

# 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, 2020, the Board comprised of eight members with one executive director and seven 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, 2020.

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 Ashwani Windlass (DIN: 00042686) and Mr Sanjay Nayar (DIN: 00002615) who had been holding the positions of Non Executive Non Independent Directors, resigned from the Board of Directors the Company with effect from January 16, 2020 and February 6, 2020, respectively.

The details of the Directors and their attendance at the Board meeting during the year 2019-20 and at the last annual general meeting, including the details of their Directorships and Committee Memberships, as of March 31, 2020, are furnished hereunder:

Name of Director	Attendance at Board meetings during the year 2019-20		Attendance at last AGM held on September 24, 2019	Number of committee positions held in other public companies as on March 31, 2020**		Directorships in other Listed companies (category of Directorship)
	Held	Attended		Chairman	Member	
Mr Analjit Singh [Chairman & Non-Executive Director] DIN: 00029641	6	4 <sup>^</sup>	No	-	-	Max India Limited (Non Executive Director & Chairman) Max Ventures and Industries Limited (Non Executive Director & Chairman)
Mrs Naina Lal Kidwai [Independent Director] DIN: 00017806	6	3	No	2	2	Larsen and Toubro Limited (Independent Director) Cipla Limited (Independent Director)
Mr Mohit Talwar [Managing Director] DIN: 02394694	6	6	Yes	-	2	Max India Limited (Executive Director) Max Ventures and Industries Limited (Non Executive Director)
Mr Aman Mehta [Independent Director] DIN: 00009364	6	5	Yes	1	4	Wockhardt Limited (Independent Director) Godrej Consumer Products Ltd (Independent Director) Vedanta Limited (Independent Director) Tata Steel Limited (Independent Director)
Mr Ashwani Windlass # [Non-Executive Director] DIN: 00042686	3	3	No	-	-	-
Mr Dinesh Kumar Mittal [Independent Director] DIN: 00040000	6	6	Yes	7	-	Balrampur Chini Mills Ltd (Independent Director) Bharti Airtel Limited (Independent Director) Max India Limited (Independent Director) Max Ventures And Industries Limited (Independent Director) Trident Limited (Independent Director)
Mr Sanjay Omprakash Nayar## [Non-Executive Director] DIN: 00002615	4	0	No	-	-	-
Mr Sahil Vachani [Non-Executive Director] DIN: 00761695	6	5	No	-	2	Max Ventures and Industries Limited (Executive Director)
Mr Jai Arya [Independent Director] DIN: 08270093	6	2	No	-	-	-
Sir Charles Richard Vernon Stagg [Independent Director] DIN: 07176980	6	2	No	-	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

<sup>^</sup> One Meeting each attended through Video Conferencing.

# Resigned from the Board of Directors with effect from January 16, 2020

## Resigned from the Board of Directors with effect from February 6, 2020

### Core skills/expertise/competencies identified by the Board of Directors as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations]

In terms of the requirement of the SEBI (LODR) Listing Regulations, the Board has identified the following core skills/expertise/ competencies of the Directors for effective functioning of the Company in the context of company's business.

1. Industry and sector experience or knowledge: understand the Company's business, policies, and culture and knowledge of the industry in which the Company operates;
2. Leadership and governance: Board experience, responsibility for taking decisions keeping in mind the interest of all stakeholders;
3. Strategic thinking and decision making: Having experience in decision making keeping in mind the interest of shareholders;
4. Experience in M&A, business restructuring and joint ventures; and
5. Financial Skills: Experience in financial management; risk assessment; treasury and fund raising initiatives

Mr Analjit Singh, Mrs Naina Lal Kidwai, Mr Aman Mehta, Mr D K Mittal, Mr Jai Arya, Mr Mohit Talwar and Mr Sahil Vachani possess all the aforementioned skills/expertise/ competencies. Sir Richard Stagg possesses the skillsets mentioned at serial no. 1 to 4 above. The brief profiles of Directors forming part of this Annual Report provide an insight into the education, expertise, skills and experience of the Directors, thus bringing in diversity to the Board's perspectives which enable them make informed decision making at the Board.

### Confirmation on the independence of the Independent Directors

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfil the conditions specified in the SEBI (LODR) Regulations and are Independent of the Management.

### Details of Board meetings held during the year ended March 31, 2020

S. No.	Date	Board Strength	No. of Directors present
1	May 28, 2019	10	5
2	August 6, 2019	10	7
3	November 6, 2019	10	7
4	February 5, 2020	9	6
5	February 20, 2020	8	7
6	March 3, 2020	8	4

### 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, 2020 are: (a) Mr Analjit Singh - 10,000 shares, (b) Mr Aman Mehta - 29,000 shares, and (c) Mr Mohit Talwar - 2,83,231 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](http://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](http://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, 2020 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 Ashwani Windlass resigned from the Board of Directors of the Company effective January 16, 2020 and accordingly he ceased to be a member of the Stakeholders Relationship Committee, Nomination and Remuneration Committee, CSR Committee and Risk and Compliance Review Committee.

As most of the matters mandated to the Investment and Finance Committee were required to be statutorily considered by Audit Committee and the Board, the Board disbanded the Investment and Finance Committee with effect from February 5, 2020.

### Audit Committee

As on March 31, 2020, 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, 2020

Director	Number of meetings held	Number of meetings attended
Mr D.K. Mittal	4	4
Mr Aman Mehta	4	3
Mrs Naina Lal Kidwai	4	2
Mr Mohit Talwar	4	4

### Nomination and Remuneration Committee

As on March 31, 2020, this Committee comprised of Mrs Naina Lal Kidwai (Chairman) Mr Aman Mehta, Mr Analjit Singh and Mr D.K. Mittal. All the members are Independent Directors, except Mr Analjit Singh, 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, 2020

Director	Number of meetings held	Number of meetings attended
Mrs Naina Lal Kidwai	1	-
Mr Aman Mehta	1	1
Mr Analjit Singh*	-	-
Mr Ashwani Windlass***	1	1
Mr D.K. Mittal**	-	-

\* Mr Analjit Singh was co-opted as a member of the Committee effective February 5, 2020.

\*\* Mr D.K. Mittal was co-opted as a member of the Committee effective March 16, 2020.

\*\*\* Mr Ashwani Windlass ceased to be a member of the Committee effective January 16, 2020.

### Remuneration paid to the Directors during 2019-2020

During the year 2019-20, 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 and Commission to Independent Directors for the financial year 2018-19 as per details given below:

### Sitting fees paid during 2019-20 are as under

S. No.	Name of Director	Amount (In ₹)
1	Mrs Naina Lal Kidwai	5,00,000
2	Mr Ashwani Windlass	10,00,000
3	Mr Analjit Singh	4,00,000
4	Mr Aman Mehta	10,00,000
5	Mr Dinesh Kumar Mittal	17,00,000
6	Mr Sahil Vachani	5,00,000
8	Mr Jai Arya	3,00,000
9	Sir Charles Richard Vernon Stagg	2,00,000

### Commission paid to Independent Directors during 2018-19 are as under

Pursuant to applicable provisions of Companies Act, rules made thereunder, payment of commission were made during the financial year to the Independent Directors of the Company for the previous financial year 2018-19, detailed as under:

Name of Director	No. of days	Amount (in ₹)
Mrs Naina Lal Kidwai	365	3,000,000
Mr Aman Mehta	365	3,000,000
Mr D K Mittal	365	3,000,000
Mr Rajesh Khanna (Till February 11, 2019)	317	2,605,479
Mr Jai Arya (w.e.f. November 14, 2018)	138	1,134,247
Sir Richard Stagg (w.e.f. February 11, 2019)	49	402,740
		<b>13,142,466</b>

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.

Details of the remuneration of Mr Mohit Talwar as Managing Director for the period from April 1, 2019 to March 31, 2020 are as under:

Description	Amount in ₹
Salary and allowances	4,29,46,476
Other Benefits (Perquisites)	1,24,81,596
Performance Incentive / special payments	2,24,96,950
Retirals	22,15,084
Service contract	5 years
Notice period	3 months
Employee Stock Options (ESOPs) granted (in numbers)	1,15,420

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 2019-20, Mr Mohit Talwar was granted 1,15,420 stock options, which entitle him 1,15,420 equity shares of ₹ 2/- at par value with a graded vesting. No other Director was granted any employee stock options. During the year, 1,23,708 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, 2020, this Committee comprised of Mr Sahil Vachani (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. Mr Ashwani Windlass ceased to be a member of the Committee consequent to his resignation from the Board with effect from January 16, 2020.

Mr Sahil Vachani was co-opted as a Member and Chairman of the Committee with effect from February 5, 2020.

### Meetings & attendance during the year ended March 31, 2020

Director	Number of meetings held	Number of meetings attended
Mr Ashwani Windlass	3	3
Mr Mohit Talwar	3	3
Mr D.K. Mittal	3	3
Mr Sahil Vachani	@	NA

@ No meeting held since his co-option as a member

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, 2020, five complaints were received and resolved by the Company, 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 V. Krishnan, Company Secretary of the Company is the designated Compliance Officer.

### Investment & Finance Committee

As mentioned earlier, the Board of Directors disbanded the Investment and Finance Committee with effect from February 5, 2020. The details of meetings and attendance of the said committee during the year ended March 31, 2020 are as under:

Director	Number of meetings held	Number of meetings attended
Mr Ashwani Windlass	3	3
Mr D. K. Mittal	3	3
Mr Mohit Talwar	3	3

### Corporate Social Responsibility Committee

As on March 31, 2020, this Committee comprised of Mr Aman Mehta, Mr D.K. Mittal, Mrs Naina Lal Kidwai, Mr Jai Arya and Mr Mohit Talwar. 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. Due to the lock down declared by the Central

Government due to Covid-19 Pandemic, the meeting of the Committee which was scheduled to be held on March 24, 2020 could not held for want of quorum. However, the meeting of the Committee was held later on May 26, 2020 through video conferencing in the presence of all the aforesaid members of the Committee.

### Risk and Compliance Review Committee

As on March 31, 2020, this Committee comprised of Mr Aman Mehta, Mr D.K. Mittal, Mrs Naina Lal Kidwai, Mr Jai Arya and Mr Mohit Talwar. 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. Due to the lock down declared by the Central Government due to Covid-19 Pandemic, the meeting of the Committee which was scheduled to be held on March 24, 2020 could not held for want of quorum. However, the meeting of the Committee was held on May 26, 2020 as permitted under SEBI (LODR) Regulations. However, the meeting of the

Committee was held later on May 26, 2020 through video conferencing in the presence of all the aforesaid members of the Committee.

### Separate meeting of Independent Directors

A separate meeting of the Independent Directors was held on May 26, 2020 through video conferencing in the presence of all the five independent directors of the Company whereat, inter alia, the following agenda items were considered, in terms of applicable regulations:

- (a) Evaluation of the performance of Non-Independent Directors and the Board as a whole;
- (b) Evaluation of the performance of Chairperson of the Company; and
- (c) 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

All the last three Annual General Meetings (AGMs) of the Company were 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, 2017	September 26, 2017 10:30 AM	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
March 31, 2018	September 25, 2018 11:00 AM	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

Financial Year ended	Date & Time	Special Resolutions passed
March 31, 2019	September 24, 2019 11:00 AM	<ul style="list-style-type: none"> <li>Approval for re-appointment of Mr Aman Mehta (DIN: 00009364), who was appointed as an Independent Director on the Board of Directors of the Company and whose current term of office expires on September 29, 2019 and who meets the criteria of Independence as provided under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.</li> <li>Approval for re-appointment of Mr Dinesh Kumar Mittal (DIN: 00040000), who was appointed as an Independent Director on the Board of Directors of the Company and whose term of office expires on December 31, 2019 and who meets the criteria of Independence as provided under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.</li> <li>Approval accorded to the Board to permit Registered Foreign Portfolio Investors ("RFPIs") registered under the SEBI FPI Regulations and the Foreign Institutional Investors ("FIIs") (including their sub-accounts) registered with the Securities and Exchange Board of India ("SEBI") to acquire and hold on their own account and on behalf of each of their sub-accounts registered with SEBI, the Equity Shares of the Company upto an enhanced aggregate limit of 58% of the Paid-up Equity Share capital of the Company at the time of making such investments, provided that the individual shareholding of RFPIs/FIIs on its own account and on behalf of each of their sub-accounts, in the Company, shall not exceed 10% of the Paid-up Equity Share capital of the Company or such limits.</li> </ul>

### POSTAL BALLOT AND POSTAL BALLOT PROCESS

During the financial year 2019-20, the Company had not passed any resolution through postal ballot process. However, the Company sought approvals from the members of the Company during the financial year 2020-21 as detailed below:

- As a strategic step to consolidate the Company's shareholding in Max Life Insurance Company Limited ('Max Life'), its sole subsidiary, approval of the members was sought by calling an Extraordinary General Meeting EGM) for the proposal to acquire 394,775,831 (Three Hundred Ninety Four Million Seven Hundred Seventy Five Thousand and Eight Hundred Thirty One) Equity Shares of ₹ 10/- (Rupees Ten) each of Max Life representing 20.57% of the Equity Share capital of Max Life through a share swap transaction from its joint venture partner, viz., Mitsui Sumitomo Insurance Company Limited, Japan ('MSI') by issuance of equity shares of the Company on a preferential issue basis to MSI. In addition, the Company through a call/put option has a right to acquire the remaining shareholding held by MSI at ₹ 85/- (Rupees Eighty Five only) for every Equity Share of ₹ 10/- (Rupees Ten) each held by MSI in Max Life. However, the EGM could not convened due to nationwide lock down arising from COVID-19.

Meanwhile the Ministry of Corporate Affairs ("MCA") has issued circulars on April 8, 2020 and April 13, 2020 ("MCA Circulars"), providing certain relaxations in the requirement of convening



a physical shareholders' meetings and has permitted companies to hold shareholder meetings via video conferencing facilities and postal ballot, subject to certain terms and conditions being satisfied. The Company, therefore sought the approval of the members for the aforesaid proposals through the postal ballot process. Result of the same will be declared on May 27, 2020.

2. The Company also sought approval of the shareholders of the Company by way of a postal ballot process for divestment of upto 29% equity stake in Max Life Insurance Company Limited and approvals in terms of Sections 180(1)(a) and 186(3) of the Companies Act, 2013 for re-acquisition of shares in case of exercise of put options by Axis Bank Limited and/or its affiliates ("the Prospective Investors"). Result of the same will be declared on June 18, 2020.

The details of the said postal ballot processes are under:

#### **Process followed for passing resolutions through postal ballot**

The Company appointed M/s Chandrasekaran Associates, Practicing Company Secretaries having office at 11F, Pocket-IV, Mayur Vihar Phase-I, Delhi - 110091 as the Scrutinizer for conducting for both the Postal Ballot processes in a fair and transparent manner.

The Company issued the postal ballot notice dated April 22, 2020 and notice dated May 13, 2020 for matters 1 and 2 stated above and sent through electronically on April 24, 2020 and May 15, 2020, respectively.

In light of the COVID-19 crisis and in accordance with Section 110 of the Companies Act, 2013 and Rules 22 and 20 of the Companies (Management and Administration) Rules, 2014 read with the Circular no. 14/2020 dated April 8, 2020 read with Circular no. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs, Government of India ('MCA Circulars'), physical copy of the Notices have not been circulated to the members. However, it was clarified that all the persons who are members of the Company as on as on the respective cut off dates, i.e., April 16, 2020 and May 8, 2020 (including those members who may not have received this Notice due to non-registration of their email IDs with the

Company or with the Depositories) were entitled to vote in relation to the resolutions specified in respective Notices.

The results of the postal ballots will be declared on May 27, 2020 and June 18, 2020, respectively at the Registered Office of the Company at Punjab. The results will also be informed to the BSE Limited (the BSE) and National Stock Exchange of India Limited (the NSE), where the Company's shares are listed and made accessible on Company's website at [www.maxindia.com/wp-content/uploads/2016/09/MIL-Voting-Result-Reg443.pdf](http://www.maxindia.com/wp-content/uploads/2016/09/MIL-Voting-Result-Reg443.pdf)

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 ensuing General Meeting.

#### **MEANS OF COMMUNICATION**

Timely disclosure of reliable information and corporate financial performance is at the core of good Corporate Governance. 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](http://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](http://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. The response from BSE on the waiver request is awaited.

**(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 the compliance with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015**

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) Fees to the Statutory Auditors of the Company**

The total fees for all services paid by the Company to the Statutory Auditors of the Company are mentioned at Note No. 39 of Notes to standalone financial statements.

**(g) 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](http://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 2019-20, 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](http://www.maxfinancialservices.com/shareholder-information).

Mr D K Mittal is the common Independent Director for the Company for the Company and Max Life.

Further, Mr Analjit Singh, Chairman, Mr Mohit Talwar, Managing Director and Mr Sahil Vachani, Non-executive Director of the Company are also on the Board of 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 Directors report. Kindly refer to **Annexure- 7 of Directors report**.

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 - III** 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 2019-20.

#### Separate posts of Chairman and CEO

The Company has separate persons to the post of Chairman and Managing Director, Mr Analjit Singh, a Non Executive Promoter Director is the Chairman of the Company. 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**

Franschhoek, South Africa  
May 26, 2020

**Analjit Singh**  
Chairman  
DIN: 00029641

# 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**

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, 2020 from all Directors and Senior Management personnel of the Company.

For **Max Financial Services Limited**

Date: May 26, 2020  
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**  
Bhai Mohan Singh Nagar, Rail Majra,  
Tehsil Balachaur, Distt. Nawanshahr,  
Punjab-144533

We, Mohit Talwar, Managing Director and Jatin Khanna, 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, 2020 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 26, 2020  
Place: New Delhi

**Mohit Talwar**  
Managing Director

**Jatin Khanna**  
Chief Financial Officer

# Annexure- III to the 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](http://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, 2020 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:

S. No.	Name of director	DIN	Date of appointment in Company
1	Aman Mehta	00009364	12/12/2008
2	Naina Lal Kidwai	00017806	15/01/2016
3	Analjit Singh	00029641	23/07/2018
4	Dinesh Kumar Mittal	00040000	01/01/2015
5	Sahil Vachani	00761695	25/05/2018
6	Mohit Talwar	02394694	14/02/2012
7	Charles Richard Vernon Stagg	07176980	11/02/2019
8	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**  
Partner

Membership No. ACS 16302  
Certificate of Practice No. 5673  
UDIN: AO16302B000311179

Date: May 26, 2020  
Place: New Delhi