

Corporate Governance Report

Our Corporate Governance Philosophy

Max Financial Services Limited continues to be committed towards maintaining the highest standards of Corporate Governance recognizing that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent, and optimizing capital sourcing and allocation.

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

- **Board Architecture**

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

- **Board Processes**

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

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

- **Board Effectiveness**

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

Board of Directors

As on March 31, 2019, the Board comprised of ten members with one executive director and nine non-executive directors of which five were independent. Mr. Analjit Singh (DIN: 00029641), Promoter Director is the Chairman of the Board of Directors of the Company as on March 31, 2019.

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

During the year, Mr. Sahil Vachani (DIN: 00761695) and Mr. Analjit Singh (DIN: 00029641), Founder and Chairman Emeritus Max Group, were appointed as additional directors in non-executive capacity with effect from May 25, 2018 and July 23, 2018 respectively. Further, Mr. Analjit Singh was designated as Chairman of the Board of Directors of the Company, with effect from July 23, 2018. The shareholders of the Company in their Annual General Meeting held on September 25, 2018 approved the appointments of Mr. Sahil Vachani and Mr. Analjit Singh as directors of the Company.

Further, Mr. Jai Arya (DIN: 08270093) and Sir Charles Richard Vernon Stagg (DIN: 07176980) have been appointed as additional directors holding the position of non-executive independent directors with effect from November 14, 2018 and February 11, 2019 respectively. Mr. Rajesh Khanna (DIN: 00032562), who had been holding the position of Independent Director, resigned from the Board of Directors the Company with effect from February 11, 2019.

The details of the Directors and their attendance at the Board meeting during the year 2018-19 and at the last annual general meeting, including the details of their Directorships and Committee Memberships, as of March 31, 2019, are as under:

Name of Director	Attendance at Board meetings during the year 2018-19		Attendance at last AGM held on September 25, 2018	Number of Directorships in other Companies as at March 31, 2019*	Number of committee positions held in other public companies as on March 31, 2019**	
	Held	Attended			Chairman	Member
Mr. Analjit Singh ^{@@} [Chairman & Non-Executive Director] DIN: 00029641	6	3 [^]	No	12	-	-
Mrs. Naina Lal Kidwai [Independent Director] DIN: 00017806	8	8	No	5	-	3
Mr. Mohit Talwar [Managing Director] DIN: 02394694	8	7	Yes	7	1	3
Mr. Rajesh Khanna # [Independent Director] DIN: 00032562	7	6	No	-	-	-
Mr. Aman Mehta [Independent Director] DIN: 00009364	8	3	Yes	6	1	5
Mr. Ashwani Windlass [Non-Executive Director] DIN: 00042686	8	6	No	6	3	-
Mr. Dinesh Kumar Mittal [Independent Director] DIN: 00040000	8	8	Yes	12	-	7
Mr. Sanjay Omprakash Nayar [Non-Executive Director] DIN: 00002615	8	2 [^]	No	18	-	-
Mr. Sahil Vachani [@] [Non-Executive Director] DIN: 00761695	7	3 [^]	No	19	-	2
Mr. Jai Arya ^{@@@} [Independent Director] DIN: 08270093	3	2	NA	-	-	-
Sir Charles Richard Vernon Stagg ^{@@@} [Independent Director] DIN: 07176980	2	2	NA	1	-	-

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

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

[^] One Meeting each attended through Video Conferencing.

[@] Appointed with effect from May 25, 2018

^{@@} Appointed with effect from July 23, 2018

^{@@@} Appointed with effect from November 14, 2018

^{@@@@} Appointed with effect from February 11, 2019

Resigned from the Board of Directors with effect from February 11, 2019.

Corporate Governance Report

Details of Board meetings held during the year ended March 31, 2019:

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

INTERSE RELATIONSHIP AMONG DIRECTORS

Mr. Sahil Vachani and Mr. Analjit Singh are related to each other - Mr. Sahil Vachani being son-in-law of Mr. Analjit Singh.

The details of equity shares of ₹ 2/- each held by Directors of the Company as on March 31, 2019 are: (a) Mr. Analjit Singh - 10,000 shares, (b) Mr. Ashwani Windlass - 28,450 shares, (c) Mr. Aman Mehta - 29,000 shares, and (d) Mr. Mohit Talwar - 1,59,523 shares.

HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?

The calendar for the Board and Committee meetings is fixed in advance for the whole year, along with significant agenda items. At least one Board meeting is held within 45 days from the close of each quarter to review financial results and business performance and the gap between two Board meetings does not exceed 120 days, as required by law.

Apart from the aforesaid four meetings, additional Board meetings are also convened to meet business exigencies, as required. Matters of exigency are approved by the Directors by resolutions passed by circulation as permissible under the provisions of the Companies Act, 2013.

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

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

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

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

CODE OF GOVERNANCE

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company had adopted a Code of Conduct for the Directors and senior management of the Company ('the Code'), a copy of which is available on the Company's website www.maxfinancialservices.com. All the members of the Board of Directors and senior management personnel had affirmed compliance with the above mentioned regulation including Code for the financial year ended March 31, 2019 and a declaration to this effect signed by the Managing Director forms part of this report as **Annexure- I**.

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders for prevention of insider trading, which is applicable to all the Directors, Promoters, Key Managerial Personnel and designated employees / persons.

COMMITTEES OF THE BOARD

The composition of the Committees of the Board of Directors of the Company underwent the following changes, during the year under review:

Mr. Rajesh Khanna resigned from the Board of Directors of the Company effective February 11, 2019 and accordingly he ceased to be a member of the Audit Committee, Nomination and Remuneration Committee, Investment & Finance Committee, CSR Committee and Risk and Compliance Review Committee.

Audit Committee:

As on March 31, 2019, this Committee comprised of Mr. D.K. Mittal (Chairman), Mr. Aman Mehta, Mrs. Naina Lal Kidwai and Mr. Mohit Talwar. All members of the Committee, except Mr. Mohit Talwar, are Independent Directors. The Company Secretary of the Company acts as the Secretary to this Committee.

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

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

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. D.K. Mittal	5	5
Mr. Aman Mehta	5	1
Mr. Rajesh Khanna*	4	4
Mrs. Naina Lal Kidwai	5	5
Mr. Mohit Talwar	5	4

*Consequent to the resignation of Mr. Rajesh Khanna from the Board with effect from February 11, 2019, he ceased to be a member of this Committee after that date.

Nomination and Remuneration Committee

As on March 31, 2019, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mrs. Naina Lal Kidwai. All the members are Independent Directors, except Mr. Ashwani Windlass who is a non-executive non-independent Director.

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

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Rajesh Khanna*	6	6
Mrs. Naina Lal Kidwai	7	7
Mr. Aman Mehta	7	2
Mr. Ashwani Windlass	7	7

*Consequent to the resignation of Mr. Rajesh Khanna from the Board with effect from February 11, 2019, he ceased to be the Chairperson and member of this Committee after that date.

Remuneration paid to the Directors during 2018-2019

During the year 2018-19, the Company paid a sitting fee of ₹ 1,00,000/- per meeting to its non-executive / Independent Directors for attending the meetings of Board and Committees of the Board and separate meeting(s) of Independent Directors. There were no pecuniary relationships between the Company and its Non-Executive / Independent Directors, except the payment of sitting fees. The shareholders of the Company in their Annual General Meeting held on September 25, 2018 approved payment of commission to Directors of the Company (other than the Managing Director or Whole-time Directors) for each financial year effective from financial year 2018-19 onwards, subject to the overall ceilings in terms of Section 197 of the Companies Act, 2013.

Details of the sitting fees paid during 2018-19 are as under:

S. No.	Name of Director	Sitting Fee paid (in ₹)
1	Mrs. Naina Lal Kidwai	21,00,000/-
2	Mr. Ashwani Windlass	27,00,000/-
3	Mr. Rajesh Khanna	22,00,000/-
4	Mr. Aman Mehta*	7,00,000/-
5	Mr. Dinesh Kumar Mittal	28,00,000/-
6	Mr. Sahil Vachani	3,00,000/-
7	Mr. Analjit Singh	3,00,000/-
8	Mr. Jai Arya	2,00,000/-
9	Sir Charles Richard Vernon Stagg	2,00,000/-

The remuneration payable to Managing Director of the Company, including performance incentives and grant of ESOPs / PSPs, were determined from time to time by the Nomination and Remuneration Committee, within the limits approved by the Board of Directors and shareholders of the Company, in terms of applicable provisions of the Companies Act, 2013 read with the Company's remuneration policy. The details of the remuneration policy form part of the Directors' Report attached as part of this Annual Report.

Corporate Governance Report

Details of the remuneration of Mr. Mohit Talwar as Managing Director for the period from April 1, 2018 to March 31, 2019 are as under:

Description	Amount In ₹
Salary and allowances	3,70,09,020/-
Other Benefits (Perquisites)	2,45,60,804/-
Performance Incentive / special payments	3,39,28,230/-
Retirals	19,09,560/-
Service contract	5 years
Notice period	3 months
Employee Stock Options (ESOPs) granted (in numbers)	-

The severance fee, if any, shall be payable as per the provisions of Companies Act, 2013. The Variable Compensation / Performance Incentive shall be paid depending on the performance rating and Company's performance within the limits approved by shareholders of the Company.

During the year 2018-19, no Director was granted any employee stock options. Mr. Mohit Talwar was granted phantom stock units for a benefit value of ₹ 2 crores at the time of grant. During the year, 1,32,460 employee stock options were vested with Mr. Mohit Talwar, out of grants made in earlier years, and the same have since been exercised and allotted.

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

Stakeholders' Relationship Committee:

As on March 31, 2019, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal and Mr. Mohit Talwar. Key responsibilities of this Committee are formulation of procedures, in line with the statutory guidelines, for ensuring speedy disposal of various requests received from shareholders from time to time and redressal of shareholders' and investors' complaints / grievances. The Committee also approves the transfer and transmission of securities; and issuance of duplicate certificates etc.

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	6	6
Mr. Mohit Talwar	6	5
Mr. D.K. Mittal	6	6

The Committee has delegated the authority to effect transfer and / or transmission of shares up to 1000 per folio to Company Secretary / Compliance Officer, and such transfers are subsequently ratified in next meeting of the Committee. The Company has normally attended to the Shareholders / Investors

complaints within a period of 7 working days except in cases which were under legal proceedings / disputes. During the financial year ended March 31, 2019, 1 complaint were received and resolved by the Company (received in March 2019 and resolved in April 2019), which were general in nature viz. issues relating to non-receipt of dividend, annual reports, share certificates etc., all of those were resolved to the satisfaction of the respective shareholders. Mr. Sandeep Pathak - Company Secretary of the Company is the designated Compliance Officer.

Investment & Finance Committee:

As on March 31, 2019, this Committee comprised of Mr. Ashwani Windlass (Chairman), Mr. D.K. Mittal, and Mr. Mohit Talwar. The responsibilities of this Committee are to review financial performance of business(es) carried on by the Company and its subsidiary, review and recommend revenue and capital budgets of the Company and its subsidiary, review and recommend various fund raising options and financial resources allocation to Company's subsidiary and to review proposals on business restructuring, mergers, consolidations, acquisitions, investments, establishment of joint ventures and divestments of any businesses, etc

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	6	6
Mr. D. K. Mittal	6	6
Mr. Rajesh Khanna	5	5
Mr. Mohit Talwar	6	5

*Consequent to the resignation of Mr. Rajesh Khanna from the Board with effect from February 11, 2019, he ceased to be a member of this Committee after that date.

Corporate Social Responsibility Committee

As on March 31, 2019, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal. The responsibilities of this Committee are as enshrined in the Companies Act, 2013 read with Company's CSR Policy, as amended from time to time. The Committee met once during the year ended March 31, 2019.

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	1	1
Mr. Aman Mehta	1	-
Mr. D.K. Mittal	1	1

Risk and Compliance Review Committee

As on March 31, 2019, this Committee comprised of Mr. Aman Mehta, Mr. Ashwani Windlass and Mr. D.K. Mittal. The responsibilities of this Committee are as enshrined in the Companies Act, 2013, applicable listing regulations and as per the risk management framework of the Company. The Committee met once during the year ended March 31, 2019

Meetings & attendance during the year ended March 31, 2019:

Director	Number of meetings held	Number of meetings attended
Mr. Ashwani Windlass	1	1
Mr. Aman Mehta	1	-
Mr. D.K. Mittal	1	1

Separate meeting of Independent Directors

During the year under review, the Independent Directors had a separate meeting on August 6, 2018 whereat, inter alia, the following agenda items were considered, in terms of applicable regulations:

- Evaluation of the performance of Non-Independent Directors and the Board as a whole;
- Evaluation of the performance of Chairperson of the Company; and
- Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board, that is necessary for the Directors to effectively and reasonably perform their duties.

ANNUAL GENERAL MEETING

The Annual General Meetings (AGMs) of the Company are held at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144533. The details of last three AGMs held and special resolutions passed by the shareholders in the said AGMs are as under:

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2016	September 27, 2016 10:30 AM	Approval for appointment of Mr. Mohit Talwar as the Managing Director of the Company for a period of five years effective January 15, 2016 and remuneration payable to him for the initial period of three years, i.e., from January 15, 2016 until January 14, 2019

March 31, 2017	September 26, 2017 10:30 AM	Approval for partial modification in respect of remuneration payable to Mr. Mohit Talwar as Managing Director of the Company, with effect from April 1, 2017 until January 14, 2019, by way of removal of sub-limits and authorization to the Board of Directors and / or Nomination and Remuneration Committee to determine and regulate the remuneration from time-to-time, within the overall limits as approved earlier by the shareholders of the Company in last Annual General Meeting.
----------------	--------------------------------	--

March 31, 2018	September 25, 2018 11:00 AM	Approval for payment of a sum, as remuneration by way of commission, to be distributed amongst the Directors of the Company, other than the Managing Director or Whole-time Director(s), for each financial year effective from financial year 2018-19 onwards, subject to the overall ceilings in terms of Section 197 of the Companies Act, 2013
		Approval for payment of remuneration of Mr. Mohit Talwar (DIN: 02394694), Managing Director of the Company for the remaining period of his current tenure, i.e. from January 15, 2019 until January 14, 2021, within the existing limits approved by the shareholders of the Company earlier.

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2018-19, the Company had not passed any resolution through postal ballot process.

No resolution requiring postal ballot process as required by the Companies (Management and Administration) Rules, 2014, is proposed to be placed for the shareholders' approval at the Annual General Meeting scheduled on September 24, 2019.

MEANS OF COMMUNICATION

Timely disclosure of reliable information and corporate financial performance is at the core of good Corporate Governance.

Corporate Governance Report

Towards this direction, the quarterly / annual results of the Company were announced within the prescribed period and published in Financial Express (English) and Desh Sewak (Punjabi). The results can also be accessed on the Company's website www.maxfinancialservices.com. The official news releases and the presentations made to the investors / analysts are also displayed on the Company's website. The Company made presentations to financial analysts and institutional investors after the quarterly/ annual financial results were approved by the Board.

DISCLOSURES

(a) Related party transactions

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

The Company has formulated a policy for transacting with related parties, which is available at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

Transactions entered with the related parties are disclosed in Note no. 31 under Notes to Accounts to the financial statements in the Annual Report.

(b) Compliance by the Company

The Company has complied with all the mandatory requirements of the Listing Agreement entered into with the stock exchanges, Listing Regulations, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI, or any other statutory authorities on any matter relating to capital markets during the last three years, except the following:

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 ₹ 3,50,000/- (plus GST) for period July 23, 2018 up to September 30, 2018 – which was paid UNDER PROTEST with a request to consider the special circumstances of the matter and waive off the penalty. Subsequently, additional penalty of ₹ 2,20,000/- had been levied by both the exchanges for residual period i.e. October 1, 2018 up to November 13, 2018 also, which had also been paid UNDER PROTEST along with request for waiver. NSE has formally communicated to the Company that such waiver cannot be granted.

(c) Vigil Mechanism - Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for directors / employees to report concerns about unethical behavior. The policy provides adequate safeguards against victimization of directors / employees.

It is hereby affirmed that no person has been denied access to the Chairman of the Audit Committee on matters relating to Whistle Blower Policy of the Company.

(d) Disclosure of compliance with corporate governance requirements

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except as disclosed in (b) above.

(e) Disclosure of commodity price risk and commodity hedging activities

As the Company is holding investments in a subsidiary company and provides management services to group entities which are all operating in India, there is no foreign exchange exposure. Hence, the said disclosure is not applicable to the Company.

(f) Dividend Distribution Policy

The Board of Directors of the Company approved a Dividend Distribution Policy in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is enclosed as an annexure to the Directors' Report and is also available on the website of the Company at www.maxfinancialservices.com/shareholder-information.

SUBSIDIARY COMPANY

The Company had one material unlisted subsidiary company viz., Max Life Insurance Company Limited ("Max Life") during the year 2018-19, which is the only subsidiary of the Company. Further, the Company has formulated a policy for determining 'material

subsidiaries' which is disclosed at the following link on the website of the Company www.maxfinancialservices.com/shareholder-information.

Mr. Rajesh Khanna and Mr. D K Mittal were the common Independent Directors for the Company and Max Life till February 11, 2019. Mr. D K Mittal continues to be the common Independent Director for the Company and Max Life.

Further, Mr. Mohit Talwar - Managing Director and Mr. Sahil Vachani - Non-executive Director of the Company were also on the Board of Max Life as on March 31, 2019. With effect from April 1, 2019, Mr. Analjit Singh is also a common director with Max Life.

GENERAL SHAREHOLDER INFORMATION

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

MANAGEMENT DISCUSSION & ANALYSIS

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

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

A certificate from M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority is annexed as **Annexure - IV** to the Report.

DISCLOSURE ON NON-MANDATORY REQUIREMENTS

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

Shareholders' Rights:

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

Audit Qualification:

It has always been the Company's endeavor to present unqualified financial statements. There is no audit qualification in respect of financial statements of the Company for the financial year 2018-19.

Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director. Mrs. Naina Lal Kidwai, Independent Director was the Chairman of the Company till July 23, 2018 and Mr. Analjit Singh, non-executive Director has been appointed as Chairman of the Company effective July 23, 2018. Mr. Mohit Talwar is the Managing Director of the Company.

Reporting of Internal Auditor

The Internal Auditors report directly to the Audit Committee, which defines the scope of Internal Audit.

For **Max Financial Services Limited**

Date: May 28, 2019	Mohit Talwar Managing Director	Sahil Vachani Director
Place: New Delhi	DIN: 02394694	DIN: 00761695

Corporate Governance Report

Annexure-I to the Corporate Governance Report

DECLARATION BY THE MANAGING DIRECTOR ON CODE OF CONDUCT AS REQUIRED BY REGULATION 26(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 , 2015

This is to declare and confirm that Max Financial Services Limited (“the Company”) has received affirmations of compliance with the provisions of Company’s Code of Conduct for the financial year ended March 31, 2019 from all Directors and Senior Management personnel of the Company.

For **Max Financial Services Limited**

Date: May 28, 2019
Place: New Delhi

Mohit Talwar
Managing Director
DIN: 02394694

Annexure- II to the Corporate Governance Report

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To
The Board of Directors,
Max Financial Services Limited,

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

- A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended March 31, 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading; and
 - (b) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware of, and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee, wherever applicable:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company’s internal control system over financial reporting.

For **Max Financial Services Limited**

Date: May 28, 2019
Place: New Delhi

Mohit Talwar
Managing Director

Sujatha Ratnam
Chief Financial Officer

Corporate Governance Report

Annexure- III to Corporate Governance Report

SECRETARIAL COMPLIANCE REPORT

To
The Board of Directors
Max Financial Services Limited
Bhai Mohan Singh Nagar, Rail Majra,
Tehsil Balachaur, Distt.
Nawanshahr Punjab-144533

We M/s. Chandrasekaran Associates have examined:

- (a) All the documents and records made available to us and explanation provided by Max Financial Services Limited (“the listed entity”),
- (b) The filings/ submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended on 31st March, 2019 (“Review Period”) in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable during the period under review
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the period under review.
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the period under review.
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable during the period under review.
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) 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
- (j) 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;
- (k) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009; Not Applicable during the period under review.

and based on the above examination, We hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

S.No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of Independent Directors	The Company has delayed in appointment of an Independent Director pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations	The Composition of Board was not in Compliance of Provision of Regulations 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1	National Stock Exchange of India Limited and BSE Limited	Company has delayed in appointment of an Independent Director pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.	Company has paid penalty of INR 5,70,000/- each to National Stock Exchange of India Limited and BSE Limited in respect of above violation.	During the year Company has Complied with the requirements of Regulation 17 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable during the year under review				

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673

Date: May 28, 2019
Place: New Delhi

Corporate Governance Report

Annexure- IV to Corporate Governance Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members

Max Financial Services Limited

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Max Financial Services Limited and having CIN L24223PB1988PLC008031 and having registered office at Bhai Mohan Singh Nagar, Rail Majra, Tehsil Balachaur, Distt. Nawanshahr Punjab-144533 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	(DIN)	Date of appointment in Company
1	Sanjay Omprakash Nayar	00002615	28/03/2016
2	Aman Mehta	00009364	12/12/2008
3	Naina Lal Kidwai	00017806	15/01/2016
4	Analjit Singh	00029641	23/07/2018
5	Dinesh Kumar Mittal	00040000	01/01/2015
6	Ashwani Windlass	00042686	02/12/1994
7	Sahil Vachani	00761695	25/05/2018
8	Mohit Talwar	02394694	14/02/2012
9	Charles Richard Vernon Stagg	07176980	11/02/2019
10	Jai Arya	08270093	14/11/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673

Date: 28.05.2019
Place: Delhi