

MAX FINANCIAL SERVICES LIMITED

WHISTLE BLOWER POLICY

I. Preamble

- 1.1 Max Financial Services Limited (“**MFSL**” or the “**Company**”) desires to continue in its endeavor to maintain highest standards of professionalism, integrity and ethical behavior in the conduct of its constituents.
- 1.2 Pursuant to SEBI regulations and the Listing Agreement entered into by the Company with National Stock Exchange (“**NSE**”) and Bombay Stock Exchange (“**BSE**”), the Company formulated this “Whistle-blower policy” providing a vigil mechanism wherein the employees can report to the management, concerns about unethical behavior, actual or suspected fraud or violations of the company’s code of conduct or ethics policy or leak / suspected leak of any unpublished price sensitive information.
- 1.3 This whistleblower policy (the “**Policy**”) is in place with effect from 1 October 2012. The Policy aims to provide Employees an avenue to raise *Bona fide* concerns if they observe unethical and improper practices, irregularities, governance weaknesses, financial reporting issues or any other wrongful conduct, and, to prohibit Victimization of Whistle-blowers who have reported in accordance with this Policy.

II. Definitions and Interpretation

The following word shall have the meanings ascribed herein:

“**Alleged Misconduct**” shall mean any violation or infringement of law, Code of Conduct, irregularities, governance weaknesses, financial reporting issues, mismanagement, actual or suspected fraud, misappropriation of MFSL’s assets, monies, and/or abuse of authority or any other act having/potential of having similar effect/outcome.

“**Audit Committee**” shall mean the statutory audit committee of MFSL.

“**Board**” shall mean the Board of Directors of MFSL.

“**Bona Fide**” shall mean disclosure of a Concern on the basis of a reasonable inference of unethical and improper practices or any other alleged wrongful conduct.

“**Code of Conduct**” shall mean the code of conduct adopted by MFSL.

“**Concerns**” shall mean a *Bona Fide* written communication made in good faith by a Whistleblower disclosing information that reflects Alleged Misconduct, Unethical Practices, or improper activity.

“**Designated Official**” shall mean an official designated by the Management as the designated official for the purpose of this Policy. The role and responsibilities of the Designated Official are described in Section VII hereof.

“**Director**” shall mean a director on the Board of the Company.

“**Disciplinary Action**” shall mean a disciplinary action taken by MFSL before, during and/or after the Investigations.

“**Disqualified**” or “**Disqualified Concern**” shall mean a Concern which is not found to be valid and is disqualified in accordance with Clause V hereof.

“**Employee**” shall mean all employees of MFSL, in any class of employment, including but not limited to regular employees, contractual employees and Directors.

“**Investigations**” shall mean the investigations conducted in accordance with this Policy.

“**Management**” shall mean the management of MFSL.

“**Quarter**” shall mean a financial quarter of a year.

“**Reported Person**” shall mean an Employee against whom a Whistle-blower has reported a Concern, or against whom evidence is gathered during Investigations in accordance with this Policy.

“**Unethical Practices**” shall mean the acts described in Annexure I.

“**Unpublished price sensitive information**” shall mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the financial results, dividends, change in capital structure, mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions and changes in key managerial personnel.

“**Victimization**” or “**Adverse Action**” shall mean an adverse action, or, failure to take appropriate Management action, affecting the Whistleblower’s employment or employment related benefits, including but not limited to salary, promotion, job profile, immunities, leaves, training benefits, and/or any other benefits / privileges relating to the Whistleblower.

“**Whistleblower**” means an Employee who reports a Concern in accordance with this Policy.

“**Whistleblower Committee**” shall mean a whistleblower investigation committee, formed by the Management which comprises of individuals listed in Annexure II, to investigate Concerns in accordance with this Policy.

III. **Raising Concerns**

- 3.1 All Concerns must be raised with the Designated Official, in writing, stating the facts, circumstances and/or any documents based on which a Concern has been raised, and the name and designation of the Employee raising a Concern. The Whistleblower will be sent an email acknowledging receipt of the Concern. The Whistleblower may also raise Concerns to the Audit Committee in exceptional cases.
- 3.2 The Designated Official shall evaluate whether or not an anonymous Concern should be investigated in accordance with this Policy. The Whistleblowers may specifically request for anonymity, in which case, the identity of the Whistleblower will be kept confidential. In any case, the identity of the Whistleblower shall be revealed only to the extent required for Investigations and shall remain confidential with the Designated Official and/or the Whistleblower Committee and with Company officials implementing Disciplinary Action, and/or, taking other decisions on Whistleblower cases.
- 3.3 The role of the Whistleblowers shall be limited to raising a legitimate Concern. If necessary, the Designated Official and/or the Whistleblower Committee may request for written documentation and description of the events based on which a Concern has been raised.

- 3.4 All Investigations shall be carried out by/or under the instructions of the Whistleblower Committee. A Whistleblower can neither be a member of the Whistleblower Committee, nor shall a Whistleblower be allowed to participate in any Investigation unless specifically called upon by the Designated Official and/or the Whistleblower Committee.
- 3.5 Pursuant to reporting a Concern, Whistleblowers shall not act as finders of fact, or, on their own conduct any investigative activities, nor should Whistleblowers determine any remedial action. Whistleblowers shall neither be a member of the Whistleblower Committee nor shall a Whistleblower be allowed to participate in any Investigation unless specifically called upon by the Designated Official, or Whistleblower Committee, nor, shall be entitled to any further information on the status of a Concern.

IV. Good Faith

- 4.1 A Concern shall be deemed to have been communicated in good faith by a Whistleblower if there is a justifiable reasonable basis for communication of any wrongful conduct, or unethical and/or improper practices as perceived by the Whistleblower.
- 4.2 The Whistleblower should act in good faith, on reliable information. The Whistleblower should not report any Concern acting on any *mala fide*, frivolous or malicious action
- 4.3 Although a Whistleblower is not expected to prove the truth of an allegation, the Whistleblower should be able to demonstrate that the Concern is being reported in good faith.

V. Disqualifications

- 5.1 This Policy is not a grievance platform for its Employees, or, for raising *mala fide*, malicious and frivolous allegations. Employees are urged to make allegations in good faith and strictly avoid any abuse of this power, i.e. report any *mala fide*, *frivolous* or *malicious* Concern in bad faith.
- 5.2 Only *Bona Fide* Concerns raised in good faith may be raised without fear of any Adverse Action.
- 5.3 A Concern shall be deemed not to be *Bona Fide* or raised in good faith when a Whistleblower has no personal knowledge of the existence of any fact in respect of a Concern reported by him, or, if the Whistleblower knew or can reasonably be presumed to know that the Concern reported by the Whistleblower is *mala fide*, malicious, and/or frivolous.
- 5.4 Abuse of the powers granted hereunder, or frivolous and *mala fide* allegations made with the knowledge that the Concern raised is frivolous, false and/or *mala fide* and such Concerns which are subsequently found to be frivolous, false and/or *mala fide* will entail appropriate Disciplinary Action as MFSL shall in its sole discretion deem fit.
- 5.5 In the event it is established beyond doubt that this Policy is being used for making false allegations, the Management at its sole discretion shall be at liberty to initiate appropriate Disciplinary Action in accordance with MFSL's rules, policies and procedures, as the Management shall, at its sole discretion, deem fit.
- 5.6 This Policy may not be used as a defence by a Reported Person against whom an adverse personnel action has been taken on account of any Concern reported against him or due to disclosure of information made by him in accordance with MFSL's rules and policies.

VI. Confidentiality

By this Policy, no Employee is released from their duty of confidentiality in the course of their work, nor is this a route for taking up personal grievances in respect of any situation.

VII. Role and Responsibilities of the Designated Official

In addition to any other responsibilities as may be detailed elsewhere in this Policy, following shall be primary responsibilities of the Designated Official:

- i. the Designated Official shall be the sole contact person for all Employees in respect of this Policy, and, shall receive all Concerns from the Employees;
- ii. the Designated Official shall evaluate whether or not a Concern, including any Concerns received anonymously, should be investigated further;
- iii. the Designated Official shall be entitled to request for any and all documentation and/or information in respect of a reported Concern from the Whistleblower;
- iv. the Designated Official shall co-ordinate with the Whistleblower and the Whistleblower Committee; and
- v. the Designated Official shall be responsible for closure of all Concerns.

VIII. Investigation Process

- 8.1 Upon receipt of a valid Concern, the Designated Official shall evaluate whether or not a Concern should be investigated further. The Designated Official may, at its sole discretion, make prima facie investigations to decide if the Concern has been made *Bona Fide*, in good faith, and is not a Disqualified Concern. The Designated Official may, at his discretion, refer a Concern to the Whistleblower Committee for further action.
- 8.2 All Concerns will be investigated in detail by the Whistleblower Committee (“**Investigations**”).
- 8.3 During any such Investigations, the Designated Official and/or the Whistleblower Committee may request for any documents and/or information etc.
- 8.4 The Designated Official or the Whistleblower Committee shall be entitled to dismiss any Concern if it is determined that the Concern has no valid basis, or requires no further investigation.

IX. Scope and Procedure of Investigations

- 9.1 The Whistleblower Committee shall conduct and/or cause that all Investigations are conducted in a fair and judicious manner.
- 9.2 The Whistleblower Committee shall be empowered to frame internal policies and/or regulations from time to time, for the conduct of all Investigations.
- 9.3 The Whistleblower Committee shall make detailed written report in respect of each Concern which shall include the following (“**Report**”):

- i. facts in respect of the Concern raised;
- ii. record whether or not Concerns similar to the Concern being investigated have been raised prior to the Concern which is being investigated, and outcomes thereof;
- iii. the implications/outcome, including financial irregularity and/or any other loss caused as a result of the event or action for which the Concern has been raised;
- iv. procedure followed during the Investigation process, including the documents perused, and Employees and/or any other person interviewed;
- v. findings of the Whistleblower Committee, and the reasons therefor; and
- vi. recommendations of the Whistleblower Committee including any disciplinary actions to be taken.

9.4 The Reported Person will be informed of the allegations at the outset and the Reported Person shall be provided adequate opportunities for providing their inputs in respect of any such Investigations.

9.5 The Reported Person shall provide all necessary co-operation and assistance to the Whistleblower Committee during the course of Investigations. However, there shall be no violation of any rights against self-incrimination that such Reported Person shall have available to him/her in accordance with applicable laws.

9.6 The Reported Person shall not have any right to interfere with the Investigations.

9.7 Unless MFSL deems it necessary not to do so, the Reported Persons will be granted the right to adequately respond to material findings and evidence gathered during the course of Investigations. The Reported Person shall also have the right to be informed of the outcome of Investigations.

9.8 The Whistleblower Committee will determine whether the allegations stand substantiated or not, and shall recommend all measures including any Disciplinary Actions required to be taken in respect of a Concern. If substantiated, the Company will not hesitate to take action against the Reported Person.

9.9 The Company may also appropriately address any weaknesses and process gaps identified during the course of Investigations or in the Report.

X. Reporting to Audit Committee

10.1 An update on all Whistleblower cases will be provided to the Audit Committee every Quarter.

10.2 The Audit Committee shall receive information on each Concern and follow-up information on actions taken.

10.3 Upon completion of Investigations, the Whistleblower Committee shall submit its Report to the Audit Committee for necessary action.

10.4 The Audit Committee may place a Concern before the Board with its recommendations.

XI. Reporting to the Board

- 11.1 The Audit Committee shall provide a briefing of the Whistleblower cases to the Board.
- 11.2 The Board shall take actions as it deems appropriate in the facts and circumstances.

XII. Non-retaliation and Protection

- 12.1 MFSL accords and undertakes to provide complete protection to the Whistleblowers from any Victimization and/or unfair treatment by virtue of his/her having reported a *Bona Fide* Concern in accordance with this Policy.
- 12.2 The identity of the Whistleblower shall be kept confidential by the Designated Official and the Whistleblower Committee.
- 12.3 MFSL is committed to ensure that no Adverse Action is taken against Whistleblowers. However MFSL reserves the right to take any appropriate action against such Whistleblowers, if they are found to be involved in any kind of non-compliance (to policies, regulations and/or laws) or ethical violation, or, if any performance related lapses are noted.

XIII. Amendment

MFSL has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

Annexure I

Types of Concerns: An Employee may raise concerns relating to violation of any of the following, including policies, regulations, laws, ethical standards of MFSL in connection with but not limited to:

Accounting and Auditing Matters - including unethical recording of business and financial transactions. (Examples include and are not limited to misstatement of revenues, expenses, misapplication of accounting standards)

Conflict of Interest - a conflict of interest is a situation in which an employee has a personal interest, which may influence his or her official duties. (Examples include and are not limited to: hiring of relatives without proper disclosures, approving a vendor who is related, benefiting from business information for his or her own account/benefit)

Embezzlement - to misappropriate property entrusted to one's care for one's own use. (Examples include and are not limited to: inflation or falsification of bills, misappropriation of customer funds such as premium payments)

Falsification of Contracts, Reports or Records - falsification of records consists of altering, fabricating, falsifying, or forging all or any part of a document, contract or record for the purpose of gaining an advantage, or misrepresenting the value of the document, contract or record.

Securities Violations - an infringement of the personal trading guidelines or indulging in insider trading, through the use of material non-public information for one's personal benefit, or of a friend or any third party; including but not limited to leak of unpublished price sensitive information.

Theft - The act of stealing of data or of property/funds belonging to MFSL.

Violation of MFSL Policies - Willful or innocent actions that are in direct violation of MFSL policy, procedures, processes, Code of Conduct, and/or implied contractual responsibilities. (Examples include and are not limited to: violation of anti-corruption Policy, gift, meals and entertainment Policy, etc)

Violation of law / regulations – include willful or innocent violation of provisions of various laws applicable to MFSL.

Workplace Misconduct – including matters related to behavior of Employees at the workplace, harassment including sexual harassment, unfair treatment of Employees etc

Miscellaneous - abuse of authority; breach of contract; negligence causing substantial and specific danger to public health and safety; manipulation of MFSL's data/records; financial irregularities, including fraud, or suspected fraud; criminal offence; pilferage of confidential/propriety information; wastage/misappropriation of MFSL's funds/assets; breach of employee code of conduct or rules or policies; any other unethical, biased, favored, imprudent event.

Others – shall include categories of Concerns which do not fall under the categories above but may make the Employee suspect a breach of law or ethical principles or of any non-compliant activity.

ANNEXURE II

A. **Whistleblower Committee:**

The Whistleblower Committee shall comprise of the following:

- (i) Managing Director (as chairperson of the Whistleblower Committee);
- (ii) Designated Official, Chief Financial Officer and Company Secretary & Head – Legal, as members of the Whistleblower Committee; and
- (iii) Any other members as may be co-opted on a case by case basis by the chairperson of the Whistleblower Committee for effective redressal of a Concern.

B. **Designated Official:**

- a. Name: Mr. P. Dwarakanath
- b. E-mail: pdwarakanath@maxindia.com
- c. Tel: 011-42598000

C. **Audit Committee Chairman:**

- a. Name: Mr. D. K. Mittal
- b. E-mail: mittaldk@yahoo.com
- c. Tel: 011-49376000