

Corporate Governance Report

OUR CORPORATE GOVERNANCE PHILOSOPHY

Max Ventures and Industries Limited ('MaxVIL' or 'the Company') is committed towards maintaining the highest standards of Corporate Governance and recognizes that in today's environment, it is a critical driver for achieving excellence, attracting high-quality talent and optimising capital allocation across all business verticals. The Company believes that appropriate disclosure procedures, transparent accounting policies, strong and independent Board practices and highest levels of ethical standards are critical to enhance and retain all stakeholders' trust and generate sustainable corporate growth. It is the conviction with which MaxVIL has set in place systems, procedures and standards that are promoting good corporate governance standards within the Company.

To ensure strong discipline in capital management, robust performance management of the businesses and sustained value creation across all stakeholders, MaxVIL has implemented a comprehensive governance framework for itself and its subsidiaries. The framework entails implementation of various transformational initiatives across three key facets of governance:

- ### Board Architecture

The Board in each of the operating companies stand 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 active and engaged lead directors on each Board and separating the role of the CEO and the Chairman. In addition, a clear role for the Board has been articulated on areas like 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 code of conduct etc.). Key operational aspects such as ensuring a comprehensive and well-balanced meeting agenda, timely and adequate information flow to the Board, inviting external participants to take Board sessions are in place to ensure that the Board time is spent optimally on all critical areas of the business.

All material matters to be considered by the Board are reviewed in specific 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 committee. Detailed charters are published for every 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 to be effected to ensure that the 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 like strategy setting sessions, risk management sessions, consequence management etc.

BOARD OF DIRECTORS

As at March 31, 2020, your Board of Directors comprised of eight members comprising one Executive Director and seven Non-Executive Directors of which four are independent. Mr Analjit Singh, Chairman of the Company is a Promoter, Non- Executive Director.

In terms of Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the Company has received declaration from Independent Directors confirming their independence from the Management. Also, the Board has evaluated the independence of Directors and opines that the Independent Directors fulfil the conditions specified in Listing Regulations and are independent of the Management.

Mr Analjit Singh, Chairman and Non- Executive Director and Mr Mohit Talwar, Vice Chairman and Non- Executive Director of the Company, were re-appointed by the Members of the Company in the Annual General Meeting held on September 24, 2019 upon their retirement by rotation.

Mr Niten Malhan, has been appointed as an Additional (Independent) Director of the Company for a period of

five (5) years effective from November 08, 2019 and Mr Ashok Brijmohan Kacker, an Independent Director of the Company, resigned from his position effective November 08, 2019 due to his pre- occupation. Mr Ashok Kacker had vide his resignation letter dated November 08, 2020, confirmed that there was no material reason for his resignation other than those mentioned here.

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

Director. Mr Sahil Vachani is a relative of Mr Analjit Singh. Further, none of the other directors are related inter-se.

The composition of Directors and their attendance at the Board meeting held during the financial year ended March 31, 2020 ("FY 2020") and at the last Annual General Meeting, including the details of their other Directorships and Committee Memberships as on March 31, 2020 are given below:

| Name of Director | Number of Board meetings during FY 2020 | | Attendance at last AGM held on September 24, 2019 | Number of Directorships in other Companies as at March 31, 2020* | Number of committee positions held in other public companies as at March 31, 2020** | |
|-------------------------------------------------------------------|-----------------------------------------|----------|---------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------|
| | Held during tenure | Attended | | | Chairman | Member |
| Mr Analjit Singh [Promoter, Non-Executive Director & Chairman] | 6 | 4 | No | 11 | - | - |
| Mr Mohit Talwar [Non-Executive Director & Vice Chairman] | 6 | 4 | Yes | 05 | 01 | 06 |
| Mr Sahil Vachani [Managing Director and CEO] | 6 | 5 | No | 16 | 01 | 02 |
| Mr Arthur Seter Harutyun [Non-Executive Director] | 6 | 3 | No | 02 | -- | -- |
| Mr Dinesh Kumar Mittal [Independent Director] | 6 | 6 | Yes | 14 | 04 | 09 |
| Mr K. Narasimha Murthy [Independent Director] | 6 | 5 | Yes | 08 | 05 | 07 |
| Mr Ashok Brijmohan Kacker® [Independent Director] | 5 | 5 | Yes | N.A. | N.A. | N.A. |
| Ms Gauri Padmanabhan [Independent Director] | 6 | 4 | No | 01 | - | - |
| Mr Niten Malhan# [Independent Director] | 2 | 1 | N.A. | 02 | - | 02 |

* Excluding Foreign Companies and Companies formed under Section 8 of the Act.

** Represents Memberships/Chairmanships of Audit Committee & Stakeholders Relationship Committee of Indian Public Limited Companies other than companies formed under Section 8 of the Act.

® Resigned from the position of Independent Director on November 08, 2019.

Appointed as additional director (Independent) on November 08, 2019.

Further, names of the other listed entities where the directors of the Company are director as on March 31, 2020 and the category of directorship is as follows:

| Name of Director | Name of other listed entity | Category of directorship |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Mr Analjit Singh | Max Financial Services Limited Max India Limited | Promoter, Non-Executive Promoter, Non-Executive |
| Mr Mohit Talwar | Max India Limited Max Financial Services Limited | Managing Director Managing Director |
| Mr D. K. Mittal | Balrampur Chini Mills Limited Max Financial Services Limited Bharti Airtel Limited Max India Limited Trident Limited | Independent Director Independent Director Independent Director Independent Director Independent Director |
| Mr K. Narasimha Murthy | Max India Limited Nelco Limited | Independent Director Director |
| Mr Niten Malhan | Nil | N.A. |
| Mr Sahil Vachani | Max Financial Services Limited | Non-Executive - Non Independent Director |
| Ms Gauri Padmanabhan | Nil | N.A. |
| Mr Arthur Seter | Nil | N.A. |

DETAILS OF BOARD MEETINGS HELD DURING FY 2020:

There were six Board meetings held during FY 2020, details of which are as under:

| S. No | Date | Board Strength | No. of Directors Present |
|-------|-------------------|----------------|--------------------------|
| 1. | April 12, 2019 | 08 | 08 |
| 2. | May 22, 2019 | 08 | 06 |
| 3. | June 26, 2019 | 08 | 04 |
| 4. | August 08, 2019 | 08 | 06 |
| 5. | November 08, 2019 | 09 | 09 |
| 6. | February 07, 2020 | 08 | 04 |

HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?

The calendar for the Board and Committee meetings are 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 (within 60 days for last quarter of financial year) to review financial results and business performance and the gap between two consecutive Board meetings does not exceed one hundred and twenty days, as required by law. Apart from the aforesaid four meetings, additional Board meetings are also convened to meet business exigencies. Matters of exigency are also approved by the Directors through resolutions passed by circulation as permissible under the provisions of the Act and Secretarial Standards on meetings of the Board of Directors (SS-1) and the same are also duly noted in the next meeting.

Generally, meetings of Committees of Board are held prior to the Board meeting. The Chairperson of the respective Committee briefs the Board about the proceedings of the Committee meeting 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 material for the Board and Committee meetings is generally published seven days in advance through e-mail and/or electronically in a secured dedicated portal. The Board is regularly updated on the key risks and the steps and process initiated for 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 subsidiaries at every Board meeting. The Board has complete access to all the relevant information within the Company. Senior Management is invited to attend the Board/ Committee meetings to provide detailed insight into the items being discussed.

KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

MaxVIL Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the Board and its committees. The Board members are committed to ensuring that the Company is in compliance with the highest standards of corporate governance.

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. **Corporate governance** - Maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
2. **Leadership** - Leadership experience in developing talent, planning succession, and driving change and long-term growth. Practical understanding of managing organizations, processes, strategic planning, and risk management.
3. **Strategic thinking** - Forming strategies to analyze the marketplace and identify opportunities to stimulate growth, considering the impact of key decisions, offer contingency plans and risk mitigation, bearing in mind the stakeholders' best interests.
4. **Diversity** - Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders worldwide.
5. **Financial acumen** - Proficiency in financial management, financial reporting processes, or experience in actively supervising the finance function.

6. **Business Growth** - Identifying market trends, developing strategies for growth of business. Building brand awareness and equity and enhancing enterprise reputation. Ability to assess investment or acquisition decisions, evaluation of operational integration plans.

7. **Merger and acquisitions** - Experience in acquisitions and other business combinations, with the ability to assess 'build and buy' decision, accurately valuing the transactions and evaluating the operational integration plans.

Mr Analjit Singh, Mr Sahil Vachani, Mr Mohit Talwar, Mr Arthur Seter, Mr D. K. Mittal and Mr K. Narasimha Murthy possess all the aforementioned skills/expertise/ competencies. Further, Ms Gauri Padmanabhan possesses skills specified in serial no. 1, 2 and 4, and Mr Nitin Malhan possesses skills specified in serial no. 1, 3, 6 and 7 above. The brief profile of directors, forming part of this Annual Report provide an insight into the education, expertise, skills and experience of the Directors.

CODE OF CONDUCT

In compliance with Regulation 26(3) of Listing Regulations, the Company had adopted a Code of Conduct for the Directors and Senior Management of the Company ('the Code'). The Code is available on the Company's website <https://maxvil.com/shareholder-information/>.

All the members of the Board of Directors and senior management personnel had affirmed compliance with above mentioned Regulation including Code for the financial year ended March 31, 2020 and declaration to this effect signed by the Managing Director and CEO 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 also 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, Senior Management and Connected Persons of the Company. The copy of the Code of Conduct which is available on the Company's website <https://maxvil.com/shareholder-information/>.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

As at March 31, 2020, this Committee comprised of Mr D. K. Mittal (Chairman), Mr Niten Malhan, Mr Mohit Talwar and Mr K. Narasimha Murthy. All members of the Committee, except Mr Mohit Talwar (who is Non Executive- Non Independent Director of the Company) are Independent Directors. Mr Ashok Kacker was the Chairman of the Committee upto August 08, 2020 and Mr D. K. Mittal was appointed as the Chairman of the Committee with effect from that date. Mr Sahil Vachani, Managing Director and CEO is a permanent invitee to the Committee meetings. All the members of the Committee possess requisite accounting and financial knowledge. The Chairman of the Committee has accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary to this Committee.

The terms of reference 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 Act. This Committee, inter-alia, recommends appointment and remuneration of statutory auditors, secretarial auditors, internal auditors, reviews Company's financial reporting processes & systems and internal financial controls, financial and risk management policies, related party transactions, significant transactions and arrangements entered into by unlisted subsidiaries, review of inter-corporate loans and investments, review the statement of uses / application of funds raised through preferential issue, 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 and when required. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer the shareholder queries.

Meetings & attendance during FY 2020:

The Committee met six times during FY 2020. The details of attendance of Directors during FY 2020 are as under:

| Name of Director | Number of meetings held during tenure | Number of meetings attended |
|------------------------|---------------------------------------|-----------------------------|
| Mr D. K. Mittal | 06 | 06 |
| Mr Mohit Talwar | 06 | 04 |
| Mr K. Narasimha Murthy | 06 | 05 |
| Mr Niten Malhan* | 01 | - |
| Mr Ashok Kacker** | 05 | 05 |

* Appointed as Member w.e.f. November 08, 2019.

**Resigned from the position of Independent Director on November 08, 2019.

NOMINATION AND REMUNERATION COMMITTEE

As at March 31, 2020, the Committee comprised of Mr K. Narasimha Murthy (Chairman), Mr D. K. Mittal, Ms Gauri Padmanabhan and Mr Mohit Talwar. All the members are Independent Directors, except Mr Mohit Talwar (who is Non Executive- Non Independent Director of the Company). The Company Secretary of the Company acts as the Secretary to this Committee.

The scope including terms and references of the Nomination & 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 Act. 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 finalisation 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 and formulate the criteria for evaluation of independent directors and the Board. The details of annual evaluation of the performance of the Board, its Committees and of individual directors have been disclosed in the Board's Report. It also administers the (a) ESOP Scheme(s) of the Company including

allotment of equity shares arising from exercise of stock options; and (b) Phantom Stock Scheme of the Company.

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. The Remuneration Policy of the Company is available on the website of the Company www.maxvil.com.

Meetings & attendance during FY 2020:

The Committee met four times during FY 2020. The details of attendance of Directors during FY 2020 are as under:

| Name of Director | Number of meetings held | Number of meetings attended |
|------------------------|-------------------------|-----------------------------|
| Mr K. Narasimha Murthy | 04 | 04 |
| Mr D. K. Mittal | 04 | 04 |
| Mr Mohit Talwar | 04 | 03 |
| Ms Gauri Padmanabhan* | 01 | 01 |
| Mr Ashok Kacker** | 03 | 03 |

* The Board, in its meeting held on August 08, 2019 reconstituted the Committee by appointing Ms Gauri Padmanabhan as a member in place of Mr Ashok Kacker.

** Resigned from the position of Independent Director on November 08, 2019.

Performance Evaluation Criteria for Independent Directors

Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the directors, who were subject to evaluation had not participated. The evaluation of Independent Directors was based on criteria such as current knowledge of the Company's business sector & trends; understanding of the Company's business, its subsidiaries, operational structure and key risks; meaningful & constructive contribution in meetings, guidance to the management etc.

REMUNERATION PAID TO DIRECTORS DURING FY 2020

The Company pays sitting fees 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. The Company has not paid any remuneration to its Non-Executive/ Independent Directors during FY 2020, except the sitting fees. Details of the sitting fees paid to Non-Executive/ Independent Directors of the Company during FY 2020 are as under:

| S. No. | Name of the Director | Sitting Fee paid (in ₹) |
|--------|------------------------|-------------------------|
| 1 | Mr Analjit Singh | 4,00,000 |
| 2 | Mr Mohit Talwar | 15,00,000 |
| 3 | Mr K. Narasimha Murthy | 16,00,000 |
| 4 | Mr D. K. Mittal | 20,00,000 |
| 5 | Mr Ashok Kacker* | 16,00,000 |
| 6 | Mr Niten Malhan** | 1,00,000 |
| 7 | Mr Arthur Seter | Nil |
| 8 | Ms Gauri Padmanabhan | 5,00,000 |

* Resigned from the position of Independent Director on November 08, 2019.

** Appointed as additional director (Independent) with effect from November 08, 2019.

The remuneration payable/ paid to Executive Director of the Company including performance incentives was determined from time to time by the Nomination & Remuneration Committee in terms of applicable provisions of the Act read with Company's remuneration policy.

Details of the remuneration charged to profit and loss account in respect of Mr Sahil Vachani as Managing Director and CEO for FY 2020 is as under:

| Description | (Amount in ₹) |
|----------------------------------------|---------------|
| Salary | 1,43,75,256 |
| Benefits (Perquisites) | 31,653 |
| Performance Incentive/special payments | 1,35,12,728 |
| Retirals | 7,39,728 |
| Service contract | 5 years |
| Notice period | 3 months |
| Stock options granted (in numbers) | NA |

The severance fee, if any, shall be payable as per the provisions of the Act. 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.

The Company does not have any pecuniary relationship or transactions with the Non-Executive Directors of the Company other than payment of the sitting fees for attending meetings and certain ESOP granted to Mr Mohit Talwar, Non-executive Director, as described in detail in subsequent paragraphs.

DETAILS OF STOCK OPTIONS GRANTED

Pursuant to Clause 6.1.6 of the Composite Scheme of Arrangement amongst Max Financial Services Limited ('MFSL'), Max India Limited and Max Ventures and Industries Limited ("the Company") and their respective Shareholders and Creditors, as sanctioned by the Hon'ble High Court of Punjab & Haryana vide order dated December 14, 2015 ("Scheme of Arrangement"), the stock options granted by MFSL to its employees under its existing Stock Option Plan (irrespective of whether they continue to be employees of the MFSL or become the employees of the Company pursuant to the Scheme of Arrangement) and upon the said Scheme being effective, the said employees shall be issued one Stock Option by the Company under its new ESOP Plan, entitling one equity share of ₹ 10/- (Rupees Ten only) each of the Company for every five Stock Options held in MFSL, whether the same are vested or not, on the terms and conditions similar to the relevant existing Stock Option Scheme of MFSL.

The shareholders of the Company at the First Annual General Meeting held on September 27, 2016 accorded their approval to the implementation of the Stock Option Scheme of the Company in the name and style of "MAX VENTURES AND INDUSTRIES EMPLOYEE STOCK PLAN - 2016" ("ESOP Plan") and authorized the Board and/or Committee to create, issue, offer and allot to or to the benefit of such person(s) (i) who are permanent officer or employee or Director of the Company (whether whole-time or not), but excluding a Promoter or a person who belongs to a Promoter Group of the Company, Independent Director or a Director who either by himself or through his relative or through any Body Corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company as may be decided under the ESOP Plan and (ii) who are eligible for grant of stock options of the Company pursuant to the Scheme of Arrangement; options exercisable upto an aggregate of not more than 5% of the issued Equity Shares of ₹ 10/- (Rupees Ten only) each of the Company at any point of time, in one or more tranches, under the ESOP Plan.

Further, the members of the Company, in the Annual General Meeting held on September 24, 2019, approved the modification of the ESOP Plan by extending the ESOP Plan to the directors and employees of the subsidiaries of the Company.

The details of stock options granted to Director(s) of the Company are as follows:

| Name of the Director | Date of grant by MFSL | No. of Options in the Company | Exercise price per option for per equity share of ₹ 10/- each | Original Vesting Schedule | Outstanding Grants as on March 31, 2020 |
|----------------------|-----------------------|-------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Mr Mohit Talwar | August 18, 2012 | 2,286 | ₹ 10/- | 2,286 Options on August 18, 2016 | Nil |
| | April 1, 2013 | 3,800 | ₹ 10/- | 1,900 Options on April 1, 2016 1,900 Options on April 1, 2017 | Nil |
| | April 1, 2014 | 5,250 | ₹ 10/- | 1,750 Options on April 1, 2016 1,750 Options on April 1, 2017 1,750 Options on April 1, 2018 | Nil |
| | December 12, 2014 | 88,600 | ₹ 25/- | Bullet vesting on March 31, 2020 @ | Nil |
| | March 27, 2015 | 4,520 | ₹ 10/- | 1,130 Options on March 27, 2016 1,130 Options on March 27, 2017 1,130 Options on March 27, 2018 1,130 Options on March 27, 2019 | Nil |

@ In terms of the Employee Stock Plan, 2003, of erstwhile Max India Limited, there are two kinds of ESOPs granted to Mr Mohit Talwar by Max Financial Services Limited ('MFSL') i.e. (a) ESOPs granted annually at par value which vest equally on an annual basis; and (b) ESOPs granted in December 2014 with over five year (bullet) vesting period ending on March 31, 2020 as part of the long term retention strategy.

Vesting schedule of ESOPs detailed in (b) above was modified by the Nomination & Remuneration Committee through its circular resolution dated August 09, 2017, in the following manner:

| Description | No. of Options |
|--------------------------------------|----------------|
| Total number of options | 88,600 |
| Immediate vesting on August 09, 2017 | 44,300 |
| Vesting on December 1, 2018 | 22,150 |
| Vesting on December 1, 2019 | 22,150 |

During FY 2020, 1,130 options were exercised by Mr Mohit Talwar in April, 2019 which entitled him to 1,130 equity shares of ₹ 10/- at an exercise price of ₹10/- per equity share. Further, Mr Talwar exercised 22,150 options in December, 2019 which entitled him to 22,150 equity shares of ₹10 at an exercise price of ₹ 25 per equity share. With this allotment, all options that arose from Composite Scheme of Arrangement as mentioned above have been exercised.

None of the Director was granted any stock options during FY 2020.

Details of equity shares held by Directors of the Company as on March 31, 2020 are:

| S. No. | Name of the Director | No. of equity shares of ₹10/- each |
|--------|--------------------------|------------------------------------|
| 1 | Mr Analjit Singh | 40,93,844 |
| 2 | Mr Mohit Talwar | 1,64,418 |
| 3 | Mr K. Narasimha Murthy | 11,000 |
| 4 | Mr D. K. Mittal | 4,765 |
| 5 | Mr Niten Malhan | Nil |
| 6 | Mr Arthur Seter Harutyun | Nil |
| 7 | Mr Sahil Vachani | Nil |
| 8 | Ms Gauri Padmanabhan | Nil |

Further, none of the directors are holding any other convertible instruments of the Company.

EMPLOYEE PHANTOM SCHEME OF THE COMPANY

Pursuant to the 'Employee Phantom Scheme 2017' ("EPS"), approved by your Board on February 17, 2017, the eligible employees of our Company were granted notional stock appreciation right units at a predetermined grant price. Such eligible employees were to receive cash payment for appreciation in the share price over the grant price for the awarded notional unit, based on the performance criteria achieved by your Company. Certain Key Management Personnel were granted 1,72,761 units as per the EPS out of which 1,44,333 units are unvested and 28,428 units are vested.

Further, pursuant to the approval of Nomination & Remuneration Committee, in its meeting held on March 23, 2018, certain Key Management Personnel were granted 1,93,570 units under ESOP 2016 effective April 1, 2018 under which, all unvested units i.e. 1,44,333 units under EPS stand converted into ESOP grants. Thus, status of vested units i.e. 28,428 units under EPS remains unchanged.

The details of stock options granted to employee(s) of the Company on April 01, 2018 are as follows:

| Name of the Employee | No. of Options in the Company | Exercise price per option for per equity share of ₹ 10/- each | Original Vesting Schedule | Outstanding Grants as on March 31, 2020 |
|-----------------------|-------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Mr Rohit Rajput | 1,10,205 | ₹ 66.40/- | 55,102 options on April 01, 2019 55,103 options on April 01, 2020 | Nil Nil |
| Mr Nitin Kumar Kansal | 83,365 | ₹ 66.40/- | 27,788 options on April 01, 2019 27,788 options on April 01, 2020 27,789 options on April 01, 2021 | Nil Nil Nil |

STAKEHOLDERS RELATIONSHIP COMMITTEE

As at March 31, 2020, the Committee comprised of Mr Mohit Talwar (Non Executive Director and Chairman), Mr Niten Malhan and Mr Sahil Vachani. Key responsibilities of this Committee are formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time, redressal of shareholders and investor complaints/grievances. The scope of the Stakeholders Relationship Committee has been defined by the Board of Directors in accordance with the provisions of Regulation 20 read with Part D of Schedule II to the Listing Regulations. The Committee also approves the transfer and transmission of securities; issuance of duplicate certificates etc. The Company Secretary of the Company acts as the Secretary to this Committee.

Meetings & attendance during FY 2020

The Committee met two times during FY 2020. The details of attendance of Directors during FY 2020 are as under:

| Director | Number of meetings held | Number of meetings attended |
|-------------------|-------------------------|-----------------------------|
| Mr Mohit Talwar | 02 | 02 |
| Mr Ashok Kacker* | 02 | 02 |
| Mr Niten Malhan** | - | - |
| Mr Sahil Vachani | 02 | 02 |

* Resigned from the position of Independent Director on November 08, 2019.

** Appointed as Member w.e.f. November 08, 2019.

The Committee has delegated the authority to effect transfer, transmission and transposition of shares up to 1,000 per folio and deletion and/or change of name of security holders, to the Company Secretary / Compliance Officer, and such transfers, transmissions and transpositions etc. 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 FY 2020, 4 complaints were received by the Company, which were general in nature viz. issues relating to share transfers, non-receipt of annual reports, issue of duplicate certificates etc., all of those were resolved to the satisfaction of the respective shareholders. Further, there are no pending investor's complaints as at March 31, 2020.

INVESTMENT & FINANCE COMMITTEE

As at March 31, 2020, the Committee comprised of Mr D. K. Mittal, Mr K. Narasimha Murthy, Mr Mohit Talwar and Mr Sahil Vachani. The Chairman of the committee is elected by the members at the meeting. The responsibilities of this Committee are to review financial performance of businesses carried on by the Company and its subsidiaries, review and recommend revenue and capital budgets of the Company and its subsidiaries, review and recommend various fund raising options and financial resources allocation to Company's subsidiaries and to review proposals on business restructuring, mergers, consolidations acquisitions, investments, establishment of joint ventures and divestments of any businesses, etc.

Meetings & attendance during FY 2020

The Committee met two times during FY 2020. The details of attendance of Directors during FY 2020 are as under:

| Director | Number of meetings held during tenure | Number of meetings attended |
|------------------------|---------------------------------------|-----------------------------|
| Mr Mohit Talwar | 02 | 01 |
| Mr K. Narasimha Murthy | 02 | 01 |
| Mr D.K. Mittal | 02 | 02 |
| Mr Sahil Vachani | 02 | 01 |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As at March 31, 2020, the Corporate Social Responsibility ('CSR') Committee comprised of Mr Mohit Talwar, Mr D. K. Mittal and Mr Sahil Vachani as its members. The responsibilities of this Committee includes formulation and recommendation to the Board a CSR Policy which shall indicate the activities to be undertaken by the company in line with the activities prescribed in Schedule VII of the Act for CSR activities, recommend the amount of expenditure to be incurred on the aforesaid activities, monitor the CSR Policy of the company from time to time and any other matter as may be delegated to the Committee from time to time.

Meetings & attendance during FY 2020

| Director | Number of meetings held | Number of meetings attended |
|------------------|-------------------------|-----------------------------|
| Mr Mohit Talwar | 01 | 01 |
| Mr D. K. Mittal | 01 | 01 |
| Mr Sahil Vachani | 01 | 01 |

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent directors had a separate meeting on May 22, 2019 during FY 2020 where the following agenda items were considered in terms of Schedule IV of the Act and provisions of the Listing 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.

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 familiarization programme is available at the following link of website of the Company <https://maxvil.com/shareholder-information/>.

GENERAL MEETINGS

The details of Annual General Meetings (“AGM”) held in the last 3 (three) years and Special Resolutions passed by the shareholders at the said meetings are as under:

| Particulars | Date, time and venue of General Meeting | Special Resolution passed by the shareholders at the General Meeting |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 th AGM | September 24, 2019 at 1200 hours at the Registered Office of the Company at Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144533 | <ol style="list-style-type: none"> 1. Approval for revision/payment of remuneration payable to Mr Sahil Vachani, Managing Director & CEO from April 1, 2020 till January 14, 2021. 2. Approval for extension of benefits under the “Max Ventures and Industries Employee Stock Plan - 2016” to the eligible employees and directors of its Subsidiaries |
| 3 rd AGM | September 25, 2018 at 1200 hours at the Registered Office of the Company | None. |
| 2 nd AGM | September 26, 2017 at 1230 hours at the Registered Office of the Company. | Approval for revision/payment of remuneration payable to Mr Sahil Vachani, Managing Director & CEO for a period of three (3) years, i.e., from April 1, 2017 until March 31, 2020. |

POSTAL BALLOT AND POSTAL BALLOT PROCESS

During FY 2020, no resolution was passed by the Company through postal ballot. Further, no business is proposed to be transacted through postal ballot as on the date of this Report.

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 The Financial Express/ Business Standard (English), and Desh Sewak (Punjabi). The results can also be accessed on the Company’s website www.maxvil.com. The official news releases and the presentations made to the investors / analysts (if any) are displayed on the Company’s website and also sent to the BSE Ltd. and National Stock Exchange of India Limited for dissemination.

DISCLOSURES

(a) Related party transactions

There are no materially significant related party transactions of the Company 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 <https://maxvil.com/shareholder-information/> under Policy Disclosures. Transactions entered with the related parties are disclosed in Notes to the financial statements in the Annual Report.

(b) Compliance by the Company

The Company has duly complied with all the mandatory requirements of Listing Regulations including other Regulations and Guidelines issued by SEBI from time to time on all matters relating to capital markets. 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 market during FY 2020, FY 2019 and FY 2018.

(c) Whistle Blower Policy

The Company has a vigil mechanism pursuant to which a Whistle Blower Policy has been adopted and is in place. The Company has established the necessary mechanism for employees to report concerns about unethical behavior. 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) Material Subsidiary Companies

The Company had one material unlisted subsidiary Company viz., Max Speciality Films Limited (MSFL)

during FY 2020. Mr K. Narasimha Murthy is the common Independent Director for the Company and MSFL as at March 31, 2020. Further, the Company has formulated a policy for determining 'material subsidiaries' which is disclosed at the following link on the website of the Company <https://maxvil.com/shareholder-information/> under Policy Disclosures.

(e) Commodity price risks and commodity hedging activities

The Company does not deal in commodity activities. Accordingly, the disclosures required to be made in terms of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018 pertaining to commodity price risks and commodity hedging activities are not applicable to the Company.

(f) Recommendation of Committees to the Board

During FY 2020, there were no such recommendations of the Committees, which the Board had not accepted.

(g) Fees paid to statutory auditors and all entities in the network firm/ entity - ₹33.98 Lakhs

(h) Disclosure in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013: No complaint was received during FY 2020.

GENERAL SHAREHOLDER INFORMATION

A section on the 'Shareholder Information' 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 of Schedule II of the Listing Regulations, is enclosed as **Annexure II**.

M/s. Sanjay Grover & Associates, Practicing Company Secretaries have certified that the Company has complied with the conditions of Corporate Governance, except for delay in appointment of a woman director, 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. Sanjay Grover & 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 the Board/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 FY 2020.

Separate posts of Chairman and CEO:

The Company has separate persons to the post of Chairman and Managing Director. Mr Analjit Singh, Non Executive Director is the Chairman and Mr Sahil Vachani is the Managing Director and CEO of the Company effective January 15, 2016.

Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee, which defines the scope of Internal Audit.

DETAILS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSE (B) TO (I) OF SUB - REGULATION (2) OF REGULATION 46 OF LISTING REGULATIONS

The Company is in compliance with the corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of Listing Regulations.

Further, there is no non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) of Part C to Schedule V of Listing Regulations.

EQUITY SHARES IN UNCLAIMED SUSPENSE ACCOUNT

Pursuant to the provisions of Regulation 39 of the Listing Regulations, the Company has transferred the unclaimed

equity shares on July 18, 2017 in the Demat Account titled as 'MAX VENTURES AND INDUSTRIES LIMITED- UNCLAIMED SUSPENSE ACCOUNT'. The equity shares transferred to said Unclaimed Suspense Account belong to the members who have not claimed their Share Certificates pertaining to the equity shares of the Face Value of ₹ 10/- each.

The details of equity shares held in the Unclaimed Suspense Account as at March 31, 2020 are as follows:

| S. No. | Particulars | No. of Shareholders | Number of Equity Shares |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------|
| 1. | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account lying at the beginning of the year. | 2,289 | 1,06,411 |
| 2. | Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year. | 17 | 793 |
| 3. | Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year. | 17 | 793 |
| 4. | Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the end of the year. | 2,272 | 1,05,618 |

Further the voting rights on the above-mentioned shares shall remain frozen till the rightful owner of such shares claims the shares.

On behalf of the Board of Directors
Max Ventures and Industries Limited

Date: June 05, 2020
Place: New Delhi

Sahil Vachani
Managing Director and CEO
DIN: 00761695

Mohit Talwar
Vice-Chairman
DIN: 02394694

Annexure- I

Declaration signed by the Managing Director and Chief Executive Officer 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 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 Ventures and Industries Limited**

Date: June 05, 2020
Place: New Delhi

Sahil Vachani
Managing Director and CEO
DIN: 00761695

Annexure - II

Certification by Managing Director and Chief Financial Officer

To
The Board of Directors,
Max Ventures and Industries Limited,

We, Sahil Vachani, Managing Director & CEO and Nitin Kumar Kansal, Chief Financial Officer of Max Ventures and Industries 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 Ventures and Industries Limited**

Date: June 05, 2020
Place: New Delhi

Nitin Kumar Kansal
Chief Financial Officer

Sahil Vachani
Managing Director and CEO

Annexure – III

Corporate Governance Certificate

To
The Members
Max Ventures and Industries Limited

We have examined the compliance of conditions of Corporate Governance by **Max Ventures and Industries Limited** ("the Company"), for the financial year ended March 31, 2020, as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No. 13700
FCS No. F8488
UDIN: F008488B000320426

Date: June 05, 2020
Place: New Delhi

Annexure – IV

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)

To,
The Members of
MAX VENTURES AND INDUSTRIES LIMITED

419, Bhai Mohan Singh Nagar, Village Railmajra,
Tehsil Balachaur Nawan Shehar
Punjab-144533.

1. That Max Ventures and Industries Limited (CIN: L85100PB2015PLC039204) is having its registered office at 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur Nawan Shehar Punjab-144533 (hereinafter referred as “the Company”). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
2. We have examined the relevant disclosures received from the Directors, registers, records, forms, and returns maintained by the Company and 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.
3. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under section 184/189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN status at the portal, www.mca.gov.in, as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as 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 statutory authority:

| Sr. No. | Name of Director | Director Identification Number (DIN) | Date of Appointment in Company |
|---------|-------------------------------|--------------------------------------|--------------------------------|
| 1. | Mr Narasimha Murthy Kummamuri | 00023046 | 15/01/2016 |
| 2. | Mr Analjit Singh | 00029641 | 15/01/2016 |
| 3. | Mr Dinesh Kumar Mittal | 00040000 | 15/01/2016 |
| 4. | Mr Niten Malhan | 00614624 | 08/11/2019 |
| 5. | Mr Sahil Vachani | 00761695 | 15/01/2016 |
| 6. | Ms Gauri Padmanabhan | 01550668 | 26/11/2018 |
| 7. | Mr Mohit Talwar | 02394694 | 15/01/2016 |
| 8. | Mr Arthur Harutyun Seter | 07440880 | 17/02/2017 |

4. Ensuring the eligibility of 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.
5. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner

CP No. 13700

FCS No. F8488

UDIN: F008488B000320393

Date: June 05, 2020

Place: New Delhi