

MAX FINANCIAL SERVICES LIMITED

CIN : L24223PB1988PLC008031

Regd. Office : Bhai Mohan Singh Nagar, Railmajra,
Tehsil Balachaur, District Nawanshahr, Punjab - 144 533**Tel. :** 01881-462000, 462001 **Fax :** 01881- 273607**Website :** www.maxfinancialservices.com**E-mail :** investorhelpline@maxindia.com**NOTICE**

NOTICE is hereby given that an Extra-Ordinary General Meeting (**EGM**) of Max Financial Services Limited ('the Company') will be held on Thursday, September 5, 2019 at 11.00 AM at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab -144 533 to transact the following business as **Special Business**:

1. To consider, and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT, in accordance with the provisions of Section 13, 61 and other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder read with Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the provisions contained in the Articles of Association of Max Financial Services Limited (the 'Company'), the authorized share capital of the Company be increased from the existing Rs. 60,00,00,000 (Rupees Sixty Crores) divided into 30,00,00,000 (Thirty Crores) Equity Shares of Rs.2/- (Rupees Two) each to Rs 70,00,00,000/- (Rupees Seventy Crores) divided into 35,00,00,000 (Thirty Five Crores) Equity Shares of Rs. 2/- (Rupees Two) each by creation of an additional 5,00,00,000 (Five Crores) Equity Shares of Rs. 2/- (Rupees Two) each.

RESOLVED FURTHER THAT, in accordance with the provisions of Section 13, 61 and other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the provisions contained in the Articles of Association of Company, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V with the following:

Clause V. “The authorized share capital of the Company is Rs. 70,00,00,000 (Rupees Seventy Crores) divided into 35,00,00,000 (Thirty Five Crores) Equity Shares of Rs. 2/- (Rupees Two) each.”

2. To consider and if thought fit, to pass, with or without modification, the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 23, 42, 62(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and such others rules and regulations made thereunder (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force) (hereinafter referred to as the 'Act'), the Memorandum and Articles of Association of Max Financial Services Limited (the 'Company') and any other rules, regulations, guidelines, notifications, circulars and clarifications issued by the Government of India, the Securities and Exchange Board of India ('SEBI'), including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations'), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the 'SEBI (ICDR) Regulations') as applicable and approvals including from the BSE Limited, the National Stock Exchange of India Limited (collectively the 'Stock Exchanges'), the Competition Commission of India, the Department of Economic Affairs, Government of India, and the Insurance Regulatory and Development Authority of India and subject to such approvals, permissions, sanctions and

consents as may be necessary and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated while granting such approvals, permissions, sanctions and consents as the case may be) by any other regulatory authorities and which may be accepted by the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be deemed to include any duly constituted / to be constituted Committee of Directors thereof to exercise its powers including powers conferred under this resolution) and in terms of the binding term sheet executed on August 6, 2019 between the Company, Mitsui Sumitomo Insurance Company Limited ('MSI') and Max Life Insurance Company Limited ('Max Life') (the 'Binding Term Sheet'), and subject to the execution of detailed agreements, the approval of the members be and is hereby accorded to create, offer, issue and allot up to 7,35,51,029 (Seven Crores Thirty Five Lakh Fifty One Thousand and Twenty Nine) Equity Shares of the face value of Rs. 2/- (Rupees Two) each, fully paid up, on a preferential basis to MSI, (a company, having its office at 9 Kanda-Surugadai, 3-Chome, Chiyoda-ku, Tokyo, 101-8011, Japan and having PAN AACCM6963D), for consideration other than cash, being the transfer of 38,33,92,784 (Thirty Eight Crores Thirty Three Lakh Ninety Two Thousand Seven Hundred and Eighty Four) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life (the 'Sale Shares') held by MSI to the Company (i.e. a swap of shares of Max Life with equity shares of the Company) and based on the valuation report obtained by the Company in accordance with the applicable law, at a price of Rs. 421.67 (Rupees Four Hundred Twenty One and Sixty Seven Paise) per Equity Share of the face value of Rs. 2/- (Rupees Two) of the Company, being the price determined in accordance with Chapter V (*Preferential Issue*) of the SEBI (ICDR) Regulations, at such time or times, and on such terms and conditions and in such manner, as the Board may think fit in its absolute discretion.”

“RESOLVED FURTHER THAT the Equity Shares of the Company being offered, issued and allotted to MSI by way of a preferential issue or allotment shall inter-alia be subject to the following:

- (i) The Equity Shares shall be issued and allotted by Max Financial Services Limited (the 'Company') to MSI in de-materialized form within period of 15 (Fifteen) days from the date of passing of this Special Resolution provided that where the issue and allotment of the said Equity Shares is pending on account of pendency of any approval or permission for such issue and allotment by any regulatory authority or the Central Government, the issue and allotment shall be completed within a period of 15 (Fifteen) days from the date of receipt of last of such approval or permission;
- (ii) The Equity Shares to be offered, issued and allotted shall rank *pari passu* with the existing Equity Shares of the Company in all respects including the payment of dividend and voting rights if any;
- (iii) The “Relevant Date” for the offer, issue and allotment of the Equity Shares by way of a preferential issue, as per the SEBI (ICDR) Regulations, for determination of minimum price for the issue of said Equity Shares is Tuesday, August 6, 2019, being 30 (Thirty) days prior to the date of this Extra Ordinary General Meeting;
- (iv) The Equity Shares to be offered, issued and allotted shall be subject to lock-in as provided under the applicable provisions of SEBI (ICDR) Regulations;
- (v) The Equity Shares so offered, issued and allotted will be listed on BSE Limited and the National Stock Exchange of India Limited where the Equity Shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals as the case may be; and
- (vi) The Equity Shares so offered, issued and allotted to MSI (being the Sellers), are being issued for consideration other than cash, being the transfer of 38,33,92,784 (Thirty Eight Crores Thirty Three Lakh Ninety Two Thousand Seven Hundred and Eighty Four) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life (the 'Sale Shares') from MSI, pursuant to the Binding Term Sheet dated August 6, 2019 executed by the Company with MSI and Max Life and the transfer of such Sale Shares by MSI to the Company will constitute full consideration for the Equity Shares to be issued by the Company to MSI, pursuant to this resolution.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to vary, modify or alter any of the relevant terms and conditions, attached to the number of equity shares to be allotted to MSI, finalizing the terms of detailed agreements between the parties and other related

agreements/documents to be executed and amendments thereto, effecting any modifications, changes, variation, alterations, additions and/or deletions to the preferential issue as may be required by any regulatory, or other authorities or agencies involved in or concerned with the issue of the equity shares, making applications to the stock exchanges for obtaining in-principle approval, listing of shares, filing requisite documents with the Ministry of Corporate Affairs, filing of requisite documents with the depositories, to resolve and settle any questions and difficulties that may arise in the preferential offer, issue and allotment of equity shares without being required to seek any further consent or approval of the members of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers conferred upon it by these resolutions to any officer(s) or authorized signatory(ies) to give effect to these resolutions including execution of any documents on behalf of the 'Company and to represent the Company before any governmental or regulatory authorities and to appoint any professional advisors, bankers, consultants, advocates and advisors to give effect to this resolution and further to take all others steps which may be incidental, consequential, relevant or ancillary in this regard.”

3. To consider, and if thought fit to pass, with or without modification(s), the following Resolution as a **Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act (including any modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary, and in terms of the Binding Term Sheet dated August 6, 2019, executed by Max Financial Services Limited (the 'Company') with Mitsui Sumitomo Insurance Company Limited ('MSI'), and Max Life Insurance Company Limited ('Max Life'), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include, unless the context otherwise requires, any committee of the Board or any officer(s) authorized by the Board to exercise the powers conferred on the Board under this resolution), to acquire from MSI the following equity shares held in Max Life, however the aggregate of the investments so far made in Max Life and the proposed acquisition of shares of Max Life from MSI will be over and above the limit of 60% (Sixty percent) of the paid-up share capital, free reserves and securities premium account of the Company or 100% (One Hundred percent) of free reserves and securities premium account of the Company, whichever is more, as prescribed under Section 186 of the Companies Act, 2013:

- (i) 38,33,92,784 (Thirty Eight Crores Thirty Three Lakh Ninety Two Thousand Seven Hundred and Eighty Four) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life ('the Sale Shares') from MSI for consideration other than cash; and
- (ii) 10,05,61,750 (Ten Crores Five Lakhs Sixty One Thousand Seven Hundred and Fifty) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life, being the remaining shareholding of MSI in Max Life at a minimum consideration of Rs. 80.89 (Rupees Eighty and Eight Nine Paise) per Equity Share of Max Life, payable in cash, subject to applicable laws.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to delegate all or any of its powers to any officer(s) or authorized signatory(ies) to give effect to this resolution including execution of any documents on behalf of the Company and to appoint any professional advisors, bankers, consultants, advocates and advisors to give effect to this resolution and further to take all other steps which may be incidental, consequential, relevant or ancillary in this connection.”

By Order of the Board
For **Max Financial Services Limited**

Date : August 6, 2019

Place : New Delhi

V. Krishnan
Company Secretary
Membership No. FCS- 6527

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBER(S) NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% (TEN PERCENT) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% (TEN PERCENT) OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.**
2. Proxies in order to be effective must be received at the Registered Office of the Company at Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab-144 533 at least 48 hours before the commencement of the meeting. A format of Proxy Form is enclosed.
3. Members/Proxies for Members holding shares in dematerialized form should also bring their latest Statement of Account held with the concerned depository participant for attending the meeting.
4. In case of joint holders, only such joint holder who is named first in the order of names will be entitled to vote.
5. The documents referred to in the proposed resolutions and other statutory records and registers are open for inspection at Registered Office of the Company during working hours between 9.30 a.m. and 1.00 p.m., except on holidays.
6. The Notice of the EGM along with Explanatory Statement is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. **To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the depositories/ Mas Services Limited, the Registrar and Share Transfer Agent, to ensure that the annual report and other documents reaches them in their preferred email.**

The members holding shares in physical form are further requested to convert their shareholding from Physical form to Demat form with a Depository Participant of their choice. Holding share in demat form has following advantages:

- i. Freedom from physical storage
 - ii. Elimination of chances of theft, mutilation, defacement.
 - iii. Easy to sell and realize sale proceeds and/or dividend in the bank account linked with the Depository.
 - iv. Contribution to the 'Green Initiative'
7. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Details by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit / update their PAN and Bank Details to their Depository Participants with whom they are maintaining their demat accounts, if not already updated. Members holding shares in physical form are requested to submit their PAN and Bank details to the Company/ Registrar and Share Transfer Agent, by sharing self-attested copy of PAN card and original cancelled cheque along with request letter.
 8. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Mas Services Limited for assistance in this regard.

9. In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, unclaimed shares lying with the Company have been transferred and dematerialized in an `Unclaimed Suspense Account` of the Company. This account is being maintained by the Company purely on behalf of the shareholders entitled for these shares.

It may also be noted that all the corporate benefits accruing on these shares like bonus, split etc., if any, shall also be credited to the said `Unclaimed Suspense Account` and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares. Shareholders who have not yet claimed their shares are requested to immediately approach the Share Department of the Company or Registrar and Transfer Agent (RTA) by forwarding a request letter duly signed by all the shareholders furnishing their complete postal address along with PIN code, a copy of PAN card & proof of address, and for delivery in demat form, a copy of Demat Account - Client Master Report duly certified by the Depository Participant (DP) and a recent Demat Account Statement, to enable the Company to release the said shares to the rightful owner.

10. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL on all resolutions set forth in this Notice.

The instructions and other information relating to e-voting are as under:

The procedure to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step-1: Log-in to NSDL e-Voting system at [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/)

Step-2: Cast your vote electronically on NSDL e-Voting system.

Detailed procedure is as under:

Step 1: Log-in to NSDL e-Voting system

Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>.

- a. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholders' section.

A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login.

Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- b. Your User ID details will be as per details given below :

Manner of holding shares	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****)
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****)
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***)

- c. Your password details are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password
 - c) How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address, on the Attendance Slip as below:

EVEN (E VOTING EVENT NUMBER)	USER ID	PASSWORD/PIN

- d. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

“Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- e. After entering your password, read and tick on Agree to “Terms and Conditions” by selecting on the check box.
- f. Now, you will have to click on “Login” button.
- g. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

- I. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click
 - a. on e-Voting. Then, click on Active Voting Cycles.
 - ii. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
 - iii. Select “EVEN” (E-Voting Event Number) of Max Financial Services Limited.
 - iv. Now you are ready for e-Voting as the Voting page opens.
 - v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
 - vi. Upon confirmation, the message “Vote cast successfully” will be displayed.

- vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- ix. Voting has to be done for each item of the Notice separately for each demat accounts/ folios. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

General Guidelines for shareholders:

Corporate / Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: rupesh@cacsindia.com to with a copy marked to **evoting@nsdl.co.in**.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-Voting User Manual for members / shareholders, available at the Downloads section of www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800- 222-990.

Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. August 29, 2019, may obtain the login ID and password by sending a request at **evoting@nsdl.co.in** or to the Company's Registrar - Mas Services Limited at **info@masserv.com**

Other Information :

- (a) The e-voting period commences from Sunday, September 1, 2019 at 9.00 am and ends on Wednesday day, September 4, 2019 at 5.00 pm. E-voting shall not be allowed beyond said time.
- (b) During aforesaid period, the members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being Thursday, August 29, 2019, may cast their votes by electronic means in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. Further, the members who have cast their votes electronically shall not vote by way of poll at the EGM. A person who is not a Member on August 29, 2019 i.e. the cut-off date should treat this Notice for information purposes only.
- (c) The Board of Directors has appointed Dr. S Chandrasekaran, Practicing Company Secretary (CP No. 715), failing him Mr. Rupesh Agarwal, Practicing Company Secretary (CP No. 5673) and failing him Mr. Shashikant Tiwari (CP No. 13050), Partners of M/s Chandrasekaran Associates, Practicing Company Secretaries having office at 11F, Pocket-IV, Mayur Vihar Phase-I, Delhi – 110091, as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (d) The Scrutinizer after scrutinizing the votes cast at the meeting (Poll) and through remote e-voting will make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or any other person authorized by him in writing.
- (e) The Results on resolutions shall be declared on or after the EGM of the Company within forty eight (48) hours of conclusion of the EGM and the resolutions will be deemed to be passed on the EGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
- (f) The Results declared along with the Scrutinizer's Report(s) shall be placed on Company's website www.maxfinancialservices.com and the website of NSDL within two (2) days of passing of the resolutions

and communication of the same shall also be sent to the BSE Limited and the National Stock Exchange of India Limited.

11. Electronic copy of the Notice of the EGM of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email ID's are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of EGM of the Company, *inter-alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
12. The attendance slip and route map to the venue of the Meeting is included in this notice for easy location. The route map of the venue of the Meeting is also hosted along with the Notice on the website of the Company i.e. www.maxfinancialservices.com
13. The Members can opt for only one mode of voting, i.e., either by physical ballot at meeting or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot forms will be treated as invalid.
14. The resolutions shall be deemed to be passed on the date of Extra-Ordinary General Meeting i.e. September 5, 2019.
15. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 1

In order to enable issuance of further share capital to Mitsui Sumitomo Insurance Company Limited (“**MSI**”), as more fully detailed in Item No. 2 of this explanatory statement, the Max Financial Services Limited (the “**Company**”) proposes to increase the existing Authorized Share Capital of Rs. 60,00,00,000 (Rupees Sixty Crores) divided into 30,00,00,000 Equity Shares of Rs. 2/- each to Rs. 70,00,00,000 (Rupees Seventy Crores) divided into 35,00,00,000 (Thirty Five Crores) Equity Shares of Rs. 2/- (Rupees Two) each by creation of an additional 5,00,00,000 Equity Shares of Rs.2/- (Rupees Two) each.

Under Section 61 of the Companies Act, 2013, the approval of the members is required to increase the authorised share capital of the Company. The increase in the authorised share capital of the Company also requires relevant amendments to be made to the Memorandum of Association of the Company, which requires approval of the members of the Company by way of an Ordinary resolution.

The Board recommends passing of the Ordinary Resolution as set out in Item No.1 in the Notice convening the meeting.

Save and except for the shares of the Company held by them, none of the Directors or key managerial personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 1 of this Notice, except to the extent of their shareholding in the Company.

Item No. 2

Board of Directors of the Company in its meeting held on August 6, 2019 has considered and agreed that with a view to consolidate the Company's shareholding in Max Life Insurance Company Limited ("Max Life"), its subsidiary (in which the Company presently holds 71.79% of its total paid-up share capital), the Company is considering to acquire 38,33,92,784 Equity Shares of Rs. 10/- each of Max Life representing 19.98% 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'). This will enable the Company to simplify the shareholding structure

in its subsidiary and have more flexibility to attract strategic investments in its subsidiary in the future and yet maintain a significant majority ownership of the subsidiary. In addition, the Company through a call/put option has a right to acquire the remaining 5.24% (Five point Two Four percent) shareholding, i.e., 10,05,61,750 (Ten Crores Five Lakhs Sixty One Thousand Seven Hundred and Fifty) Equity Shares of Rs. 10/- (Rupees Ten) each held by MSI in Max Life. ("Remaining Shareholding").

In this regard, the Company has executed a binding term sheet with MSI and MLIC on August 6, 2019 ("Binding Term Sheet"), the salient features are the transaction are enumerated as under:

Swap Transaction:

- (a) Subject to receipt of requisite regulatory approvals, including, the Competition Commission of India and the Department of Economic Affairs, Government of India, Insurance Regulatory and Development Authority of India, and corporate approvals, and execution of detailed agreements, the Company proposes to issue 7,35,51,029 (Seven Crores Thirty Five Lakhs Fifty One Thousand and Twenty Nine) Equity Shares of Rs. 2/- (Rupees Two) each constituting 21.45 % of the issued and paid up share capital of the Company, on the closing date, free from all encumbrances in consideration of transfer of 38,33,92,784 (Thirty Eight Crores Thirty Three Lakhs Ninety Two Thousand Seven Hundred and Eighty Four) Equity Shares of Max Life constituting 19.98 % of the issued and paid up share capital of Max Life from MSI to the Company ("**Swap Transaction**"). The issuance of shares by the Company and transfer of shares of Max Life by MSI shall be completed on the same date ("**Closing Date**").
- (b) For the Swap Transaction, the Parties have valued the Company at INR 421.67 (Rupees Four Hundred and Twenty One and Sixty Seven Paise) per share and Max Life at INR 80.89 (Rupees Eighty and Eighty Nine Paise) per share. Parties agreed that the value of the shares of the Company for the purposes of the Swap Transaction shall be determined as per applicable laws, including but not limited to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI (ICDR) Regulations**"). The Swap Transaction is conditional upon MSI being issued a minimum of 7,35,51,029 (Seven Crores Thirty Five Lakhs Fifty One Thousand Twenty Nine) Equity Shares of the Company constituting 21.45 % of the Post issue-share capital of the Company in consideration for transfer of equity shares of Max Life by MSI to the Company.

Call and Put Option:

The Company shall have the right (but not the obligation) ("**Call Right**") to purchase the Remaining Shareholding for a consideration of Rs. 80.89 (Rupees Eighty and Eighty Nine Paise) per Equity Share payable in cash, subject to applicable laws. On the exercise of the Call Right, MSI is obligated to sell the Remaining Shareholding to the Company. The process for exercising such Call Right shall be set out in the detailed agreements.

MSI shall have the right (but not the obligation) ("**Put Right**") to require the Company to purchase the Remaining Shareholding for a consideration of Rs. 80.89 (Rupees Eighty and Eighty Nine Paise) per Equity Share, payable in cash. On exercise of such Put Right, the Company is obligated to purchase the Remaining Shareholding from MSI. The process for exercising such Put Right shall be set out in the detailed agreements.

The Parties may mutually agree to advance or extend the date for exercise of the Call Right or the Put Right.

The disclosures under Resolution No. 2 of this Notice, as required in accordance with the Companies Act, 2013, the SEBI (ICDR) Regulations and other applicable Regulations/ laws in relation thereto are as under:

1. Objects of the Issue

The Company, signed the Binding Term Sheet to purchase 38,33,92,784 (Thirty Eight Crores Thirty Three Lakhs Ninety Two Thousand Seven Hundred and Eighty Four) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life pursuant to the Swap Transaction as detailed above. The Purchase consideration to MSI will be settled by allotment of equity shares of the Company as mentioned in resolution at Item No - 2 in this notice and explanatory statement, subject to SEBI (ICDR) Regulations and requisite approvals. The Objects of the Issue have been more fully explained in the first para of Item No - 2 of this explanatory statement.

2. Number of shares and Pricing of Preferential issue:

The Company proposes to issue 7,35,51,029 (Seven Crores Thirty Five Lakhs Fifty One Thousand Twenty Nine) Equity Shares of the face value of Rs. 2/- (Rupees Two) each of the Company at a premium of Rs. 419.67 (Rupees Four Hundred and Nineteen and Sixty Seven Paise) each to MSI. Please refer to Para 3 below for the basis for calculating the price for the preferential issue.

3. Basis on which the price has been arrived at:

The equity shares of Company are listed and frequently traded on the BSE Limited and the National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) in accordance with SEBI (ICDR) Regulations. For the purpose of computation of the allotment price per equity share, National Stock Exchange of India Limited is the Stock Exchange that has higher trading volume during the preceding 26 (Twenty-Six) weeks prior to the Relevant Date has been considered.

In terms of Regulation 164 (1) of the applicable provisions of SEBI (ICDR) Regulations the price at which equity shares shall be allotted shall not be less than higher of the following:

- (a) Average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the Stock Exchange, during the 26 (Twenty-Six) weeks preceding the Relevant Date; or
- (b) Average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the Stock Exchange, during the 2 (Two) weeks preceding the Relevant Date.

Accordingly, the price per equity share, to be issued, is fixed at Rs. 421.67 (Rupees Four Hundred and Twenty One and Sixty Seven Paise) being the price as computed under Regulation 164(1) of SEBI (ICDR) Regulations.

Since the Equity Shares of the Company have been listed on the recognized Stock Exchanges for a period of more than 26 (Twenty-Six) weeks prior to the Relevant Date, it is not required to re-compute the price per equity share to be issued and therefore, the Company is not required to submit the undertaking specified under Regulations 163(1)(g) and (h) of the SEBI (ICDR) Regulations.

4. Relevant Date:

The “Relevant Date” as per SEBI (ICDR) Regulations for the determination of the minimum price for equity shares to be issued is fixed as Tuesday, August 6, 2019, i.e. 30 (Thirty) days prior to the date of this Extra Ordinary General Meeting.

5. Shareholding Pattern of the Company before and after the issue:

The Shareholding pattern giving the present position as also considering full allotment of shares issued on the preferential basis, as per Resolution of the Notice is given below:

Name of the Shareholder	Pre-preferential issue Shareholding		Preferential Issue	Post-Issue Shareholding	
	No. of Shares held	% of Shares	No. of Shares	No. of Shares held	% of Shares
A) Promoters' Shareholding					
Promoter & Promoter Group					
(1) Indian	420333	0.16	-	420333	0.12
(a) Individuals/HUF	-	-	-	-	-
(b) Central Govt/State Govt.	-	-	-	-	-
(c) Bodies Corporate	75883275	28.17	-	75883275	22.13

Name of the Shareholder	Pre-preferential issue Shareholding		Preferential Issue	Post-Issue Shareholding	
	No. of Shares held	% of Shares	No. of Shares	No. of Shares held	% of Shares
(d) Financial Institutions/ Banks	-	-	-	-	-
(e) Any other (Specify)	-	-	-	-	-
Subtotal (A) (1)	76303608	28.33	-	76303608	22.25
(2) Foreign					
(a) Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-
(c) Institutions	-	-	-	-	-
(d) Any other (Specify)	-	-	-	-	-
Subtotal (A) (2)	76303608	28.33	-	76303608	22.25
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	76303608	28.33	-	76303608	22.25
(B) Public Shareholding					
(1) Institutions					
(a) Mutual Funds/UTI	83878737	31.14	-	83878737	24.46
(b) Financial Institutions/Banks	168385	0.05	-	168385	0.05
(c) Central Govt/State Govt.	-	-	-	-	-
(d) Venture Capital Funds	-	-	-	-	-
(e) Insurance Companies	-	-	-	-	-
(f) Foreign Institutional Investors/ Foreign Portfolio Investors	79513883	29.52	73551029	153064912	44.63
(g) Foreign Venture Capital Investors	-	-	-	-	-
(h)Any others - Foreign Body Corporate	-	-	-	-	-
Subtotal (B) (1)	163561005	60.71	73551029	237112034	69.14

Name of the Shareholder	Pre-preferential issue Shareholding		Preferential Issue	Post-Issue Shareholding	
	No. of Shares held	% of Shares	No. of Shares	No. of Shares held	% of Shares
B 2 Non Institutions					
(a) Bodies Corporate	3543588	1.31	-	3543588	1.03
(b) Individuals					
(i) Individual shareholders holding nominal share capital up to Rs. 2 Lakh	19847021	7.37	-	19847021	5.79
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh	2267962	0.84	-	2267962	0.66
(c) Others	3875553	1.44	-	3875553	1.13
Subtotal (B) (2)	29534124	10.96	-	29534124	8.61
Total Public Shareholding (B)= (B)(1)+ (B)(2)	193095129	71.67	73551029	266646158	77.75
TOTAL (A)+(B)	269398737	100.00	73551029	342949766	100.00

Notes:

- (i) The post issue paid-up capital of the Company is subject to alterations on account of exercise of options granted under existing ESOP Schemes of the Company, if any as well as under any new ESOP / ESPS Schemes and consequently the post-issue shareholding percentage of the Proposed Allottee mentioned above may also stand altered.
- (ii) The pre-issue shareholding pattern is as on August 2, 2019.

6. Proposal / Intention of Promoters, Directors or Key Managerial Personnel to subscribe the offer:

None of the Promoters, Directors or key managerial personnel of the Company, intend to subscribe to any Equity Shares pursuant to this preferential issue.

7. Proposed time within which the preferential issue shall be completed

As required under the SEBI (ICDR) Regulations, the Company shall complete the allotment of the equity shares on or before the expiry of 15 (fifteen) days from the date of passing of Special Resolution by the members for issue and allotment of the equity shares provided that where the issue and allotment of the said equity shares is pending on account of pendency of any approval or permission for such issue and allotment by any regulatory authority or the Central Government, the issue and allotment shall be completed within a period of 15 (fifteen) days from the date of receipt of last of such approval or permission.

8. Change in control, if any, in the Company that would occur consequent to the preferential offer:

There shall be no change in the management or control of the Company pursuant to the aforesaid issue and allotment of the equity shares

9. No. of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

The Company has not made any preferential allotments during the year.

10 Valuation for consideration other than cash:

The consideration payable to MSI towards payment of purchase consideration for the Swap Transaction (being the transfer of 38,33,92,784 (Thirty Eight Crores Thirty Three Lakhs Ninety Two Thousand Seven Hundred and Eighty Four) Equity Shares of Rs. 10/- (Rupees Ten) each of Max Life Insurance Company Limited (the 'Sale Shares') held by MSI, to the Company) shall be discharged by the Company by the issuance of 7,35,51,029 (Seven Crores Thirty Five Lakh Fifty One Thousand and Twenty Nine) Equity Shares of the face value of Rs. 2/- (Rupees Two) each of the Company at a premium of Rs. 419.67 (Rupees Four Hundred and Nineteen and Sixty Seven Paise) each. As per Regulation 163(3) of the SEBI (ICDR) Regulations, valuation is required to be undertaken and accordingly, Messrs SPA Capital Advisors Limited, an Independent Valuer vide their report dated August 5, 2019 have independently valued the business of MLIC.

11. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

As per terms of the Binding Term Sheet executed by the Company and MSI, payment of the purchase consideration for the Swap Transaction shall be discharged by allotment of shares of the Company. The purchase consideration for the Sale Shares acquired by the Company is based on Valuation Report dated August 5, 2019 issued by SPA Capital Advisors Limited.

12. Lock-in Period:

The proposed allotment of equity shares shall be subject to lock-in for a period of one year from the date of receipt of listing and trading approval from the Stock Exchanges, as per the requirement of SEBI (ICDR) Regulations.

13. Listing:

The Company will make an application to the Stock Exchanges at which the existing shares are listed, for listing of the equity shares. Such equity shares, once allotted, shall rank pari passu with the existing equity shares of the Company in all respects, including dividend and voting rights.

14. Auditors' Certificate:

The Statutory Auditor's certificate, being issued by Messrs Deloitte Haskins & Sells, Chartered Accountants, certifying that the preferential issue is being made in accordance with the requirements contained in the SEBI (ICDR) Regulations will be made available for inspection at the meeting as well as the Registered Office of the Company between 10 a.m. and 1 p.m. on all working days (excluding Saturdays and Sundays) up to the date of the meeting.

15. Other Disclosures:

- (i) None of the Promoter or Directors of the Company is wilful defaulter.
- (ii) MSI, the Proposed Allottee, has not sold any equity shares of the Company during the six months preceding the Relevant Date.

16. Identity of Proposed Allottee (including natural persons who are the ultimate beneficial owners of equity shares proposed to be allotted and/or who ultimately control), the percentage (%) of Post Preferential Issue Capital that may be held by them and Change in Control, if any, consequent to the Preferential Issue:

Name of the Proposed Allottee	Category	Ultimate Beneficial Owners	Percentage of post-preferential capital to be held	Change in control
Mitsui Sumitomo Insurance Company Limited (MSI)	Foreign Body Corporate	MSI is wholly owned by MS & AD Insurance Group Holdings, Inc., a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange.	21.45 %	There will be no change in the control of the Board of Directors of the Company consequent to the said issue. MSI shall have the right to appoint: (i) 2 (two) directors to the board of the Company (one of whom shall be appointed to each committee constituted by the board of the Company) and (ii) 1 (one) observer, on the committees of the Company.

Pursuant to Section 62(1)(c) of the Companies Act, 2013, further equity shares may be issued to persons other than the existing members of the Company as specified in Section 62(1)(a) of the Companies Act, 2013, and for consideration other than cash, provided that the members of the Company approve the issue of such equity shares by means of a special resolution.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities under the Companies Act, 2013 only after the approval of its shareholders by way of a special resolution has been obtained. Further in terms of Regulations 160 of SEBI (ICDR) Regulations, a special resolution needs to be passed by shareholders of a listed company prior to issue of specified securities on preferential basis.

The resolutions as set out in Item No. 2 and the terms stated therein and in the explanatory statement hereinabove shall be subject to the guidelines/ regulations issued/ to be issued by the Government of India or the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other regulatory/ statutory authorities in that behalf and the Board shall have the absolute authority to modify the terms contained herein or in the said resolution, if required by the aforesaid regulatory/ statutory authorities or in case they do not conform with the SEBI (ICDR) Regulations including any amendment, modification, variation or re-enactment thereof.

The approval of the members is being sought to enable the Board to issue of the equity shares on a preferential basis, to the extent and in the manner as set out in the respective resolutions and the explanatory statement.

The Board, accordingly, recommends passing of the Special Resolution as set out at Item No. 2 of this Notice, for the approval of the members.

Mr. Mohit Talwar, Mr. Dinesh Kumar Mittal and Mr. Sahil Vachani are common directors of the Company and Max Life. Further, Mr. Analjit Singh is the Non-executive Chairman of the Company and Max Life.

Save and except for the shares of the Company held by them, none of the Directors or key managerial personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the resolutions as set out at Item No. 2 of this Notice, except to the extent of their shareholding in the Company.

Item No. 3.

The provisions of section 186 of the Companies Act, 2013 provide that the Board of Directors of a Company can make investment in securities of any other body corporate, within the limits of 60% (Sixty percent) of the Paid up Capital and Free Reserves inclusive of Securities Premium Account or 100% (One Hundred Percent) of the free reserves inclusive of Securities Premium Account, whichever is higher. These limits can be exceeded provided the shareholders by way of a Special Resolution permit the Board for such purposes.

Acquisition of equity shares held by MSI in Max Life Insurance Company Limited by the Company as contemplated in resolutions mentioned under Item No. 2 and 3 of the Notice convening this Extra Ordinary General Meeting would exceed the aforesaid limits prescribed under the provisions of the Companies Act, 2013.

In view of the above, the Board commends the Special Resolution set out at item no. 3 of this notice, for the approval of members.

Mr. Mohit Talwar, Mr. Dinesh Kumar Mittal and Mr. Sahil Vachani are common directors of the Company and Max Life. Further, Mr. Analjit Singh is the Non-executive Chairman of the Company and Max Life.

Save and except for the shares of the Company held by them, none of the Directors or key managerial personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the resolutions as set out at Item No.3 of this Notice, except to the extent of their shareholding in the Company.

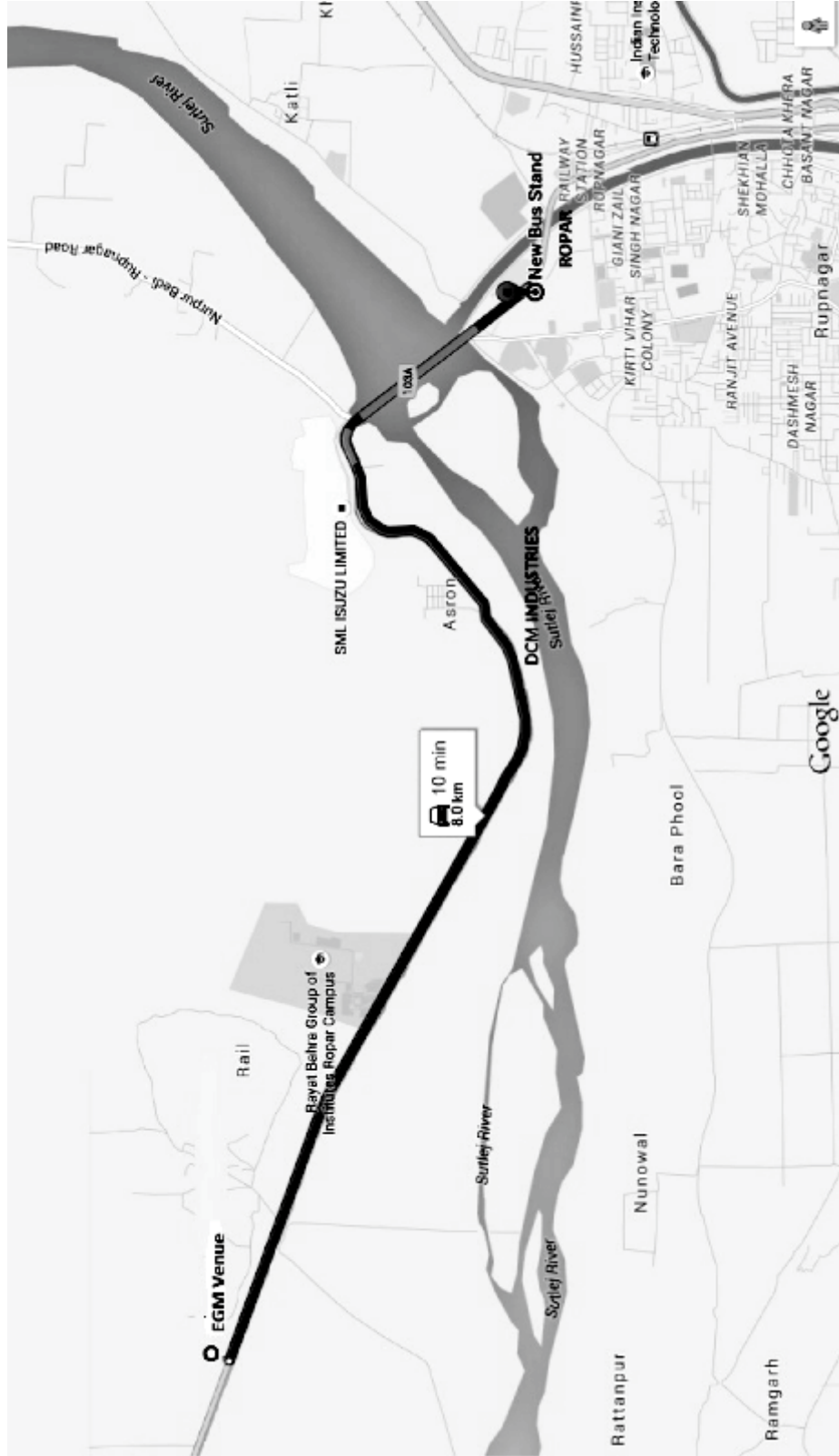
Date : August 6, 2019

Place : New Delhi

By Order of the Board
For **Max Financial Services Limited**

V. Krishnan
Company Secretary
Membership No. FCS- 6527

ROUTE MAP FOR EGM
Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur
District Nawanshahr, Punjab – 144 533



MAX FINANCIAL SERVICES LIMITED

CIN : L24223PB1988PLC008031

Regd. Office : Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab - 144 533

Tel. : 01881-462000, 462001 Fax : 01881- 273607

Website : www.maxfinancialservices.com E-mail : investorhelpline@maxindia.com



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REMOTE ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD/PIN	NO. OF SHARES

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 9.00 a.m. (IST) on Sunday, September 1, 2019
End of e-voting	Upto 5.00 p.m. (IST) on Wednesday, September 4, 2019

- The cut-off date (i.e. the record date) for the purpose of e-voting is Thursday, August 29, 2019.
- Please refer to the attached EGM Notice for instructions on E-Voting.

----- TEAR HERE -----

MAX FINANCIAL SERVICES LIMITED

CIN : L24223PB1988PLC008031

Regd. Office : Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur,
District Nawanshahr, Punjab - 144 533

Tel. : 01881-462000, 462001 Fax : 01881- 273607

Website : www.maxfinancialservices.com E-mail : investorhelpline@maxindia.com



ATTENDANCE SLIP

Regd. Folio No. / DP ID – Client ID : _____

Name & Address of First/Sole Shareholder : _____

Name of Proxy holder : _____

Number of Shares Held : _____

I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of Max Financial Services Limited held on Thursday, September 5, 2019 at 11:00 a.m. at the Registered Office of the Company at Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533.

I certify that I am a member/proxy for the meeting of the Company.

Notes:

Signature of Member/Proxy

1. Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
2. Members are requested to bring their copy of EGM Notice for reference at the Meeting.

CIN : L24223PB1988PLC008031

MAX FINANCIAL SERVICES LIMITED



Regd. Office : Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533

Tel. : 01881-462000, 462001 **Fax :** 01881- 273607

Website : www.maxfinancialservices.com **E-mail :** investorhelpline@maxindia.com

Name of the Member(s) :
Registered address :
E-mail ID :
Regd. Folio No. / DP ID-Client ID :

I/We, being the member(s) holding shares of the above named Company, hereby appoint

- (1) Name :
Address:
E-mail id: Signature _____, or failing him;
- (2) Name :
Address:
E-mail id: Signature _____, or failing him;
- (3) Name :
Address:
E-mail id: Signature _____

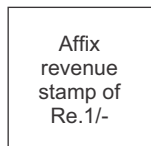
as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Extra-ordinary General Meeting of the Company, to be held on Thursday, September 5, 2019 at 11:00 A.M. at Registered Office of the Company at Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab – 144 533 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Optional (✓)	
		For	Against
1.	To consider and approve increase in Authorised Share Capital of the Company from Rs. 60 Crores to Rs. 70 Crores by way of an Ordinary Resolution.		
2.	To consider and authorize the Board of Directors of the Company to create, offer, issue and allot up to 7,35,51,029 Equity Shares of face value of Rs. 2/- each fully paid up, on a preferential basis, for consideration other than cash to Mitsui Sumitomo Insurance Company Limited (MSI), a non-promoter company by way of a Special Resolution.		
3.	To consider and authorize the Board of Directors of the Company to acquire from MSI, 48,39,54,534 Equity Shares of Rs. 10/- each of Max Life Insurance Company Limited (MLIC) by way of a Special Resolution.		

Signed this----- day of----- 2019

Signature of Shareholder-----

Signature of Proxy holder(s) -----



Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote on poll instead himself/herself. A proxy need not be a member.
- Signatures of member should be across a Revenue Stamp of Re. 1.
- Please put a tick (✓) mark in the Box in the appropriate column against the respective resolutions. It is optional to indicate your preference. If you leave the "For" and "Against" columns blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.