
	30.11.2018	45000	0.02	7034754	2.62
	11.01.2019	(65930)	0.02	6968824	2.60
	15.02.2019	90000	0.03	7058824	2.63
	22.03.2019	230181	0.08	7289005	2.71
	At the end of the year	-	-	7289005	2.71
<b>7.</b>	<b>Aditya Birla Sun Life Trustee Private Limited</b>				
	At the beginning of the year	7902036	2.94	-	-
	Increase / Decrease in Shareholding during the year				
	13.04.2018	(21900)	0.01	7880136	2.93
	20.04.2018	(224141)	0.08	7655995	2.85
	27.04.2018	(250800)	0.09	7405195	2.76
	18.05.2018	(206235)	0.08	7198960	2.68
	25.05.2018	27500	0.01	7226460	2.69
	15.06.2018	2000	0.00	7228460	2.69
	03.08.2018	51522	0.02	7279982	2.71
	24.08.2018	62100	0.02	7342082	2.73
	31.08.2018	(48000)	0.02	7294082	2.71
	14.09.2018	(6614)	0.00	7287468	2.71
	28.09.2018	(22800)	0.01	7264668	2.70
	05.10.2018	(61200)	0.02	7203468	2.68
	02.11.2018	25000	0.01	7228468	2.69
	01.02.2019	200000	0.07	7428468	2.76
	08.02.2019	100000	0.03	7528468	2.79
	29.03.2019	(540500)	0.20	6987968	2.59
	At the end of the year	-	-	6987968	2.59
<b>8.</b>	<b>Government Pension Fund Global</b>				
	At the beginning of the year	2901333	1.08	-	-
	Increase / Decrease in Shareholding during the year				
	13.07.2018	347074	0.13	3248407	1.21
	20.07.2018	182000	0.07	3430407	1.28
	27.07.2018	180302	0.07	3610709	1.35
	03.08.2018	419783	0.16	4030492	1.51
	18.09.2018	312896	0.12	4343388	1.63
	12.10.2018	303178	0.11	4646566	1.74
	11.01.2019	46300	0.02	4692866	1.76
	18.01.2019	223446	0.08	4916312	1.84
	25.01.2019	60890	0.02	4977202	1.86
	15.02.2019	211367	0.08	5188569	1.94
	22.02.2019	63764	0.02	5252333	1.96
	01.03.2019	111606	0.03	5363939	1.99
	At the end of the year	-	-	5363939	1.99
<b>9.</b>	<b>*New York Life Insurance Company</b>				

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	10000	0.00	-	-
	Increase / Decrease in Shareholding during the year				
	14.12.2018	327852	0.12	337852	0.12
	21.12.2018	4999130	1.86	5336982	1.98
	At the end of the year	-	-	5336982	1.98
<b>10.</b>	<b>Mirae Asset Tax Saver Fund</b>				
	At the beginning of the year	2862401	1.07	-	-
	Increase / Decrease in Shareholding during the year				
	06.04.2018	46083	0.02	2908484	1.09
	20.04.2018	15000	0.00	2923484	1.09
	27.04.2018	1001000	0.37	3924484	1.46
	01.06.2018	17000	0.00	3941484	1.46
	15.06.2018	250000	0.09	4191484	1.55
	22.06.2018	256000	0.09	4447484	1.64
	13.07.2018	87667	0.03	4535151	1.67
	03.08.2018	208000	0.08	4743151	1.75
	10.08.2018	100000	0.04	4843151	1.79
	14.09.2018	(360000)	0.13	4483151	1.66
	18.09.2018	(514352)	0.19	3968799	1.47
	21.09.2018	(114475)	0.04	3854324	1.43
	28.09.2018	(200000)	0.07	3654324	1.36
	05.10.2018	35000	0.01	3689324	1.37
	02.11.2018	(120000)	0.04	3569324	1.33
	09.11.2018	(100000)	0.04	3469324	1.29
	16.11.2018	(201458)	0.07	3267866	1.22
	30.11.2018	(430000)	0.16	2837866	1.06
	07.12.2018	(500000)	0.19	2337866	0.87
	14.12.2018	(95363)	0.03	2242503	0.84
	21.12.2018	2000	0.00	2244503	0.84
	28.12.2018	(30000)	0.01	2214503	0.83
	01.02.2019	1500	0.00	2216003	0.83
	15.03.2019	550091	0.20	2766094	1.03
	22.03.2019	354456	0.13	3120550	1.16
	29.03.2019	1481090	0.55	4601640	1.71
	At the end of the year	-	-	4601640	1.71
<b>11.</b>	<b>Kotak Equity Opportunities Fund</b>				
	At the beginning of the year	4542954	1.69	-	-



SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the Year [As on 31-March-2019]	
		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				
	06.04.2018	(118000)	0.04	4424954	1.65
	13.04.2018	63000	0.02	4487954	1.67
	20.04.2018	259000	0.10	4746954	1.77
	27.04.2018	(214000)	0.08	4532954	1.69
	04.05.2018	19000	0.00	4551954	1.69
	11.05.2018	44000	0.02	4595954	1.71
	18.05.2018	42000	0.02	4637954	1.73
	25.05.2018	4000	0.00	4641954	1.73
	01.06.2018	52000	0.02	4693954	1.75
	08.06.2018	73000	0.03	4766954	1.78
	15.06.2018	169000	0.06	4935954	1.84
	22.06.2018	37200	0.01	4973154	1.85
	29.06.2018	84800	0.03	5057954	1.88
	06.07.2018	83672	0.03	5141626	1.91
	13.07.2018	(143472)	0.05	4998154	1.86
	20.07.2018	(220800)	0.08	4777354	1.78
	27.07.2018	(88800)	0.03	4688554	1.75
	03.08.2018	(75600)	0.03	4612954	1.72
	10.08.2018	(104400)	0.04	4508554	1.68
	17.08.2018	12000	0.00	4520554	1.68
	24.08.2018	(6000)	0.00	4514554	1.68
	31.08.2018	(6000)	0.00	4508554	1.68
	14.09.2018	(32400)	0.01	4476154	1.67
	18.09.2018	(3600)	0.00	4472554	1.67
	21.09.2018	(27600)	0.01	4444954	1.66
	28.09.2018	(165600)	0.06	4279354	1.60
	05.10.2018	90000	0.03	4369354	1.63
	12.10.2018	21600	0.01	4390954	1.64
	19.10.2018	(1200)	0.00	4389754	1.64
	26.10.2018	(34800)	0.01	4354954	1.63
	02.11.2018	48000	0.02	4402954	1.65
	09.11.2018	60000	0.02	4462954	1.67
	16.11.2018	30000	0.01	4492954	1.68
	23.11.2018	(27600)	0.01	4465354	1.67
	30.11.2018	37200	0.01	4502554	1.68
	07.12.2018	126000	0.05	4628554	1.73
	14.12.2018	87600	0.03	4716154	1.76
	21.12.2018	(51600)	0.02	4664554	1.74
	28.12.2018	(114000)	0.04	4550554	1.70
	04.01.2019	(54000)	0.02	4496554	1.68
	11.01.2019	(88800)	0.03	4407754	1.65
	25.01.2019	21600	0.01	4429354	1.66
	01.02.2019	(9600)	0.00	4419754	1.66
	08.02.2019	192628	0.07	4612382	1.73
	15.02.2019	(92400)	0.03	4519982	1.70
	22.02.2019	(1200)	0.00	4518782	1.70
	01.03.2019	4800	0.00	4523582	1.70
	08.03.2019	175200	0.05	4698782	1.75
	22.03.2019	(82800)	0.04	4615982	1.71
	29.03.2019	(79200)	0.03	4536782	1.68
	At the end of the year	-	-	4536782	1.68

\* become shareholder w.e.f. December 7, 2018

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

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 31-March-2018]		Cumulative Shareholding during the year [As on 31-March-2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		<b>1 Mr. Mohit Talwar, Managing Director</b>			
	At the beginning of the year	27,063	0.01	27,063	0.01
	Increase / Decrease in Shareholding during the year				
	@05.04.2018	21,710	0.01	48,773	0.02
	@21.12.2018	1,10,750	0.04	1,59,523	0.06
	At the end of the year			1,59,523	0.06
<b>2 Mr. Ashwani Windlass, NED</b>					
	At the beginning of the year	28,450	0.01	28,450	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	
	At the end of the year			28,450	0.01
<b>3 #Mr. Rajesh Khanna, ID</b>					
	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
<b>4 Mr. Aman Mehta, ID</b>					
	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
<b>5 Mrs. Sujatha Ratnam, CFO</b>					
	At the beginning of the year	100	0.00	100	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			100	0.00

@ Allotment of equity shares under ESOP

# resigned from the Board of Directors on February 11, 2019

## 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  Mr. Mohit Talwar Managing Director	Total Amount (Rs.)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,22,27,181	7,22,27,181
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	12,96,628	12,96,628
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Options <sup>^</sup>	2,19,22,861	2,19,22,861
3	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
	- as % of profit		
	- others, specify...		
5	Others:		
	- Company Contribution to PF	19,09,555	19,09,555
	- Medical Reimbursements	NIL	NIL
	- Medical Insurance Premium	52,260	52,260
	- Personal Accident Insurance Premium	460	460
	<b>Total</b>	<b>9,74,08,945</b>	<b>9,74,08,945</b>
	Ceiling as per the Act		NA

<sup>^</sup> 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)	Sahil Vachani (NED)	Mr. Analjit Singh (NED)	Mr. Jai Arya (ID)	Sir CRV Stagg (NED)	Total Amount
<b>1</b>	<b>Independent Directors (ID):</b>											
	Fee for attending board and committee meetings	21,00,000	22,00,000	7,00,000	28,00,000	NIL	NIL	NIL	NIL	2,00,000	2,00,000	82,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	21,00,000	22,00,000	7,00,000	28,00,000	NIL	NIL	NIL	NIL	2,00,000	2,00,000	82,00,000
<b>2</b>	<b>Other Non-Executive Directors (NED):</b>											
	Fee for attending board and committee meetings	NIL	NIL	NIL	NIL	27,00,000	NIL	3,00,000	3,00,000	NIL	NIL	33,00,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	27,00,000	NIL	3,00,000	3,00,000	NIL	NIL	33,00,000
	Total Remuneration = (1) + (2)	21,00,000	22,00,000	7,00,000	28,00,000	27,00,000	NIL	3,00,000	3,00,000	2,00,000	2,00,000	115,00,000

**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	--	1,95,43,221	82,47,342	2,77,90,563
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 except stock options	--	28,800	-	28,800
	(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	-	8,33,437	3,25,762	11,59,199
	- Medical Reimbursements		--	--	--
	- Medical Insurance Premium	-	52,260	52,260	1,04,520
	- Personal Accident Insurance Premium		460	460	920
	<b>Total</b>	<b>-</b>	<b>2,04,58,178</b>	<b>86,25,824</b>	<b>2,90,84,002</b>

**VII. PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:**

The Company was in receipt of letters from stock exchanges in respect of non-compliance of Regulation 17 of SEBI (LODR) Regulations, 2015 which required the Board of Directors of a Company to have equal number of Independent and Non- Independent Directors, in case the Company is having a promoter chairman. The said requirement had arisen for the Company on the appointment of Mr. Analjit Singh as the Chairman of the Board of Directors of the Company on July 23, 2018 and was subsequently complied in the Board meeting held on November 14, 2018. The Company had represented to NSE and BSE contending that the said regulation was silent on the timelines for compliance of the requirement and a reasonable time was required for identification and appointment of Independent Directors. Also, the appointment of promoter director as Chairman was on account of provision of Articles of the Company. However, both BSE and NSE had levied penalty of Rs 5,70,000/- each for period July 23, 2018 up to November 13, 2018 - which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. NSE has formally communicated to the Company that such waiver cannot be granted.

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)

Sl. No.	Name of Subsidiary Company	Date since when 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, 2019	INR	191,881.29	84,782.18	6,592,702.94	6,316,039.47	6,279,792.91	1,953,482.65	62,264.19	6,622.07	55,642.12	16,309.91	71.79%

**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, 2019**

- 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. 29 of Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019.

- 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. 1.83 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 February 2019, NRC approved the acceleration of the vesting of the unvested options granted to Mr. Rahul Khosla in view of his cessation of office on March 31, 2019.

- 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 : Nil

- iv. Option movement during the year:

Number of options outstanding at the beginning of the period	11,32,767
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	10,01,752

Number of options exercised during the year	10,01,752
Number of shares arising as a result of exercise of options	10,01,752
Money realized by exercise of options (INR), if scheme is implemented directly by the company	24,18,65,404
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	1,31,015

- i. 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 FY18-19 was Rs. 425.52 Further, the weighted average fair value of the outstanding options as on 31<sup>st</sup> March 2019 was Rs. 224.82 For details, please refer to Note no. 29 of Standalone Financial Statements.

- ii. Employee wise details of options granted - No ESOPs were granted by the Company during the financial year 2018-19.

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

- iii. 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 2018-19.

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, 2019**

- 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 FY18 (INR Cr.)	Remuneration for FY19 (INR Cr.)	% Increase in Remuneration in FY19 vs. FY18
1	Mr. Mohit Talwar <sup>1</sup>	Managing Director	14.36	9.74	-32.19%
2	Ms. Sujatha Ratnam	Chief Financial Officer	1.92	2.05	6.46%
3	Mr. Sandeep Pathak <sup>2</sup>	Company Secretary	0.52	0.86	65.54%

<sup>1</sup>Mr. Mohit Talwar's remuneration includes the perquisite value of Rs. 2.19 crores, being the value of ESOPs exercised during the year under review against the ESOPs granted earlier (corresponding value in FY18 was Rs. 8.58 crores)

<sup>2</sup>Mr. Sandeep Pathak's role has been enlarged and he has been given additional responsibility as Head - Legal (Max Corporate) with effect June 14, 2018. The remuneration for FY 2019 includes the performance bonus of both FY 2019 and FY 2018.

- B. The Median Remuneration of Employees excluding Whole-time Directors ("MRE") was Rs. 40,37,881/- in FY19 as against Rs.39,04,383/- in FY18. The increase in MRE in FY19 as compared to FY18 is around 3.4%.

Further, the Ratio of Remuneration of Mr Mohit Talwar (the only executive director as on March 31, 2018) to the MRE for FY19 is around 24.1 : 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, 2019 was 12, as against 13 permanent employees as on March 31, 2018.
- D. The average increase in fixed remuneration (excluding WTD remuneration) in FY19 over FY18 was around 12.8%. 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 11.9% 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 FY19, 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, 2019**  
**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
<b>A. Employed throughout the year.</b>										
1	Khosla, Rahul	60	Executive President	General Management	714,376,809	BA (Hons), CA	18.08.2011	35	Visa	Group Head of Products
2	Pai, Ramachandra Vishnu	52	Manager - Administration	Administration	2,114,185	B.Com	18.09.1995	31	Johnson & Johnson	Warehousing Supervisor
3	Pathak, Sandeep	39	Company Secretary (MFSL) & Head-Legal (Max Corp)	Company Secretary	8,625,824	B.Com (Hons), FCS, FCMA, ACA, LLB	05.07.2016	19	Sembcorp Green Infra Limited	General Manager - Company Secretary
4	Ramsundar, K K	61	Admn. Assistant, Office of Founder & Chairman Emeritus	Administration	8,528,448	B.Com (P), PGDBA, PGDMM	21.06.1981	43	Ranbaxy Labs Limited	Steno Typist
5	Ratham, Sujatha	55	Chief Financial Officer	Corporate Treasury	20,458,178	B. Com (Hons), ACA	12.07.2004	30	Jubilant Orgnosys Ltd.	General Manager - Finance
6	Rao, Anuradha	60	Executive Assistant, Office of Founder & Chairman Emeritus	Executive Assistant	5,730,821	BA (Hons)	03.06.1987	40	Northern Engineering Industries (India) Limited	Assistant cum Secretary
7	Soni Vinod	34	Assistant Manager - Facilities and F&B Manager	Administration	1,373,447	Post Graduation Certificate in Food Quality Management, Diploma in Hospitality & Tourism	20.04.2015	13	Facility Food & Beverage Service	International Institute of Hotel Management
8	Talwar, Mohit	59	Managing Director	General Management	97,408,945	Post Graduate (Arts), Post Graduate (Hospitality Management)	01.11.2007	40	Standard Chartered Bank	Director & Head Wholesale Bank, East India
9	Thakur, Ananth Singh	45	General Manager - External Affairs	External Affairs	4,038,071	MBA	06.06.2011	24	Aviva Life Insurance	State Head (BSA)
10	Trehan, Vandana	44	Executive Assistant to Executive President	Executive Assistant	3,195,127	PGDBM	16.08.2011	19	TSYS International	Executive Assistant
<b>B. Employed for part of the year.</b>										
11	Pandey, Archana	59	Senior Director - Corporate Affairs	Corporate Affairs	21,962,548	MA in Psychology, PGD in Advertising & PR, PGD in Marketing & Sales Mgmt.	08.06.2012	36	Abbott Healthcare Pvt Ltd.	Head - Government Affairs

**Notes :**

- 1 Remuneration includes salary, allowances, value of rent free accommodation, bonus, value of ESOPs exercised, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to Provident, Pension, Gratuity and Superannuation fund, leave encashment and value of perquisites, as applicable.
- 2 None of the above employees is a relative of any director of the Company.
- 3 All appointments are / were contractual in accordance with the terms and conditions as per Company Rules / Policies.
- 4 Mr. Mohit Talwar holds 159523 equity shares constituting 0.06% of the equity share capital of the Company, as of the date of this report.
- 5 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 .

On behalf of the Board of Directors

**Sd/-**  
**Sahil Vachani**  
**Director**  
DIN: 00761695

**Sd/-**  
**Mohit Talwar**  
**Managing Director**  
DIN: 02394694

New Delhi  
May 28, 2019

## Annexure – 6 to the Directors' Report

**BUSINESS RESPONSIBILITY REPORT**

<b>Section A General information about the Company</b>		
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	<a href="http://www.maxfinancialservices.com">www.maxfinancialservices.com</a>
5	Email address	<a href="mailto:investorhelpline@maxindia.com">investorhelpline@maxindia.com</a>
6	Financial year reported	1 April 2018 – 31 March 2019
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	1. Investments in subsidiaries (NIC Code – 64200) 2. 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
<b>Section B Financial details of the Company</b>		
1	Paid-up capital	Rs. 53.88 crore
2	Total turnover	Rs. 316.63 crore (revenue from operations)
3	Total profit after tax	Rs. 49.38 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.
<b>Section C Other details</b>		
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

<b>Section D BR information</b>	
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: <a href="mailto:sratnam@maxindia.com">sratnam@maxindia.com</a>
2	Principle-wise BR policy/policies
	Included in this report
3	Governance related to BR
	Included in this report
<b>Section E Principle-wise performance</b>	
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 31<sup>st</sup> March 2019, MFSL had a total of 12 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 2018-19 and none were pending as of 31 March 2019.

**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 2018-19.

**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.

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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, 2019 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, 2019 according to the provisions of the following laws and regulations, as applicable:

- (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 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (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, 2018; Not Applicable
  - 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, 2018; 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) Securities and Exchange Board of India (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. except as mentioned below:

- a. The Company has paid penalty of INR 5,70,000/- each to National Stock Exchange of India Limited and BSE Limited, levied in respect of delay in appointment of an Independent Director pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations.

Further, the Company has paid a compounding fee of INR 50,000 levied by Hon'ble High Court of Punjab and Haryana in respect of a matter pending before CJM, Chandigarh in connection with an inspection conducted by Ministry of Corporate Affairs during the year 2006.

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, except delay in appointment of an Independent Director.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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 were 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 0.30% equity shares of Max Life Insurance Company Limited (MLIC), subsidiary of the Company from Mitsui Sumitomo Insurance Company Limited and 0.74% equity shares of MLIC from Axis Bank Limited, thereby increasing its stake in MLIC from 70.75% to 71.79% as at March 31, 2019 and the said event is 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

Sd/-  
Rupesh Agarwal  
Managing Partner  
Membership No.:16302  
Certificate of Practice No.:5673

Date: 28.05.2019  
Place: Delhi

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.

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

Sd/-

Rupesh Agarwal

Managing Partner

Membership No.:16302

Certificate of Practice No.:5673

Date: 28.05.2019

Place: Delhi

**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**

Place: New Delhi  
Date: May 28, 2019

Sd/-  
**Mohit Talwar**  
Managing Director  
DIN: 02394694

Sd/-  
**Sahil Vachani**  
Director  
DIN: 00761695