

Max Financial Services Limited

Policy on Related Party Transactions

PREAMBLE

Related Party Transaction

Related Party Transaction is a transfer of resources, services or obligations between (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or (ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
- c) acceptance of fixed deposits by Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions to the stock exchange(s), in the format as specified by the Board:

Related Party

An entity shall be considered as related to the Company if (i.) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under applicable accounting standard.

Provided that

the following shall be deemed to be the related party of the Company :

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity;
or
- (b) any person or any entity, holding equity shares of
 - (i) of twenty per cent or more; or
 - (ii) ten per cent or more, with effect from April 1, 2023;
in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

POLICY GUIDELINES

1. There are some ongoing transactions with various related parties which have been perused and approved by the Board from time to time. Although such transactions are in the ordinary course of business and on arm's length basis, yet any modification or fresh

arrangement with related parties as listed above shall be approved by the audit committee from time to time.

2. All such Related Party Transactions and subsequent material modification to Related Party Transaction shall require prior approval of the Audit Committee in the manner prescribed under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. As regards the material modification, the Audit Committee stated that “any variation in the existing approved RPT beyond the cap approved by the Audit Committee should require prior approval of Audit Committee as a fresh RPT item”.
3. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. Further, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company. Further, effective April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
4. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company, subject to the compliance of conditions stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.
5. The Company has fixed the following materiality thresholds for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.
 - all the material Related Party Transactions entered into by the Company, exceeding rupees one thousand crore or 10% of the Annual Consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, will be put up for approval of shareholders during the general meeting and no related party shall vote to approve such transaction whether the entity is a related party to the particular transaction or not. However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if transaction (s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per last audited financial statements of the Company.
6. The prior approval Audit Committee and Shareholders as mentioned above, shall not be applicable for the transactions entered into between (i) the Company and its wholly owned subsidiary and (ii) two wholly-owned subsidiaries of the Company, whose accounts are consolidated with company and are placed before shareholders at the general meeting for approval.
7. While approving the Related Party Transactions, the Board will go through all the material details like (i) whether the transaction is fair to the Company, (ii) whether the Audit Committee has been made available all of the material facts regarding the transaction or parties involved, (iii) whether the transaction is generally available to an unrelated third-party under the same or similar circumstances and cost, and (iv) the extent of the Related Person's interest in the transaction.
8. The agenda of the Audit Committee / Board meeting, at which any resolution pertaining to transactions with related parties is proposed to be moved, shall disclose:
 - the name of the related party and nature of relationship with the Company or its subsidiary;

- the nature, duration of the contract and particulars of the contract or arrangement;
 - the material terms of the contract or arrangement including the value, if any;
 - any advance paid or received for the contract or arrangement, if any;
 - the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
 - the percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)
 - If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments then (i) nature of indebtedness; (ii) cost of funds; and (iii) tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - Justification as to why the RPT is in the interest of the Company;
 - A copy of the valuation or other external party report, if any such report has been relied upon;
 - Percentage of the Counter party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - whether all factors relevant to the contract have been considered and if not, the details of factors not considered with the rationale for not considering those factors; and
 - any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.
9. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
10. The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of seeking approval of shareholders for entering into related party transactions shall contain the following particulars namely:-
- name of the related party;
 - name of the director or key managerial personnel who is related, if any;
 - nature of relationship;
 - nature, material terms, monetary value and particulars of the contract or arrangement;
 - Summary of the information provided by the management to the Audit Committee, while seeking its approval;
 - Justification for the proposed transactions for the Company;
 - A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders
 - any other information relevant or important for the members to take a decision on the proposed resolution.
11. Details of all material transactions with related parties shall be disclosed in the quarterly compliance report on corporate governance being submitted to the Stock Exchange.
12. The Company shall submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards, to the stock exchanges and publish the same on its website in the manner prescribed under Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

13. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.
14. The provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended, from time to time, shall be applicable, in case of any conflict with the aforesaid policy.
