



August 24, 2016

Department of Corporate Services
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 021

The Secretary
National Stock Exchange of India Limited
Exchange Plaza
Bandra -Kurla Complex, Bandra (E),
Mumbai 400 051

Scrip Code : 500271

Name of Scrip : MFSL

Sub : **Postal Ballot Notice**

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange of India (Listing Obligation & Disclosure Requirements) Regulations, 2015, we are submitting herewith a Postal Ballot Notice dated August 19, 2016 for seeking approval of shareholders of the Company by way of Ordinary Resolution through postal ballot/electronic voting (e-voting) on the matter detailed in the attached notice.

National Securities Depository Limited (NSDL) is providing e-voting platform for the postal ballot process.

The e-voting period shall commence from Friday, August 26, 2016 at 9.00 a.m. and will end at the close of working hours i.e. by 5:00 P.M. on Saturday, September 24, 2016. During this period, the members of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date of August 12, 2016, may cast their votes. The voting through e-voting or postal ballot form shall not be allowed thereafter.

The results of postal ballot will be announced on Tuesday, September 27, 2016.

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

Thanking you,

Yours faithfully,
For Max Financial Services Limited

Sandeep Pathak
Company Secretary

Encl: as above

MAX FINANCIAL SERVICES LIMITED (Formerly Max India Limited)

CIN: L24223PB1988PLCO08031

Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110 020 | P +91 11 26933610, 42598000 | F +91 11 26324126 | www.maxfinancialservices.com
Regd. Office: 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab - 144 533, India

MAX FINANCIAL SERVICES LIMITED

(formerly Max India Limited)

(CIN : L24223PB1988PLC008031)



Registered Office : Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur

District Nawanshahr, Punjab - 144 533, Tel. : 011 42598000 fax : 011 26324126

www.maxfinancialservices.com e-Mail : investorhelpline@maxindia.com, spathak@maxindia.com

Notice Pursuant to Section 110 of the Companies Act, 2013

Dear Member(s),

Notice is hereby given pursuant to the provisions of Section 110 of the Companies Act, 2013 ("the Act") read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations, if any, that an ordinary resolution for seeking approval of shareholders of the Company for payment of consideration on account of non-compete and non-solicit obligations to the members of the promoter group of the Company by HDFC Standard Life Insurance Company Limited in pursuance to a proposed Composite Scheme of Amalgamation and Arrangement amongst the Company, Max Life Insurance Company Limited, HDFC Standard Life Insurance Company Limited and Max India Limited and their respective shareholders and creditors (as applicable), is proposed to be passed by the members through postal ballot/electronic voting (e-voting).

Accordingly, the draft Ordinary Resolution and the Explanatory Statement pursuant to Section 102 of the Act along with Postal Ballot Form are being sent for your consideration.

The Board of Directors of the Company has, in compliance with Rule 22(5) of the Companies (Management and Administration) Rules, 2014, appointed Mr. Sanjay Grover, Company Secretary in Whole Time Practice (Membership No. FCS 4223; C.P. No. 3850), having office at B-88, 1st Floor, Defence Colony, New Delhi - 110 024, as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before Saturday, September 24, 2016. The Postal Ballot result (including e-voting) will be declared by the Chairman or in his absence by any other person so authorized by the Chairman on Tuesday, September 27, 2016 at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533. The date of the declaration of the result of postal ballot shall be deemed to be the date of passing of said resolution.

The Company is pleased to offer e-voting facility as an alternate to its Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-voting is optional and members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions provided in the Notes of the Notice.

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

"RESOLVED THAT pursuant to the provisions of Sections 110 and all other applicable provisions, if any, of the Companies Act, 2013, as amended, and rules notified thereunder to the extent applicable and in compliance with the applicable listing regulations, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in accordance with the Articles of Association of the Company and in pursuance to proposed Composite Scheme of Amalgamation and Arrangement ("Scheme") under Section 391 to 394 of the Companies Act, 1956 between the Company, Max Life Insurance Company Limited ("Max Life"), HDFC Standard Life Insurance Company Limited ("HDFC Life") and Max India Limited ("Max India"), and their respective shareholders and creditors ("Scheme") as approved by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall include any Committee constituted by the Board to exercise its powers including the powers conferred by this Resolution) on August 8, 2016 and which is subject to approval of shareholders of the Company at a court convened meeting to be held on a prospective date, involving (i) amalgamation of the subsidiary of the Company, viz., Max Life carrying out the business of life insurance in India, into and with the Company (the resultant entity being referred to as "MergeCo"); (ii) demerger of the undertaking pertaining to the insurance business from MergeCo and transfer of the same to HDFC Life; and (iii) amalgamation of the remaining undertaking of MergeCo into and with Max India, which will result in maximising shareholder value, as the shareholders will end up, subject to the Scheme being approved by all relevant authorities and becoming effective in accordance with its terms, holding shares in two listed companies, namely HDFC Life and Max India, and the non-compete agreement dated August 8, 2016 executed *inter alios* between the Company, Mr. Analjit Singh (and other members of the promoter group of the Company), Max Life and HDFC Life ("Non-Compete Agreement"), consent of the members of the Company be and is hereby accorded for payment of an aggregate sum of up to INR 850 crore by HDFC Life to the members of the promoter group of the Company (namely, Mr. Analjit Singh, Mrs. Neelu Analjit Singh, Mr. Veer Singh, Ms. Tara Singh Vachani, Ms. Piya Singh, Max Ventures Investment Holdings Private Limited, Pen Investments Limited, Pivot Finances Limited, Medicare Investments Limited, Maxopp Investments Limited, Maxpak Investment Limited, Liquid Investment and Trading Company Private Limited, Cheminvest Limited, Boom Investments Private Limited, Mohair Investment and Trading Co Private Limited and P V T Investment Limited) ("Promoters" or "Promoter Group of the Company") led by Mr. Analjit Singh, over a period of 3 (three) years from the date of Scheme becoming effective, for entering into a time bound non-compete and non-solicitation arrangement creating certain restrictions on the members of the Promoter Group of the Company and their respective Affiliates for a period of 4 (four) years from the date of initial payment in terms of the Non-Compete Agreement, as the Promoters possess the skill, technical and entrepreneurial ability, experience, know-how, capital and goodwill to establish a competing business after the effectiveness of the Scheme which may overlap with the life insurance business that is being vested in HDFC Life in terms of the Scheme, thereby seriously compromising the interest of HDFC Life and its shareholders post the effectiveness of the Scheme (including the Public Shareholders of the Company who would become shareholders of HDFC Life as a consequence of the consideration shares issued by HDFC Life to such shareholders in terms of the Scheme), and subject to certain exceptions, requiring such persons to not:

- (i) make or hold investments (or other financial or pecuniary interests) in or become a member, partner, promoter, joint venture partner, collaborator, consultant or agent whether for profit or otherwise, of any Competitor (as such a term is defined in the Non-Compete Agreement) of HDFC Life as per the identified thresholds agreed between *inter alia* HDFC Life, the Promoter Group of the Company and the Company;
- (ii) become or continue as a director, other officer or advisor of any Competitor;
- (iii) participate in, or provide in any form whatsoever to any person, any funding whether of seed capital or other capital or units of a mutual fund or associate with as a partner, promoter or investor of any Competitor;
- (iv) license or otherwise permit any Competitor to use, any intellectual property (whether or not statutorily protected) including but not limited to any brand-name, know-how, trade secrets or trademarks, in relation to which the Promoter Group of the Company or its Affiliates has any right, title or interest;
- (v) solicit, entice or attempt to solicit or entice any key employees of Max Life or HDFC Life to leave his or her employment with either Max Life or HDFC Life; or

**Certified True Copy
For Max Financial Services Limited**

Company Secretary

- (vi) induce or attempt to induce any customer, agent, distributor or any other person that has dealings with Max Life or HDFC Life to terminate or breach its agreement with, or to move its business or other relationship away from, Max Life or HDFC Life.

RESOLVED FURTHER THAT the approval of the shareholders of the Company shall also be procured in regard to the Scheme, as cleared / approved in-principle by the relevant regulatory authorities and the applicable stock exchanges, including Insurance Regulatory and Development Authority of India and Competition Commission of India, as applicable, at the meeting of the shareholders of the Company convened by the Hon'ble High Court of Punjab and Haryana or the relevant National Company Law Tribunal, in terms of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, and through the postal ballot and e-voting facility that is to be offered by the Company in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by SEBI.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any shareholder to impair any power of the Company or the Board or any Committee and / or create any obligation on the part of Company or the Board or the Committee, to terminate any process in relation to such proposed Scheme, if so permissible by law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to give effect to the aforesaid resolutions and may delegate all or any of the power(s) as it may in its absolute discretion deem fit, to any Director(s) / Officer(s) / Authorised Representative(s) / Committee of the Company in order to give effect to the aforesaid Resolution."

For Max Financial Services Limited
(Formerly Max India Limited)

August 19, 2016
New Delhi

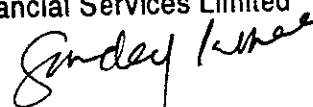
Sandeep Pathak
Company Secretary
FCS No. 5351

NOTES:

1. Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), an Explanatory Statement setting out material facts and reasons for the proposed Special Business is appended to the notice.
2. The Postal Ballot Notice is being 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) and Central Depository Services (India) Limited (CDSL) on August 12, 2016.
3. Members who have registered their e-mail IDs with Depositories / with the Company / with Registrar and Share Transfer Agent are being sent this Notice of Postal Ballot by e-mail and the members who have not registered their e-mail IDs will receive Postal Ballot Notice along with the Postal Ballot Form by Courier. Members who receive the documents in electronic mode under the Green Initiative of MCA and who wish to vote through ballot form can obtain the form from the Company by sending an email request.
4. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed in the attached postage pre-paid self addressed envelope and send the same to the Scrutinizer by post. Unsigned Postal Ballot Form/s will be rejected. The Postal Ballot Form(s) deposited personally at the address given thereon or if sent by courier or registered/speed post at the expense of the shareholder will also be accepted. The duly completed Postal Ballot Form(s) should reach the Scrutinizer on or before Saturday, September 24, 2016 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member(s). The e-voting module shall also be disabled by NSDL for voting thereafter.
5. In compliance with the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 110 of the Act read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014, the Company has also extended e-voting facility as an alternate for its Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form(s). The Company has entered into an agreement with NSDL for facilitating e-Voting to enable the members to cast their votes electronically instead of dispatching Postal Ballot Forms, e-voting is optional. Demat-Account/Folio Number of the Shareholders has been enrolled by the Company for participation in voting on resolutions placed by the Company on e-voting system.
6. The process and manner for members opting for e-voting is as under:
 - (A) In case of Members receiving e-mail from NSDL:
 - (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) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) 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 : sanjaygrover7@gmail.com with a copy marked to evoting@nsdl.co.in.
 - (B) In case of members receiving postal ballot form by post:
 - (i) Initial Password is provided at the bottom of the Postal Ballot Form.
 - (ii) Please follow all steps from sr. no. (ii) to (x) mentioned in (A) above, to cast vote.
 - (C) If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting your vote.
 - (D) The e-voting period commences on Friday, August 26, 2016 (9.00 a.m.) and ends on Saturday, September 24, 2016 (5.00 p.m.). The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

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For Max Financial Services Limited



Company Secretary

- (E) 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 www.evoting.nsdl.com
7. The Scrutinizer after completion of the scrutiny will submit his report to the Chairman or Company Secretary of the Company. The result of the Postal Ballot will be declared on Tuesday, September 27, 2016 at the Registered Office of the Company. The result will be informed to the Stock Exchanges where shares of the Company are listed and will also be displayed on the Company's website: www.maxfinancialservices.com. The date of declaration of Postal Ballot result, i.e. September 27, 2016 shall be deemed to be the date of passing of the said resolution.
8. Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their client ID and in case of Physical shares to the Registrar and Transfer Agent of the Company quoting their Folio Number.
9. The Board of Directors has appointed Mr. Sandeep Pathak, Company Secretary and Compliance Officer as the person responsible for the entire Postal Ballot process.
10. All documents referred to in the accompanying Notice and the Explanatory Statement, *inter alia* copies of draft Scheme and Non-Compete Agreement dated August 8, 2016, shall be open for inspection at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on all working days upto the date of declaration of the result of postal ballot in respect of the resolution mentioned in the accompanying notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013 (the Act'), the following explanatory statement sets out all material facts relating to the business mentioned in the Notice.

A. Proposed Composite Scheme of Amalgamation and Arrangement

The Board of Directors of the Company has, on August 8, 2016, approved a Composite Scheme of Amalgamation and Arrangement amongst the Company, Max Life Insurance Company Limited ("Max Life"), HDFC Standard Life Insurance Company Limited ("HDFC Life") and Max India Limited ("Max India"), and their respective shareholders and creditors (as applicable) ("Scheme"), which *inter alia* provides for:

- Amalgamation of Max Life into and with the Company and the issuance of Equity Shares by the Company to the shareholders of Max Life, based on the share exchange ratio of 1 (one) equity share of Rs. 2/- each of the Company for approx. every 5 (five) equity shares of Rs. 10/- each held in Max Life (wherein the shares held by the Company in Max Life will stand cancelled), on the relevant Record Date to be specified for this purpose;
- Demerger of the undertaking pertaining to the Life Insurance Business of Max Life arising from the amalgamation referred to in sub-clause (a), into HDFC Life and the issuance of Equity Shares by HDFC Life to the shareholders of the Company (resulting after the aforesaid amalgamation of Max Life into the Company), based on the share entitlement ratio of approx. 7 (seven) equity shares of Rs. 10/- each of HDFC Life for every 3 (three) equity shares of Rs. 2/- each held in the Company, on the relevant Record Date to be specified for this purpose; and
- Amalgamation of the Company which remains after the demerger referred to sub-clause (b) into and with Max India and the issuance of Equity Shares by Max India to the shareholders of the Company (resulting after the aforesaid amalgamation of Max Life into the Company), based on the share exchange ratio of 1 (one) equity share of Rs. 2/- each of Max India for every 500 (five hundred) equity shares of Rs. 2/- each held in the Company, on the relevant Record Date to be specified for this purpose.

B. Rationale of the Scheme

- Max Life and HDFC Life, being Indian Insurance Companies carrying on Life Insurance Business, have proposed this Scheme to consolidate the Life Insurance Business of Max Life into and with HDFC Life. Both Max Life and HDFC Life have strong margins and synergies and the product mix of their combined businesses shall be well diversified. The combined entity arising out of such an arrangement shall have better prospects of growth.
- After the transfer of life insurance business of the Company (held through its subsidiary Max Life) to HDFC Life, the Company shall be amalgamated with Max India and will be dissolved without being wound up. The Appointed Date for the Scheme will be the date specified in the Scheme, as finally approved by all relevant authorities, including the Insurance Regulatory and Development Authority of India.

- Key constituents of the Company, immediately prior to merger with Max India are:

- Treasury corpus of non life business estimated to be Rs. 124 crore, as at June 30, 2016.
- There have been certain shared resources of Max Group that are currently employed in the Company and have also providing their services to some other Max Group entities through Management Consultancy arrangements. The services of such resources is essential to the Max Group in future as well, therefore, these will be transferred to Max India to ensure the continuity of support to the group entities.
- Contingent liability for tax litigation in respect of certain past divestments in telecom sector: Max Telecom Ventures Limited (MTVL), an erstwhile subsidiary of the Company (since merged with the Company w.e.f. December 1, 2005), had divested its stake in telecom sector in the financial years 1998-99 and 2005-06 and the capital gains arising thereon were claimed as exempt from tax under section 10(23G) of the Income-tax Act, 1961. While the tax department rejected the claims and had raised tax demands of Rs.448.09 crore, on MTVL's appeal, the reliefs were allowed by Commissioner (Appeals) and the said tax demands were quashed. The tax department has filed appeals against the same in Income Tax Appellate Tribunal which are currently pending.

Based on facts of the case and advice received, the Company is of the view that the orders passed by Commissioner (Appeals) would be sustained and the liability is unlikely to arise.

- This Scheme shall lead to the eventual listing of HDFC Life on the National Stock Exchange of India Limited and BSE Limited and ensure that the shareholders of the Company including Public Shareholders, hold Equity Shares in two listed entities, namely HDFC Life and Max India, thereby maximising shareholders value. This Scheme is in the best interests of the Company, Max Life, HDFC Life and Max India and their respective shareholders and creditors, as it is expected to provide greater financial strength and flexibility and access to greater funds.
- The management will present the Scheme, once cleared / approved in-principle by all the regulatory authorities and the applicable stock exchanges, including the Insurance Regulatory and Development Authority of India and Competition Commission of India, to the shareholders of the Company for their consideration and approval and such an approval will have to be provided at the meeting of the shareholders of the Company convened by the Hon'ble High Court of Punjab and Haryana or the relevant National Company Law Tribunal, in terms of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, and through the postal ballot and e-voting facility that is to be offered by the Company in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by SEBI.

C. Non-Compete and Non-solicit Obligations

- The goodwill attached to the life insurance products and the business of Max Life and of the Company, whether or not inclusive of the word 'Max', is being vested into HDFC Life pursuant to the Scheme. HDFC Life has recognized that the promoter group of the Company, namely, Mr. Anajit Singh, Mrs. Neelu Anajit Singh, Mr. Veer Singh, Ms. Tara Singh Vachani, Ms. Piya Singh, Max Ventures Investment Holdings Private Limited, Pen Investments Limited, Pivet Finances Limited, Medicare Investments Limited, Maxopp Investments Limited, Maxpak Investment Limited, Liquid

Certified True Copy
For Max Financial Services Limited

Company Secretary

Investment and Trading Company Private Limited, Cheminvest Limited, Boom Investments Private Limited, Mohair Investment and Trading Co Private Limited and P V T Investment Limited ("**Promoters**" or "**Promoter Group of the Company**") have significant goodwill, knowledge, and expertise in the insurance sector, and hence, the ability to set up a successful competing business, either directly or indirectly, which would impair the commercial viability of the intended outcome of the Scheme. HDFC Life has therefore requested the Promoters to, and the Promoters have agreed to, enter into the non-compete and non-solicit arrangement, to protect the interests of HDFC Life, its shareholders (including the Public Shareholders of the Company who would become shareholders of HDFC Life as a consequence of the consideration shares issued by HDFC Life to such shareholders in terms of the Scheme) and the success of the Scheme. In return for the Promoters' assurance promise and undertaking that they shall not engage in the life insurance business, business of distribution of life insurance products (including, without limitation, corporate agency, insurance broking, web aggregation or any other mode of marketing or distribution of life insurance policies), the business of reinsurance and/or the pension business ("**Competing Business**"), HDFC Life shall pay a consideration (details of which are given below) for the sale of the goodwill of Mr. Analjit Singh and the Promoters pertaining to and arising from the life insurance business of Max Life and the time bound non-compete and non-solicitation obligations of the Promoters.

- (b) The Scheme shall result in the Promoter Group of the Company holding 6.56% of the total issued and paid up share capital of HDFC Life, the transferee company, upon effectiveness of the Scheme. Promoters shall not become, or be deemed to be, the promoters of HDFC Life upon the Scheme becoming effective.
- (c) It is standard industry practice to incorporate non-compete clauses as these are generally considered necessary for the effective implementation of combinations, and allow the acquirer (in the present case, HDFC Life as the transferee company) to obtain full value from the acquired assets. These provisions are an essential measure of safeguarding the value of a transaction and realizing the significant investments made to implement the same. The scope of the non-compete and non-solicit arrangement is reasonable in scope and relates only to the Competing Business, since the goodwill and the ability to set-up a Competing Business by the Promoter Group, immediate and proximate to the Scheme becoming effective is not in the interest of the shareholders of HDFC Life (including the Public Shareholders of the Company who would become shareholders of HDFC Life as a consequence of the consideration shares issued by HDFC Life to such shareholders in terms of the Scheme), and would diminish the value of the intended outcome of the Scheme. The arrangement is reasonably restricted to only India and the United Arab Emirates, both being countries that are directly linked to the commercial activities of HDFC Life (as mentioned in the Non-Compete Agreement). Finally, the arrangement is also for a limited and reasonable duration of 4 (four) years, which is the minimum amount of time required to ensure the commercial feasibility and viability of the intended outcome of the Scheme. This arrangement does not restrict competition, is in line with previous decisions by the Competition Commission of India, and is, as a result of the sale of the goodwill of Mr. Analjit Singh and the Promoters pertaining to and arising from the life insurance business of Max Life to HDFC Life in terms of the Scheme and the non-compete and non-solicit arrangement, recognized as a valid and enforceable agreement under Section 27 of the Indian Contract Act, 1872.
- (d) It is an essential pre-condition for HDFC Life to enter into the Scheme that it obtains a non-compete and non-solicitation undertaking from the Promoters. Such a non-compete and non-solicitation undertaking cannot be offered by the Company since it shall stand dissolved in terms of the Scheme. Further all shareholders of the Company, who shall become shareholders of HDFC Life in terms of the Scheme, cannot be bound by a non-compete and non-solicitation undertaking, as such an agreement would be void in law. Accordingly, the non-compete and non-solicitation arrangement is limited to only those shareholders and ultimate promoters who have the goodwill, know-how, skill, expertise, entrepreneurial ability, reputation and capital to build a competing business to HDFC Life. It is for this reason that the Non-Compete Agreement has been executed by the Promoters.
- (e) As a pre-cursor to this Scheme and in terms of the non-compete agreement dated August 8, 2016 executed *inter alios* between the Company, the Promoters, Max Life and HDFC Life ("**Non-Compete Agreement**"), the Promoters are obligated to enter into a non-compete and non-solicit arrangement with HDFC Life, which shall create certain restrictions on the Promoters and their respective Affiliates, after the Scheme becomes effective, as detailed in the Non-Compete Agreement. The salient features of the non-compete and non-solicit arrangement are as follows:
 - (i) Mr. Analjit Singh and the Promoters shall be restricted from *inter alia* (a) making investments in or being engaged as a member, partner, promoter, etc., with a Competitor (as such a term is defined in the Non-Compete Agreement) of HDFC Life; (b) becoming or continuing as a director, officer or advisor with a Competitor; (c) providing any funding in any capacity to any Competitor; (d) permitting any Competitor to use any intellectual property to which Mr. Analjit Singh, the Promoters or their Affiliates have any rights, title or interest;
 - (ii) Mr. Analjit Singh and the Promoters shall also be restricted from *inter alia* (a) soliciting or enticing any key employees specifically identified in the Non-Compete Agreement to leave his/her employment with HDFC Life (b) induce any customer, agent, distributor or other person dealing with HDFC Life to terminate or breach its agreement with HDFC Life;
 - (iii) The restrictions set forth in the Non-Compete Agreement are to be continued for a period of 4 (four) years from the date of initial payment in terms of the Non-Compete Agreement;
 - (iv) As a consideration to such obligation created on the Promoters led by Mr. Analjit Singh and their respective Affiliates, HDFC Life shall pay INR 850 crore in aggregate to Mr. Analjit Singh and the Promoters in the manner detailed in the Non-Compete Agreement over a period of 3 (three) years from the date of the Scheme becoming effective.

For the sake of good order and complete transparency, the resolution for approval of the non-compete and non-solicit arrangement contemplated between the Promoters and HDFC Life is to be only be voted upon by dis-interested shareholders. No shareholders belonging to the Promoter Group of the Company shall vote on this resolution. The public shareholders, i.e., shareholders who do not form part of the Promoters and the Promoter Group of the Company, are entitled to vote on this resolution.

Only if the resolution is passed by a simple majority of the public shareholders of the Company (that is, disinterested shareholders), would the resolution be considered passed and any actions under the Non-Compete Agreement shall be based on the authority granted by such resolution, and shall be deemed to have taken effect.

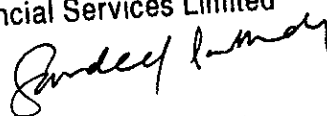
Accordingly, the matter is being placed for seeking approval of shareholders of the Company by way of an Ordinary resolution. The Promoters and the Promoter Group of the Company being interested shall not vote on this Ordinary Resolution.

Mr. Mohit Talwar, Mr. Dinesh Kumar Mittal and Mr. Rajesh Khanna are common directors of the Company and Max Life. Further Mr. Mohit Talwar, Mr. Ashwani Windlass, Mr. Sanjeev Kishen Mehra and Ms. Lavanya Ashok are common directors of the Company and Max India. Mr. Rahul Khosla and Mr. Mohit Talwar are common directors of Max Life and Max India.

Save and except the above, none of the Directors & Key Managerial Personnel (KMP) or their relatives are concerned or interested in the proposed resolution except to the extent of their shareholding in the Company, if any.

August 19, 2016
New Delhi

Certified True Copy
For Max Financial Services Limited


Company Secretary

For Max Financial Services Limited
(Formerly Max India Limited)
Sandeep Pathak
Company Secretary
FCS No. 5351

(Please read the instructions printed overleaf carefully before completing this form)

Serial No

- Name & address of the Sole/ First named Shareholder as registered with the Company
- Name(s) of the joint Shareholders if any, registered with the Company
- Registered Folio No./ DPID No. & Client ID No. (applicable to shareholders holding shares in electronic form)
- No. of shares held
- I/ We hereby exercise my/our vote in respect of the Ordinary Resolution to be passed through postal ballot for the business stated in the Notice dated August 19, 2016 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:

Item No.	Description	No. of Shares	I/ We assent to the Resolution (FOR)	I/ We dissent to the Resolution (AGAINST)
1.	Approval for payment of a sum of Rs. 850 crore to the members of Promoter Group of the Company by HDFC Standard Life Insurance Company Limited on account of non-complete and non-solicit obligations being created pursuant to proposed Composite Scheme of Amalgamation and Arrangement amongst the Company, Max Life Insurance Company Limited, HDFC Standard Life Insurance Company Limited and Max India Limited and their respective shareholders and creditors.			

Place :
Date :
(Signature of the Shareholder(s))

ELECTRONIC VOTING PARTICULARS

EVEN (E Voting Event Number)	USER ID	PASSWORD

Note : If the voting rights are exercised electronically, there is no need to use this form. Please read the instructions carefully printed overleaf before exercising the vote and return this form to the Scrutinizer by using the enclosed postage pre-paid self addressed envelope.

Last date for receipt of this Postal Ballot Form is Saturday, September 24, 2016.

P.T.O.

INSTRUCTIONS

- A shareholder desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Forms, if sent by Courier or by registered post/speed post at the expense of the Shareholder will also be accepted. The Postal Ballot Form may also be deposited personally at the address provided on the envelope.
- The self-addressed pre-paid envelope bears the name of the Scrutinizer appointed by the Board of Directors of the Company.
- The Postal Ballot Form should be completed and signed by the Sole/ First Shareholder. In the absence of the First Shareholder in a joint holding, the Form may be completed and signed by the next named Shareholder. However, where the Form is sent separately by the First Shareholder and the Joint holders, the vote of the First Shareholder would be valid.
- The voting period commences on Friday, August 26, 2016 (9.00 a.m.) and ends on Saturday, September 24, 2016 (5.00 p.m.). The Postal Ballot Form duly completed and signed (as per specimen signature registered with the Company) should be sent to the Scrutinizer appointed by the Company on or before the close of the working hours i.e. by 5.00 p.m. on Saturday, September 24, 2016.
- The Postal Ballot(s) received after this date will be treated as if the reply from the Member has not been received and the same will not be considered.
- In case shares are jointly held, this Form should be completed and signed by the first named Member and in his/her absence, by the next named Member.
- In case of share held by companies, trusts, societies etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/ Authority, with signature(s) of the Authorized Signatory/ies giving requisite authority to the person voting on the Postal Ballot Form or duly attested by a banker.
- The unsigned, incomplete, mutilated, incorrectly filled Postal Ballot Forms will be rejected.
- The Postal Ballot cannot be exercised by a proxy.
- The Shareholders are requested not to send any matter along with the Postal Ballot Form in the postage prepaid self addressed envelope. If any extraneous papers are found, the same will be destroyed by the Scrutinizer.
- A tick (✓) mark should be placed in the relevant box signifying assent/ dissent for the resolution, as the case may be, before mailing the Postal Ballot Form. Postal Ballot Form bearing tick (✓) mark in both the columns will render the same invalid.
- All Shareholders holding shares in physical mode, who are registered as shareholders; and all beneficial owners holding shares in dematerialized mode on Friday, August 12, 2016, are entitled to vote on the resolution/s on the basis of the paid-up value of the shares held as on that date.
- There will be only one Postal Ballot Form for every Folio/ Client ID.
- A Member can opt only one mode for voting i.e. either by Physical Ballot or e-voting. In case you are opting for e-voting, then do not vote by Physical Ballot and vice versa. However, in case member(s) cast their vote both by Physical Ballot and e-voting, then the voting done through Physical Ballot shall prevail and voting done by e-voting will be treated as invalid.
- The Scrutinizer's decision on the validity or otherwise of the Postal Ballot will be final.

Certified True Copy
For Max Financial Services Limited

Gandey Singh

Company Secretary