

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

Registered 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

May 15, 2020

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 021

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400051

Scrip Code: 500271

Scrip Code: MFSL

Sub : **Postal Ballot Notice**

Dear Sir/Madam

This has reference to our disclosure dated April 28, 2020 regarding execution of definitive agreements with Axis Bank for the sale of 29% of the equity share capital of Max Life Insurance Company Limited ("Max Life"), a material subsidiary of the Company to Axis Bank which will have the effect of Max Life becoming a 70:30 joint venture between the Company and Axis Bank after series of transactions.

In this regard, we are submitting herewith Postal Ballot Notice dated May 13, 2020 seeking approval of shareholders of the Company by way of Special Resolution for (i) divestment of upto 29% equity stake in Max Life Insurance Company Limited to Axis Bank Limited and/or its affiliates ("the Prospective Investors") and (ii) for re-acquisition of shares in case of exercise of put options by the Prospective Investors in terms of Section 110, Section 180(1)(a), Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 through postal ballot/electronic voting (e-voting) process, as detailed in the attached notice.

In this regard, the Company had engaged National Securities Depository Limited (NSDL) to provide the e-voting platform for the postal ballot process.

The said notice has been sent in electronic mode to those shareholders whose email IDs were registered with the depositories as on May 8, 2020, being the cut-off date. Members have option to exercise their votes either electronically or by way of physical ballot. The voting will commence on Monday, May 18, 2020 at 9.00 a.m. and will end at the close of working hours i.e. by 5:00 P.M. on Tuesday, June 16, 2020, after which the e-voting module shall be disabled by NSDL.

In light of the COVID-19 crisis and in accordance with Section 110 of the Companies Act, 2013 and Rules 22 and 20 of the Companies (Management and Administration) Rules, 2014 read with the Circular no. 14/2020 dated April 8, 2020 read with Circular no. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs, Government of India ('MCA Circulars'), physical copies of the Notice will not be circulated to the members. However, it is clarified that all the persons who are members of the Company as on May 8, 2020 (including those members who may not have received this Notice due to non-registration of their email IDs with the Company or with the Depositories) shall be entitled to vote in relation to the resolutions specified in this Notice.

Process for those shareholders whose email ids are not registered with the depositories and shareholders whose shares are in physical form for procuring user id and password and registration of e mail ids for the remote e-voting are as under:

- (i) In case shares are held in physical mode please send scanned copy of certificate (front and back) by email to info@masserv.com. Subject of email should be :- password for postal ballot of Max Financial Services Limited record date 08/05/2020 folio no:- (mention folio no.)
- (ii) In case shares are held in demat mode, please send copy of client master to info@masserv.com. Subject of email should be :- password for postal ballot of Max Financial Services Limited record date 08/05/2020 DPID-CLID (mention 16 DIGIT DPID+CLID)

Members desirous to cast their vote by way of physical ballot are requested to take printout of the postal ballot form at the weblink of the Company: <https://www.maxfinancialservices.com/wp-content/uploads/2020/05/MFSL-Postal-ballot-notice-May-13-2020-final.pdf> and the duly filled and signed ballot form to be sent, at his/her own cost, to the Scrutinizer, not later than the close of working hours i.e. by 5:00 P.M. on Tuesday, June 16, 2020. The Postal Ballot(s) received after June 16, 2020 will not be considered by the Scrutinizer.

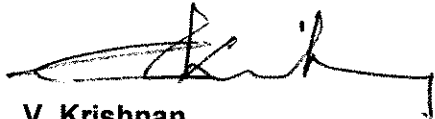
The results of postal ballot will be announced on Thursday, June 18, 2020

You are requested to take the same on your record and kindly acknowledge the receipt.

Thanking you,

Yours faithfully,

For **Max Financial Services Limited**



V. Krishnan

Company Secretary and Compliance Officer

Encl: as above



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Railmajra, Tehsil Balachaur

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E-mail: investorhelpline@maxindia.com

NOTICE OF POSTAL BALLOT

(Pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and the MCA Circulars (as defined below))

To
The Shareholders,

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions of the Companies Act, 2013 (the "**Act**", which shall include any statutory modifications, amendments or re-enactments thereto) read with the Companies (Management and Administration) Rules, 2014 (the "**Rules**", which shall include any statutory modifications, amendments or re-enactments thereto) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**") read with the equity listing agreement executed with the stock exchanges on which the equity shares of the Company are listed, for seeking approval of the shareholders by way of a special resolution for the matter as considered in the Resolution appended below through postal ballot ("**Postal Ballot**") by way of remote e-voting.

Section 110 of the Companies Act and the Rules provide for passing of resolutions by postal ballot. In terms of said Section of the Companies Act and the Rules, a company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution (other than ordinary business and any business in respect of which directors or auditors have right to be heard at any meeting) passed by means of postal ballot, instead of transacting the business in general meeting of the Company.

Further, the Ministry of Corporate Affairs, Government of India (the "**MCA**") vide its General Circular No. 14/2020 dated April 8, 2020 and General Circular No.17/2020 dated April 13, 2020 (the "**MCA Circulars**") in view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, had advised companies to take all decisions requiring members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of postal ballot / e-voting in accordance with the provisions of the Companies Act and rules made thereunder, without holding a general meeting that requires physical presence of members at a common venue. The MCA has clarified that for companies that are required to provide e-voting facility under the Companies Act, while they are transacting any business(es) only by postal ballot up to June 30, 2020 or till further orders, whichever is earlier, the requirements provided in Rule 20 of the Rules as well as the framework provided in the MCA Circulars will be applicable *mutatis mutandis*. Further, the Company will send Postal Ballot Notice by email to all its shareholders who have registered their email

Certified True Copy
for Max Financial Services Ltd.

V. Krishnan
Company Secretary

addresses with the Company or depository / depository participants and the communication of assent / dissent of the members will take place through the remote e-voting system. This Postal Ballot is accordingly being initiated in compliance with the MCA Circulars. However, in order to facilitate voting by shareholders who may not be able to access e-voting facilities, the shareholders may also cast their votes by Postal Ballot, as per the instructions contained below in the Notice.

In compliance with the requirements of the MCA Circulars thus hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the shareholders for this Postal Ballot.

The Board of Directors of the Company now propose to obtain the consent of the shareholders by way of Postal Ballot for the matter as considered in the Resolution appended below. The Explanatory Statement pursuant to Section 102 of the Companies Act pertaining to the said Resolution, setting out material facts and the reasons for the Resolution, are also annexed. You are requested to peruse the proposed Resolution, along with the Explanatory Statement, and thereafter record your assent or dissent by means of postal ballot or remote e-voting facility provided by the Company.

1. To consider and if thought fit, to pass, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 110, Section 180(1)(a), Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 read with other 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**’), and any other rules, regulations, guidelines, notifications, circulars and clarifications issued by the Government of India and subject to such approvals, permissions, sanctions and consents as may be necessary, including approvals from the Insurance Regulatory and Development Authority of India, Competition Commission of India and the Reserve Bank of India, 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 regulatory authorities, 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), the consent, authority and approval of the Company be and is hereby granted to the Board to sell/transfer or otherwise dispose of, in one or more tranches, up to 55,64,94,102 (fifty five crore sixty four lakhs ninety four thousand one hundred and two) Equity Shares of Rs.10/- each amounting to 29% of the equity share capital of Max Life Insurance Company Limited (‘**Max Life**’), a material subsidiary of the Company, to Axis Bank Limited and/or its affiliates (‘**the Prospective Investors**’) for a consideration which shall be arrived basis the valuation of Max Life conducted as per Rule 11UA read with Rule 11UAA of the Income-tax Rules, 1962 as further captured in the explanatory statement and on such terms and conditions as may be mutually agreed among and between the prospective Investors and the Board including the following:

- (a) The Company will have the right to nominate 4 (four) directors on the Board of Directors of Max Life ('**Max Life Board**') and Axis Bank will have the right to nominate 3 (three) directors on the Max Life Board. Axis Bank will also have the right to appoint 1 (one) director on the Board of Directors of the Company.
- (b) From the completion of the proposed sale ('**Closing Date**'), Axis Bank, promoters of the Company and the Company are subject to restrictions on the transfer of shares as set out below:
 - (i) The Company cannot transfer its shares held in Max Life till such time Axis Bank is a shareholder of Max Life;
 - (ii) Axis Bank will be entitled to transfer up to 2% of the shares held by it in Max Life per year to any third party, not being a competitor as identified in definitive agreements; and
 - (iii) The promoters of the Company have an obligation to maintain a minimum shareholding of 11% in the Company (of which 5.5% is required to be free of any encumbrances) till any of the Value Creation Options (as briefly set out in clause (c) and (d) below) is successfully completed.
- (c) The Company will work towards providing the following options for creating long term value as per the mechanism agreed under the definitive agreements:
 - (i) Merger: The Company, along with Max Life and promoters of the Company, will take all steps to merge the Company into Max Life, resulting into a listed insurance company in terms of applicable law ('**Merger**').
 - (ii) Swap: From the Closing Date, Axis Bank will have the right to subscribe to equity shares of the Company in lieu of all or part of the equity shares held by Axis Bank in Max Life ('**Swap Transaction**') and the Company will undertake all actions to affect the Swap Transaction. Any income tax payable pursuant to the Swap Transaction shall be split equally between the Company and Axis Bank.
- (d) If the Merger is not completed within 5 years from the Closing Date, and Axis Bank has exercised its right for the Swap Transaction, but the Company fails to consummate the Swap Transaction, then Axis Bank shall have the right to require the Company to purchase all the shares held by Axis Bank in Max Life at INR 294 (Indian Rupees Two Hundred and Ninety Four) per share, subject to the terms of the definitive agreements. The put option right shall be subject to receipt of requisite regulatory approvals. In the event, the Company defaults on its put option obligations referred above, then Axis Bank shall have the ability to require the listing of Max Life. If such listing is not achieved, then Axis Bank shall have the right to undertake forced sale of shares held by the Company in Max Life, or freely sell the shares held by Axis Bank in Max Life."

"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 agree, accept and negotiate/finalize all such terms, condition(s), modification(s) and alteration(s) of Share Purchase Agreement,

Shareholders' Agreement and/ or any other transaction documents, to finalize and execute all such agreements, deeds, documents and writings, to file application(s) and seek requisite approvals from the relevant authorities, including governmental authorities, etc. and to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Company or otherwise to the end and intent that the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution"

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers conferred upon it by this resolution 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 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."

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

Place: New Delhi
Date : May 13, 2020

V. Krishnan
Company Secretary
Membership No. FCS- 6527

NOTES

1. Pursuant to Section 102 of the Act, an Explanatory Statement setting out material facts and reasons for the proposed Special Business is appended to the notice.
2. The Notice is being electronically sent to all the Members of the Company, whose name appear on the Register of Members/List of Beneficial Owners, as received from National Security Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) on May 8, 2020 and who have registered their email addresses with the Company and/or with the Depositories. It is however, clarified that all the persons who are members of the Company as on May 8, 2020 (including those members who may not have received this Notice due to non-registration of their email IDs with the Company or the Depositories) shall be entitled to vote in relation to the resolution specified in this Notice.
3. Members who have not registered their e-mail addresses with either the Company or the Depositories are requested to register the same with the Company or the Depositories in accordance with the process specified herein below at point no 12(b)
4. Voting rights will be reckoned on the paid-up value of shares registered in the names of the members on May 8, 2020. Only those members whose names are recorded in the Register of Members of the Company or in the list of Beneficial Owners maintained by the Depositories as on May 8, 2020 will be entitled to cast their votes by Postal Ballot or e-

voting. A person who is not a member as on May 8, 2020 should treat this Notice for information purpose only.

5. Kindly note that the members can opt for any one mode of voting i.e. by physical Postal Ballot or e-voting. Persons who are members as on May 8, 2020 and (i) who have received this Notice by e-mail; and (ii) who have not received this Notice due to the non-registration of their e-mail ID with the Company or the Depositories, and wish to vote through Postal Ballot Form can download the Postal Ballot Form from www.maxfinancialservices.com and www.evoting@nsdl.com or seek Postal Ballot Form from NSDL at evoting@nsdl.com; fill the details and send the same to the Scrutinizers at Mr. Rupesh Agarwal, C/o M/s Chandrasekaran Associates, 11F, Pocket – IV, Phase – I, Mayur Vihar, Delhi – 110091. However, the members may face difficulties in sending Postal Ballot Form through post on account of restrictions imposed by the central/ state government(s), statutory/ regulatory and administrative authorities and other private organisations due to COVID-19 pandemic. Further, the Company/ Scrutinizer may also face difficulties in receiving the Postal Ballot Forms from members. Therefore, it would be in the interest of the members to avail e-voting facility to cast their vote.
6. In light of the COVID-19 crisis and in accordance with Section 110 of the Companies Act, 2013 and Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars, physical copies of the Notice will not be circulated.
7. Dispatch of the Notice shall be deemed to be completed on May 16, 2020, i.e., the day on which NSDL sends out the communication for the postal ballot process by e mail to the members of the Company.
8. In accordance with the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 and 110 of the Act read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 and the Circulars issued by the Ministry of Corporate Affairs, the Company has extended e-voting facility for its Members to enable them to cast their votes electronically on the resolution set forth in this Notice. Members are informed that the communication of their assent or dissent can take place through the e-voting facility. The Company has engaged the services of National Securities Depository (India) Limited (NSDL) as the agency to provide the remote e-voting facility.

Kindly note that the members can opt for only one mode of voting i.e. either by physical Postal Ballot or e-voting. If the members are opting for e-voting, then members are requested not to vote by physical Postal Ballot and vice-versa. However, in case members cast their vote by physical Postal Ballot and e-voting both, then voting done through e-voting shall prevail and voting done by physical Postal Ballot will be treated as invalid.

9. Members desirous to cast their vote through postal ballot physically are requested to take the printout of Postal Ballot Form attached to this Notice. Members are requested to carefully read the instructions given in the Postal Ballot Form and return the same duly completed and signed, so as to reach the Scrutinizers on or before 5.00 P.M. (IST) on June 16, 2020. Postage/courier expenses for sending such physical postal ballot to the Scrutinizer will be borne by the members. The Postal Ballot Form may also be deposited personally. The duly completed Postal Ballot Form(s) should reach the Scrutinizers at Mr.

Rupesh Agarwal, C/o M/s Chandrasekaran Associates, 11F, Pocket – IV, Phase – I, Mayur Vihar, Delhi – 110091 " not later than to 5.00 P.M. (IST) on _June 16, 2020 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member. The Company in no way would be responsible for late/ no delivery of Postal Ballot Form on account of lock-down due to COVID 19. The e-voting module shall also be disabled by NSDL for voting after the abovementioned time.

10. Please note that the Postal Ballot Form shall be considered invalid if (i) the form other than one issued by the Company has been used; and/ or (ii) it has not been signed by or on behalf of the member; and/ or (iii) signature on the Postal Ballot Form does not match with the specimen signatures registered with the Company; and/ or (iv) it is not possible to determine without any doubt, the assent or dissent of the member; and/ or (v) neither assent nor dissent is mentioned; and/ or (vi) any competent authority has given directions in writing to the Company to freeze the voting rights of the member; and/ or (vii) the Postal Ballot Form is received after the last date prescribed; and/or (viii) it is defaced or mutilated in such a way that its identity as a genuine form cannot be established; and/ or (ix) the Postal Ballot Form, signed in a representative capacity, is not accompanied by a certified copy of the relevant specific authority; and/ or (x) the member has made any amendment to the resolution set-out herein or imposed any condition while exercising his vote; and/ or (xi) the member has also voted through e-voting. The Scrutinizers' decision on the validity of a Postal Ballot Form shall be final and binding.
11. The Notice is being uploaded on the website of the Company i.e., at www.maxfinancialservices.com and on the website of stock exchanges at BSE Limited & National Stock Exchange of India Limited and NSDL at www.evoting.nsdl.com
12. **The instructions and other information relating to e-voting are as under**
 - (a) **Voting through electronic mode/ e-voting:**
 - (i) Open e-mail and open PDF file viz. "MFSL e-voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your user ID and Password for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing URL: www.evoting.nsdl.com
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and Password as Initial Password
 - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-voting: Active voting cycles.
 - (vii) Select EVEN of Max Financial Services Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) On the voting page, number of shares held by you as on May 8, 2020 will appear.

- (x) Shareholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat account.
 - (xi) Cast your vote by selecting appropriate option and click on "Submit". A confirmation box will be displayed. Click "Ok" to confirm else "Cancel" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution
 - (xii) Once the vote on the resolution is cast by a member, such member shall not be allowed to change it subsequently or cast the vote again.
 - (xiii) 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 of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail : rupesh@cacsindia.com with a copy marked to evoting@nsdl.co.in.
- (a) Any person, who is a member on the Record Date i.e. Friday, May 8, 2020 and has not received login ID and password, may obtain the same in the following manner:
- (i) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - a. *NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.*
 - b. *In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).*
 - c. *In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).*
 - (ii) Member may call NSDL toll free number _1800-222-990for any assistance.
 - (iii) Member may send an e-mail request to evoting@nsdl.co.inIf the member is already registered with NSDL for remote e-voting then he can use his/her existing user ID and password/ PIN for casting vote through remote e-voting.
- (b) Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolution set out in this postal ballot notice:**
- (1) In case shares are held in physical mode please send scanned copy of certificate (front and back) by email to info@masserv.com. Subject of email should be :- password for postal ballot of Max Financial Services Limited record date 08/05/2020 folio no:- (mention folio no.)
 - (2) In case shares are held in demat mode, please send copy of client master to info@masserv.com. Subject of email should be :- password for postal ballot of Max

Financial Services Limited record date 08/05/2020 DPID-CLID (mention 16 DIGIT DPID+CLID)

Other Information:

- (a) The e-voting period commences from May 18, 2020 at 9.00 A.M. (IST) and ends on June 16, 2020 at 05.00 P.M. (IST). Remote E-voting shall not be allowed beyond said time.
- (b) The Board of Directors has appointed 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.
- (c) The Scrutinizer after scrutinizing the votes cast through remote e-voting will make a consolidated 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 who shall countersign the same.
- (d) The result of the voting on Resolution by postal ballot and Remote e-voting will be declared by the Chairman of the Company or the authorized person on June 18, 2020 at 11 A.M. at the Registered office of the Company. The result along with the scrutinizer's report will be communicated to the Stock Exchanges where the shares of the Company are listed and will also be displayed on the Company's website: www.maxfinancialservices.com and on the NSDL's website: www.evoting.nsdl.com. The date of declaration of voting, i.e. June 18, 2020, shall be deemed to be the date of passing of the said resolution.
- (e) All relevant documents referred to in the Explanatory Statement and Reasons thereto would be made available for inspection at the Registered/ Corporate Office of the Company on all working days between 2.00 P.M. (IST) to 4.00 P.M. (IST) up to the date of declaration of the result of Postal Ballot. During the lock-down, a member may write to the Company Secretary at vkrishnan@maxindia.com requesting supply of relevant documents referred in the Explanatory Statement. Further, any query in relation to the resolution proposed to be passed by Postal Ballot may be addressed to the Company Secretary of the aforementioned e-mail id. vkrishnan@maxindia.com. In case of any queries you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the "downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at evoting@nsdl.co.in or call on: 1800 222 990.

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

Item No. 1

The members of the Company are requested to note that Section 180 (1)(a) of the Companies Act, 2013 mandates that the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a special resolution. Explanation (i) to Section 180(1) (a) of the Companies Act, 2013 states that the meaning of an 'undertaking' for the purposes of Section 180(1) of the Companies Act, 2013 is an undertaking in which the investment of the company exceeds twenty percent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty percent of the total income of the company during the previous financial year. Further, under Section 186 (3) of the Companies Act, 2013, where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2) of Section 186, no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorised by the members by way of a special resolution.

Accordingly, pursuant to Section 180(1)(a) and Section 186(3) of the Companies Act, 2013, members of the Company are further requested to note that their consent is being sought by way of a Special Resolution for sale and transfer of up to 29% of the paid-up share capital of Max Life Insurance Company Limited ('**Max Life**') to Axis Bank Limited and/or its affiliates ('**the Prospective Investors**') for a consideration which shall be arrived basis the valuation of Max Life conducted as per Rule 11UA read with Rule 11UAA of the Income-tax Rules, 1962 ('**Proposed Transaction**') and for creating long term value as per the mechanisms agreed under the definitive agreements which are broadly summarized below.

Axis Bank Limited ('**Axis Bank**') is an existing shareholder of Max Life. The Company, Max Life, Mitsui Sumitomo Insurance Company Limited and Axis Bank are now looking to enter into definitive agreements for a long term strategic partnership whereby Axis Bank shall become a strategic partner of Max Life and increase its stake in Max Life up to 30% of the total paid-up share capital of Max Life by way of purchase of equity shares held by the Company in Max Life. The proposed transaction is subject to receipt of regulatory approvals including approvals from Insurance Regulatory and Development Authority of India, Competition Commission of India and the Reserve Bank of India. The key terms of the definitive agreements entered into between the parties on April 27, 2020 are summarized below:

- (a) Axis Bank, directly and/or through its affiliates will purchase up to 29% of the equity share capital of Max Life from the Company.
- (b) The Company will have the right to nominate 4 (four) directors on the Board of Directors ('**Board**') of Max Life and Axis Bank will have the right to nominate 3 (three) directors on the Board. Axis Bank will also have the right to appoint 1 (one) director on the board of directors of the Company.

- (c) From the completion of the Proposed Transaction ('**Closing Date**'). Axis Bank, promoters of the Company and the Company are subject to restrictions on the transfer of shares as set out below:
- (i) The Company cannot transfer its shares held in Max life till such time Axis Bank is a shareholder of Max Life;
 - (ii) Axis Bank will be entitled to transfer up to 2% of the shares held by it in Max Life per year to any third party, not being a competitor as identified in definitive agreements; and
 - (iii) The promoters of the Company have an obligation to maintain a minimum shareholding of 11% in the Company (of which 5.5% is required to be free of any encumbrances) till any of the Value Creation Options (as briefly set out in clause (c) and (d) below) is successfully completed.
- (d) The Company will work towards providing the following options for creating long term value as per the mechanism agreed under the definitive agreements:
- (i) Merger: The Company, along with Max Life and promoters of the Company, will take all steps to merge the Company into Max Life, resulting into a listed insurance company in terms of applicable law ('**Merger**').
 - (ii) Swap: From the Closing Date, Axis Bank will have the right to subscribe to equity shares of the Company in lieu of all or part of the equity shares held by Axis Bank in Max Life ('**Swap Transaction**') and the Company will undertake all actions to affect the Swap Transaction. Any income tax payable pursuant to the Swap Transaction shall be split equally between the Company and Axis Bank.
- (e) If the Merger is not completed within 5 years from the Closing Date, and Axis Bank has exercised its right for the Swap Transaction, but the Company fails to consummate the Swap Transaction, then Axis Bank shall have the right to require the Company to purchase all the shares held by Axis Bank in Max Life at INR 294 (Indian Rupees Two Hundred and Ninety Four) per share, subject to the terms of the definitive agreements. The put option right shall be subject to receipt of requisite regulatory approvals. In the event, the Company defaults on its put option obligations referred above, then Axis Bank shall have the ability to require the listing of Max Life. If such listing is not achieved, then Axis Bank shall have the right to undertake forced sale of shares held by the Company in Max Life, or freely sell the shares held by Axis Bank in Max Life.

In view of the above, approval of the shareholders of the Company is being sought to sell up to 29% of the equity share capital of Max Life, on the terms as set out in the definitive agreements (key provisions of which have been summarized above).

None of the Directors/ Manager/ Key Managerial Personnel of the Company and their relatives is/are, in any way, concerned or interested in the said resolution.



The Proposed Transaction is not a related party transaction under Section 188 of the Companies Act, 2013.

The Board recommends passing of this resolution as a special resolution, through Postal Ballot.

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

Place: New Delhi
Date : May 13, 2020

V. Krishnan
Company Secretary
Membership No. FCS- 6527

MAX FINANCIAL SERVICES LIMITED

(CIN: L24223PB1988PLC008031)

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

POSTAL BALLOT FORM

Name & address of the Sole/ First named Shareholder as registered with the Company.			
Name(s) of the joint Shareholder(s), if any, registered with the Company.			
Registered Folio No. DP ID No. & Client ID No. (applicable to shareholders holding shares in electronic form)			
Number of shares held			
I/ We hereby exercise my/our vote in respect of the Special Resolution to be passed through postal ballot for the business stated in the Notice dated May 13, 2020 of the Company by recording my/our assent or dissent or otherwise to the said resolution by placing a tick (✓) mark in the appropriate box below:			
Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Approval for divestment of upto 29% equity stake in Max Life Insurance Company Limited and approvals in terms of Sections 180(1)(a) and 186(3) of the Companies Act, 2013 for re-acquisition of shares in case of exercise of put options by Axis Bank Limited and/or its affiliates ("the Prospective Investors")			

Place:

Date:

(Signature of the Shareholder/s)

REMOTE ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD/PIN	NO. OF SHARES
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The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 9.00 A.M. on May 18, 2020 (IST)
End of e-voting	Upto 05.00 P.M. on June 16, 2020 (IST)

- The cut-off date (i.e. the record date) for the purpose of e-voting is May 8, 2020.
- Please refer to the attached Notice for instructions on E-Voting.