



Dated: January 27, 2016

FOR THE ATTENTION OF SHAREHOLDERS MAX INDIA LIMITED

The Hon'ble High Court of Punjab and Haryana, vide its order dated December 14, 2015, has sanctioned the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 between Max India Limited (being renamed as Max Financial Services Limited pursuant to the Scheme, herein after referred to as "MFS"), Taurus Ventures Limited (being renamed as Max India Limited pursuant to the Scheme, herein after referred to as "Max India") and Capricorn Ventures Limited (being renamed as Max Ventures and Industries Limited pursuant to the Scheme, herein after referred to as "MVIL") and their respective Shareholders and Creditors ("the Scheme").

Pursuant to the Scheme, all the assets and liabilities pertaining to each of the Demerged undertakings i.e. 'Demerged Undertaking' and 'MSF Demerged Undertaking' (as defined in the Scheme) have been transferred to the Resulting Companies i.e. 'Max India' and 'MVIL' respectively with effect from the Appointed Date i.e. April 1, 2015.

In terms of the Scheme, Max India and MVIL are required to issue and allot shares to each member of MFS, whose name is recorded in the register of members and records of MFS, as on the Record Date i.e. January 28, 2016 in the following ratio –

- One equity share of INR 2 each in Max India for every one equity share of INR 2 each held by equity shareholders in MFS;
- One equity share of INR 10 each in MVIL for every five equity shares of INR 2 each held by equity shareholders in MFS.

The above issuance and allotment of shares by Max India and MVIL will be subject to receipt of approval from the Foreign Investment Promotion Board. After the issuance and allotment of the shares by Max India and MVIL, these companies will complete the necessary steps to have the equity shares listed on the BSE Limited and National Stock Exchange of India Limited.

We wish to inform the shareholders of MFS, the date of acquisition and mechanism for computing the proportionate cost of acquisition of the equity share(s) of Max India and MVIL vis-à-vis the cost of acquisition of the original equity share(s) of MFS for the purpose of computing the capital gain/ loss as per the provisions of the Income Tax Act, 1961 ("the Act").

Cost of Acquisition in accordance with Sections 49(2C) and 49(2D) of the Income Tax Act, 1961

It may be noted that the cost of acquisition in the hands of each shareholder will be different and the below mentioned provisions are relevant only in cases where shares of MFS were acquired/ bought before the record date.

Cost of Acquisition of Resulting Company's shares (Max India and MVIL) [Section 49(2C)]	Original cost of acquisition X net book value of assets transferred by the Demerged Company as on the appointed date <hr/> Net worth of the Demerged Company immediately before Demerger
Cost of Acquisition of original shares held in Demerged Company (MFS) [Section 49(2D)]	Original Cost of Acquisition of shares of the Demerged Company less Cost of Acquisition of Resulting Company's shares (as computed above)

The net book value of assets which relate to the Demerged Undertaking and MSF Demerged Undertaking as on the appointed date (i.e. April 1, 2015) was INR 1,62,455 Lacs and INR 18,392 Lacs respectively and the net worth of MFS immediately before demerger was INR 3,45,364 Lacs.

Thus, as on the appointed date, the proportion of net book value of the assets of MFS transferred to Max India and MVIL vis-à-vis the net worth of MFS immediately before such demerger is 47.04% and 5.32%.

Hence, if you have purchased equity shares of MFS prior to the Record Date, to determine post demerger cost of acquisition for equity shares(s) of MFS, Max India and MVIL, you are advised to apportion your pre demerger cost of equity shares(s) of MFS in the following manner:

Name of the company	% of Cost of shares of MSF
MFS	47.64%
Max	47.04%
MVIL	5.32%
Total	100%

For example: A shareholder holds 100 shares of INR 2 each in MFS before the Record Date i.e. January 28, 2016 and the cost of acquisition of the same is INR 100 per share, such shareholder will continue to hold 100 shares in MFS and will also be allotted:

- 100 fully paid up equity shares of INR 2 each of Max India, and
- 20 fully paid up equity shares of INR 10 each of MVIL



Accordingly, the proportionate cost of acquisition post demerger will be as under:

- 100 shares of INR 2 each of MFS: INR 4,764 (INR 10,000*47.64%)
- 100 shares of INR 2 each of Max India: INR 4,704 (INR 10,000*47.04%)
- 20 shares of INR 10 each of MVIL: INR 532 (INR 10,000*5.32%)

As regards the equity share(s) of Max India and MVIL to be credited to your demat account/ to be received by you, the date of acquisition for the purpose of capital gains/ loss will be the date of acquisition of the original share(s) of MFS for each shareholder as per clause (g) in Explanation 1 to section 2(42A) of the Act. Kindly consult your tax advisors, having regard to the facts of your case.

Further, according to the provisions of Section 47(vi)(d) of the Act, the issue of shares by Resulting Companies (Max India and MVIL) to the shareholders of the Demerged Company (MFS), pursuant to a Scheme of Arrangement, is not a transfer and hence not taxable in the hands of the shareholder.

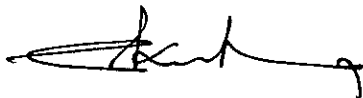
We trust this explains the position clearly and would help you to compute the cost of acquisition per share individually for MFS, Max India and MVIL, post demerger, if and when the shares are sold attracting capital gains/loss under the Act. The shareholders are advised to seek a legal opinion, should they feel it is necessary.

This communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain and we take no express or implied liability in relation to this guidance.

Please note that if there is a change, including change having retrospective effect in the statutory laws and regulations, the comments expressed in this communication would necessarily have to be re-evaluated in light of the changes. Max India Limited does not take any responsibility of updating this communication in future.

Yours faithfully,

For **Max India Limited**



V. Krishnan

Authorised Signatory