



June 01, 2020

FOR THE ATTENTION OF SHAREHOLDERS OF MAX INDIA LIMITED

The Hon'ble National Company Law Tribunal, Mumbai, vide its order dated January 17, 2020, has sanctioned the Composite Scheme of Amalgamation and Arrangement under Sections 230-232 of the Companies Act, 2013 among Max India Limited (herein after referred to as "Erstwhile Max India"), Max Healthcare Institute Limited (herein after referred to as "Max Healthcare"), Radiant Life Care Private Limited and Advaita Allied Health Services Limited (being renamed as Max India Limited, hereinafter referred to as "Max India"), and their respective Shareholders and Creditors ("the Scheme").

Relevant parts of the Scheme

1. Demerger of Demerged Undertaking 1 from Erstwhile Max India

- Pursuant to Part III of the Scheme, the Demerged Undertaking 1 (as defined in the Scheme), of Erstwhile Max India has been transferred to the Transferee Company 1 i.e. Max India, with effect from the Appointed Date i.e. February 1, 2019 on a going concern basis.
- In terms of Part III of the Scheme (Demerger from Erstwhile Max India), Max India is required to issue and allot shares to each member of Erstwhile Max India, whose name is recorded in the register of members and records of Erstwhile Max India, as on the Record Date 1 (defined in the Scheme) i.e. June 15, 2020, in the following ratio –

One equity share of INR 10 each in Max India for every Five equity shares of INR 2 each held by equity shareholders in Erstwhile Max India

2. Amalgamation of Erstwhile Max India with Max Healthcare

- Further, pursuant to Part V of the Scheme, Erstwhile Max India, post the demerger of the Demerged Undertaking 1, has been amalgamated into and with the Amalgamated Company, i.e. Max Healthcare, with effect from the Effective Date i.e. June 01, 2020 and has dissolved without winding up.
- Further, in terms of Part V of the Scheme (Merger of Max India with Max Healthcare), Max Healthcare is required to issue and allot shares to each member of Erstwhile Max India, whose name is recorded in the register of members and records of Erstwhile Max India, as on the Record Date 3 (defined in the Scheme) i.e. June 15, 2020, in the following ratio –

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Ninety Nine equity shares of INR 10 each in Max Healthcare for every One Hundred equity shares of INR 2 each held by equity shareholders in Erstwhile Max India

After the issuance and allotment of the shares by Max India and Max Healthcare, 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 Erstwhile Max India, the date of acquisition and mechanism for computing the proportionate cost of acquisition of the equity share(s) of Max India and Max Healthcare vis-à-vis the cost of acquisition of the original equity share(s) of Erstwhile Max India 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 Erstwhile Max India were acquired/ bought before the record date.

Cost of Acquisition of Resulting Company's shares (Max India) [Section 49(2C)]	Original cost of acquisition X net book value of assets transferred by the Demerged Company as on the appointed date Net worth of the Demerged Company immediately before Demerger
Cost of Acquisition of original shares held in Demerged Company (Erstwhile Max India) [Section 49(2D), which would henceforth be the cost of acquisition of Max Healthcare shares received by the shareholders of Erstwhile Max India on merger.	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 1 as on the appointed date (i.e. February 1, 2019) was INR 1,04,002 Lacs and the net worth (including Capital Reserve) of Erstwhile Max India immediately before demerger was INR 1,74,598 Lacs.



Thus, as on the appointed date, the proportion of net book value of the assets of Erstwhile Max India transferred to Max India vis-à-vis the net worth of Erstwhile Max India immediately before such demerger is 59.57%.

Further, as informed in preceding paragraphs, please note that, as part of the same Scheme, Erstwhile Max India has been amalgamated into and with Max Healthcare, and thus stands dissolved. Accordingly, shareholders holding shares of Erstwhile Max India as on Record Date 3 shall be allotted shares in Max Healthcare in the ratio of 99:100. In line with Section 49(2) of the Act, the cost of acquisition of shares of Max Healthcare in the hands of shareholders of Erstwhile Max India, shall be the cost of shares held in Erstwhile Max India, as computed above.

Hence, if you have purchased equity shares of Erstwhile Max India prior to the Record Date 1, to determine post demerger cost of acquisition for equity shares(s) of Erstwhile Max India (which would henceforth be the cost of acquisition of shares of Max Healthcare received by the shareholders of Erstwhile Max India on subsequent merger) and Max India, you are advised to apportion your pre demerger cost of equity shares(s) of Erstwhile Max India in the following manner:

Name of the company	% of Cost of shares of Erstwhile Max India
Erstwhile Max India (<i>which would henceforth be the cost of acquisition of Max Healthcare shares received by the shareholders of Erstwhile Max India on merger</i>)	40.43%
Max India	59.57%
Total	100%

For example: A shareholder holds 100 shares of INR 2 each in Erstwhile Max India before the Record Date 1 i.e. June 15, 2020, and the cost of acquisition of the same is INR 100 per share, such shareholder will continue to hold 100 shares in Erstwhile Max India (and henceforth 99 shares in Max Healthcare) and will also be allotted 20 fully paid up equity shares of INR 10 each of Max India.

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

- 100 shares of INR 2 each of Erstwhile Max India (*henceforth 99 shares of Max Healthcare received on merger*) : INR 4,043 (INR 10,000*40.43%)
- 20 shares of INR 10 each of Max India: INR 5,957 (INR 10,000*59.57%)



Period of holding

As regards the equity share(s) of Max India 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 Erstwhile Max India 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 Company / Transferee Company 1 (Max India) to the shareholders of the Demerged Company / Transferor Company 1 (Erstwhile Max India), 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 Erstwhile Max India (Max Healthcare) and Max India, 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

A handwritten signature in blue ink, appearing to read "Sandeep Pathak", is written over a light blue circular stamp.

Sandeep Pathak
(Chief Financial Officer)