

MAX FINANCIAL SERVICES LIMITED

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

I. PREAMBLE

Max Financial Services Limited (the “**Company**”), is required to formulate a policy for determination of a material subsidiary (“**the Policy**”) in accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

The Company aims to fulfill its responsibility to the Stock Exchanges and Investors by identifying and disclosing parameters for determination of Material Subsidiaries (as defined below) in this Policy.

II. DEFINITIONS

“**Company Laws**” means the Companies Act and/or the Old Companies Act (where applicable)

“**Companies Act**” shall mean the Indian Companies Act, 2013 and “**Old Companies Act**” shall mean the Indian Companies Act, 1956; along with relevant rules, regulations and amendments thereto issued from time to time

“**Company Subsidiary**” shall mean a subsidiary of the Company in accordance with the Company Laws

“**Other SEBI Laws**” shall mean the (i) SEBI Act, 1992 (ii) Securities Contracts (Regulation) Act, 1956, (iii) Depositories Act, 1996, and any rules, regulations issued thereunder, and any amendments issued thereto from time to time.

III. OBJECTIVE

This Policy provides the minimum threshold for determining a “Material Subsidiary”

IV. THRESHOLD FOR DETERMINING MATERIAL SUBSIDIARIES

A Company Subsidiary shall be considered as a “Material Subsidiary” if the income or net worth of the Company Subsidiary exceeds ten per cent (10%) of the consolidated income or net worth respectively of the Company and its other Company Subsidiaries in the immediately preceding accounting year.

V. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- (a) dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary, without passing a special resolution in a general meeting, or
- (b) sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, without seeking prior approval of shareholders by way of a special resolution.

Provided however that such approvals by way of special resolution shall not be required in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

VI. OTHER REQUIREMENTS REGARDING UNLISTED SUBSIDIARY COMPANY(IES)

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

VII. ADDITIONAL REQUIREMENT FOR MATERIAL UNLISTED SUBSIDIARY

- (a) At least one Independent Director on the Board of the Company shall be a Director on the Board of the material unlisted subsidiary company.

For the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.”

- (b) Secretarial Audit to be undertaken and a Secretarial Audit Report from a practicing company secretary to be annexed with Annual Report.

VIII. AMENDMENTS TO THE POLICY

This Policy may be amended by the Board, as and when deemed fit, or, in accordance with Applicable Laws.

IX. QUERIES AND CLARIFICATIONS

Any queries or clarifications in relation to this Policy may be addressed to Company Secretary of the Company.