

## MAX HEALTHCARE INSTITUTE LIMITED

(CIN: U72200DL2001PLC111313)

Registered Office:Max House, 1, Dr. Jha Marg,Okhla, New Delhi - 110020

Tel.No.:011-41220600; E-mail: ruchi.mahajan2@maxhealthcare.com

Website: www.maxhealthcare.in

<b>HON'BLE NATIONAL COMPANY LAW TRIBUNAL ("NCLT") CONVENED MEETING OF THE UNSECURED CREDITORS OF MAX HEALTHCARE INSTITUTE LIMITED</b>	
<b>Day</b>	TUESDAY
<b>Date</b>	JUNE 27, 2017
<b>Time</b>	11:00 A.M.
<b>Venue</b>	Auditorium, India Islamic Cultural Centre, 87-88, Lodhi Road, New Delhi- 110003.

<b>S.No.</b>	<b>CONTENTS</b>	<b>Page No.</b>
1.	Notice to the Hon'ble NCLT convened meeting of the Unsecured Creditors of Max Healthcare Institute Limited under Section 230 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with relevant Rules made thereunder.	3
2.	Explanatory Statement under Sections 230(3), 232 (1) & (2) and 102 and other applicable provisions, if any, of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	5-14
3.	Scheme of Amalgamation (for brevity "the Scheme") between Max Medical Services Limited (Transferor Company) and Max Healthcare Institute Limited (Transferee Company) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions, if any, of the Act enclosed as <b>Annexure 1</b> .	15-30
4.	Report adopted by the Board of Directors of Max Healthcare Institute Limited and Max Medical Services Limited in their meetings held on 6 <sup>th</sup> December, 2016 and 5 <sup>th</sup> December, 2016 respectively pursuant to the provisions of Section 232 (2) (c) of the Act enclosed as <b>Annexure 2</b> .	31-34
5.	Copy of unaudited Financial Statements as on 31st December, 2016 of Max Medical Services Limited/ Transferor Company and Max Healthcare Institute Limited /Transferee Company, enclosed as <b>Annexure 3</b> .	35-51
6.	Form of Proxy.	53
7.	Attendance Slip.	55
8.	Route Map to the venue of the Meeting.	56

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
PRINCIPAL BENCH, AT NEW DELHI**

**COMPANY APPLICATION NO. CA(CAA)-16(PB)/2017 OF 2017**

**IN THE MATTER OF SECTION 230 TO 232 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES  
(COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

**AND**

**IN THE MATTER OF SCHEME OF AMALGAMATION OF MAX MEDICAL SERVICES LIMITED HAVING CIN  
U74899DL1994PLC061314 ("THE TRANSFEROR COMPANY") WITH MAX HEALTHCARE INSTITUTE  
LIMITED HAVING CIN U72200DL2001PLC111313 ("THE TRANSFEEE COMPANY")**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**NOTICE TO THE UNSECURED CREDITORS OF MAX HEALTHCARE INSTITUTE LIMITED UNDER  
SECTION 230 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 2013 ("THE  
ACT") READ WITH RELEVANT RULES MADE THEREUNDER**

To,

All the Unsecured Creditors of Max Healthcare Institute Limited

NOTICE is hereby given that by an order dated the 8<sup>th</sup> day of May, 2017, the Principal Bench of the National Company Law Tribunal at New Delhi ("NCLT"/"the Tribunal") has directed a meeting to be held of the unsecured creditors of the Transferee Company for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation of Max Medical Services Limited ("Transferor Company") with Max Healthcare Institute Limited ("Transferee Company").

In pursuance of the said order by Hon'ble NCLT and as directed therein further notice is hereby given that a meeting of the unsecured creditors of the Transferee Company will be held at Auditorium, India Islamic Cultural Centre, 87-88, Lodhi Road, New Delhi-110003 on Tuesday, 27<sup>th</sup> June, 2017 at 11.00 A.M. at which time and place, the said unsecured creditors are requested to attend. At the meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

**"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act"), the Rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable and subject to the provisions of Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble National Company Law Tribunal, Principal Bench at New Delhi ("NCLT") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Scheme of Arrangement for Amalgamation ("the Scheme") of Max Medical Services Limited (hereinafter referred as "Transferor Company") into and with Max Healthcare Institute Limited (hereinafter referred as "Transferee Company") and their respective shareholders and creditors placed before this meeting and initialled by the Company Secretary of the Company for the purpose of identification, be and is hereby approved."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and / or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangements embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Transferee Company at Max House, 1, Dr. Jha, Marg, Okhla, New Delhi - 110020, not later than 48 (forty eight) hours before the time fixed for the aforesaid meeting.

The copies of the Scheme and Explanatory Statement, under Sections 230(3), 232 (1) & (2), 102 and other applicable provisions, if any, of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Transferee Company at Max House, 1, Dr. Jha, Marg, Okhla, New Delhi - 110020, India or at its corporate office at : 7th, Floor, Tower A, DLF Centre Court, Golf Course Road, Sector 42, Phase V, Gurugram - 122002, Haryana.

It is hereby informed that representations, if any, in connection with the proposed Scheme may be made to the NCLT, Principal Bench, at New Delhi within thirty (30) days from the receipt of this Notice. The address of the Hon'ble Tribunal is Block No. 3, Ground, 6<sup>th</sup>, 7<sup>th</sup> & 8<sup>th</sup> floor, C.G.O. Complex, Lodhi Road, New Delhi - 110 003. A copy of the representation may simultaneously be sent to the Transferee Company.

Forms of proxy can be had at the registered office of the Company.

The Tribunal has appointed Mr. Asheesh Jain as the Chairperson and failing him, Manish Jain as the Alternate Chairperson of the said meeting. Also, the Tribunal has appointed Mr. Gopal Prasad Agarwal as the Scrutinizer of the said meeting. The above mentioned Amalgamation, if approved by the meeting, will be subject to the subsequent approval of NCLT.

For Max Healthcare Institute Limited

sd/-

Ruchi Mahajan  
Company Secretary  
(FCS5671)

Dated this 18<sup>th</sup> day of May, 2017

Max Healthcare Institute Limited  
(CIN: U72200DL2001PLC111313)

Regd. Office: Max House, 1, Dr. Jha Marg, Okhla, New Delhi-110020

Phone: 011-41612123; E-mail: [ruchi.mahajan2@maxhealthcare.com](mailto:ruchi.mahajan2@maxhealthcare.com)

Website: [www.maxhealthcare.in](http://www.maxhealthcare.in)

#### **NOTES:**

1. Only unsecured creditors of the Transferee Company may attend and vote either in person or by proxy (a proxy need not be an unsecured creditor of the Transferee Company) or in the case of a body corporate by a representative authorized for the meeting of unsecured creditors of the Transferee Company. The authorized representative of a body corporate, which is an unsecured creditor of the Transferee Company may attend and vote at the meeting of unsecured creditors of the Transferee Company provided a copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the meeting of the unsecured creditors of the Transferee Company, duly certified to be a true copy by a director, manager, secretary or other authorized officer of such body corporate, is deposited at the registered office of the Transferee Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the unsecured creditors of the Transferee Company.
2. The form of proxy can be obtained free of charge from the registered office of the Transferee Company.
3. All alterations made in the form of proxy should be initialed.
4. Unsecured creditors / proxies are requested to bring at the Meeting with valid identity proof, the Attendance Slip/Proxy Form duly filled in, sent alongwith the notice of this Meeting.
5. The documents referred to, in the accompanying Explanatory Statement shall be open for inspection by the unsecured creditors of the Transferee Company at its registered office between 10.00 a.m. to 6.00 p.m. on all working days up to the date of this meeting.

6. The Notice, together with the documents accompanying the same, is being sent to all the unsecured creditors of the Transferee Company either by registered post or speed post or by courier or electronically by e-mail to those unsecured creditors who have registered their e-mail ids with the Transferee Company.
7. The Notice and other documents are placed on the website of the Transferee Company i.e. www.maxhealthcare.in.
8. The notice convening the meeting will be published through advertisement in (i) Business Standard in the English language; and (ii) translation thereof in Jansatta in Hindi language (Delhi Edition).
9. In accordance with the provisions of Sections 230 to 232 of the Act, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the unsecured creditors of the Transferee Company, voting in person or by proxy, agree to the Scheme.
10. For security reasons, no article/baggage will be allowed at the venue of the Meeting. The unsecured creditors/attendees are strictly requested not to bring any article/baggage, etc. at the venue of the Meeting.

**EXPLANATORY STATEMENT TO NOTICE TO THE UNSECURED CREDITORS OF MAX HEALTHCARE INSTITUTE LIMITED, UNDER SECTIONS 230(3), 232 (1) & (2), 102 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE ACT READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 ("THE RULES")**

- i. Details of the order of the Tribunal directing the calling, convening and conducting of the meeting:

Pursuant to Order dated 8<sup>th</sup> day of May 2017 passed by the Principal Bench of the Hon'ble National Company Law Tribunal ('NCLT'/Tribunal') at New Delhi in Company Application No. CA(CAA)-16(PB)/2017 of 2017 filed jointly by Transferor Company and Transferee Company (collectively referred to as "Joint Applicants"), a meeting of the unsecured creditors of the Transferee Company, is being convened and held at Auditorium, India Islamic Cultural Centre, 87-88, Lodhi Road, New Delhi-110003 on Tuesday, 27<sup>th</sup> June, 2017 at 11:00 A.M., for the purpose of considering and if thought fit, approving, with or without modification(s), the arrangement embodied in the proposed Scheme of Amalgamation between the joint applicants (hereinafter referred to as the "Scheme" or "Scheme of Amalgamation"). A copy of the Scheme setting out details of parties involved in the proposed Scheme, appointed date, effective date etc. is attached herewith and forms apart of this Notice as well as the Explanatory Statement.
- ii. The details of the Transferor and Transferee Company as required under the Rules are as follows:
  - Transferor Company
    - Corporate Identification Number - U74899DL1994PLC061314.
    - Permanent Account Number - AADCM3619D.
    - Name of the Company - Max Medical Services Limited ("MMSL")
    - Date of Incorporation - September 6, 1994.
    - Type of Company - Public Limited Company.
    - Registered office address - Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020.
    - Email address: vipin.kumar1@maxhealthcare.com
    - The summary of main objects of the Transferor Company as per the Memorandum of Association is as follows:
      - (i) To carry on the business of planning, designing, constructing, running and/or management of, and provision of connected services to, all kinds of hospitals, dispensaries, clinics, nursing homes, laboratories, diagnostic centres, operating rooms, physiotherapy centres, ambulances, maternity centres, transplant centres, dialysis centres, psychiatry and mental health centres, dentistry centres, ophthalmology centres, blood banks, medical advisory centres and health clubs or any other service related to medical and allied services, both curative and preventive, whether owned by the Company or not.

- (ii) To buy, sell, lease, import, export, supply, install, maintain, deal in, let out all kinds of equipment and instrumentation for hospital, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.
  - (iii) To buy, sell, import, export, treat and deal in any kinds of pharmaceuticals, chemicals, medicines and drug.
  - (iv) To employ, retain, hire and provide doctors, registered medical practitioners, surgeons, technicians and specialist in all branches of the medical science to any hospitals, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.
  - (v) To carry on business or vocation of acting as advisers & consultant on all matters and problems relating to hospitals, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.
- Main business carried on by the Company:  
The Company is in the business of construction of hospitals, leasing of medical and other equipment and trading of goods and providing medical services.
  - Details of change of name, registered office and objects of the Company during the last 5 years: There has been no change in the name, registered office and objects of the Company during the last five years.
  - Name of the stock exchange(s) where securities of the company are listed - Not listed on any stock exchange.
  - Details of the capital structure of the Transferor Company as per unaudited Financial Statement as on 31<sup>st</sup> December, 2016 are as under:

<b>A. Authorized Share Capital</b>	<b>(Amount in Rs.)</b>
3,50,00,000 Equity Shares of Rs. 10 each	35,00,00,000
<b>Total</b>	<b>35,00,00,000</b>
<b>B. Issued, Subscribed and fully paid up Share Capital</b>	<b>(Amount in Rs.)</b>
3,41,42,535 Equity Shares of 10 each	34,14,25,350
<b>Total</b>	<b>34,14,25,350</b>

- Names of the Promoters and Directors along with their addresses:

S. No.	Name of the Promoter/ Director	Address	Designation / Relationship
<b>A. Promoters</b>			
1	Max Healthcare Institute Limited CIN: U72200DL2001PLC111313	Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020	Relationship with the transferee company : Holding Company holding 3,41,42,465 equity shares in MMSL directly and rest 70 equity shares are held by its 6 nominees i.e. 100% shareholding in MMSL
<b>B. Directors</b>			
1	Ms. Kiran Sharma DIN 00095745	74, Shivalik Apartments Alaknanda, Kalkaji, New Delhi - 110019	Independent Director

2	Mr. Yogesh Kumar Sareen DIN 00884252	H. No. ES 083 Nirvana Country, Gurugram - 122004	Non-Executive Director
3	Mr. Sanjay Khandelwal DIN 02139499	64-C, Khasra No-103/104, Rajpur Extension, Chattarpur, New Delhi - 110068	Independent Director
4	Mr. Yogesh Kumar Gupta DIN 06627814	Flat No. B 17, Paaogressive Employees Welfare Org, Plot No. Gh 69, Sec 55,Gurugram - 122003	Whole Time Director Also holds 20 equity shares in MMSL as a nominee shareholder of MHIL
5	Mr. Vipin Kumar Rustagi PAN AJQPR2789E	Vill + P O Bhora Kalan Distt., Gurugram- 122413	Key Managerial Personnel (Head - Finance)
6	Ms. Parul Rastogi PAN BIYPP2565A	5A/14, Ansari Road, Darya Ganj, New Delhi - 110002	Key Managerial Personnel (Company Secretary)

➤ Transferee Company

- Corporate Identification Number - U72200DL2001PLC111313.
- Permanent Account Number - AADCM0815B.
- Name of the Company - Max Healthcare Institute Limited ("MHIL")
- Type of Company - Public Limited company
- Date of Incorporation - June 18, 2001
- Registered office address - Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020
- Email address - ruchi.mahajan2@maxhealthcare.com
- Website: [www.maxhealthcare.in](http://www.maxhealthcare.in)
- The summary of main objects of the Transferee Company as per the Memorandum of Association is as follows:
  - (i) To establish, maintain, run, manage, develop, own, acquiring, including but not limited to franchising, taking on lease, purchasing, undertaking, improving, equipping, promoting, initiating, promoting, subsidizing, and organizing, in India or elsewhere, hospitals, clinics, nursing homes, health centers in primary/ secondary/ tertiary care, pharmacy/ chemist shops, diagnostic and pathology centres, emergency and trauma facilities, in-patient and out-patient facilities, ophthalmology centers, dental clinics, rehabilitation centers, health camps/ health programmes/ preventive health checks, operation theaters, histopathology facilities, conventional cardiology and invasive cardiology facilities, neurology centers, dialysis centers, child welfare and maternity centers, clinical laboratories, blood banks, ambulances, eye banks, physiotherapy centres, investigation centers, research centers, specialty programme centers, and other similar establishments and programmes for providing treatment and medical services in all its branches/ centres by all available means.
  - (ii) To undertake, promote or engage in all kinds of research including clinical research and development work required to promote, assist or engage in setting up hospitals and facilities including setting of laboratories, purchase, take on lease and acquire any facility, equipment, instrument, required for carrying out medical research and to educate and train medical students, nurses, midwives and hospital administrators and to grant such diploma and degrees as recognition as the Company may prescribe or deem fit from time to time.
  - (iii) To promote, form, register, invest in companies, enter into partnerships, joint-ventures with individuals, bodies corporate, firms, societies, trusts, etc.

(iv) To provide healthcare, medical, incidental and related services including but not limited to providing training to doctors, nurses, para-medics, technicians and other healthcare workers and to act as advisors and consultants on all matters relating to medical management and treatment in hospitals, dispensaries, clinics, nursing homes, pharmacy, laboratories, blood banks and other healthcare establishments and programmes.

- Main business carried on by the Transferee Company is as under:

The Company is engaged in the business of owning, constructing, establishing, managing, operating and/or developing hospitals, clinics, nursing homes, health centres, medical centres in primary, secondary, tertiary care and providing healthcare and medical services to third parties.

- Details of change of name, registered office and objects of the Company during the last 5 years: There has been no change in the name, registered office and objects of the Company during the last five years.
- Name of the stock exchange(s) where securities of the company are listed - Not listed on any stock exchange.
- Details of the capital structure of the Company as per unaudited Financial Statement as on 31<sup>st</sup> December, 2016 are as under:

<b>A. Authorized Share Capital</b>	<b>(Amount in Rs.)</b>
92,50,00,000 Equity Shares of Rs. 10/- each	9,25,00,00,000
12,50,00,000 Cumulative Preference Shares of Rs. 10/- each	1,25,00,00,000
<b>Total</b>	<b>10,50,00,00,000</b>
<b>B. Issued, Subscribed and fully paid up Share Capital</b>	
53,72,44,328 Equity Shares of Rs. 10/- each	5,37,24,43,280
<b>Total</b>	<b>5,37,24,43,280</b>

- Names of the Promoters and Directors along with their addresses:

<b>S. No.</b>	<b>Name of the Promoter / Director</b>	<b>Address</b>	<b>Designation / Relationship</b>
<b>A. Promoters</b>			
1	Max India Limited CIN:L85100PB2015PLC039155	419, Bhai Mohan Singh Nagar Nawanshehar, Punjab, 144533 (India)	Shareholder (holding 24,68,48,537 equity shares in MHIL i.e. 45.95% )
2	Life Healthcare International (Proprietary) Limited	Oxford Manor, 21, Chaplin Road, Illovo, 2196, South Africa	Shareholder (holding 24,68,48,537 equity shares in MHIL i.e. 45.95% )
<b>B. Directors</b>			
1	Mr. Rahul Khosla DIN 03597562	N-31, First Floor, Panchshila Park, New Delhi - 110017	Non-Executive Chairman
2	Dr. Omkar Goswami DIN 00004258	E-121, Masjid Moth, First Floor, Greater Kailash-III, New Delhi - 110048	Independent Director
3	Mr. Kummamuri Murthy Narasimha DIN 00023046	1-2-593/29, Gaganmahal Colony Domalguda, Hyderabad - 500029	Independent Director
4	Dr. Pradeep Kumar Chowbey DIN 01141637	C-4/41 Safdarjung Development Area, New Delhi -110016	Whole Time Director (holding 21,98,455 equity shares in MHIL i.e. 0.41%)



5	Mr. Rajit Mehta DIN 01604819	B-2/18 DLF Phase-1 Gurugram - 122001	CEO & Managing Director
6	Mr. Mohit Talwar DIN 02394694	Flat No. - 1518-B, Building No. - 4, Tower - 15 The Magnolias, DLF Golf Links, Golf Course Road Gurugram - 122009	Non-Executive Director
7	Dr. Ajit Singh DIN 02525853	1270, Lincoln Avenue, Palo Alto, CA, 94301, USA	Non-Executive Director
8	Mr. Andre Meyer DIN 06877862	577, Heron Place Cedar Lakes Fourways 2196, South Africa	Non-Executive Director
9	Mr. Petrus Phillipus Van Der Westhuizen DIN 06877878	40, King Street Irene, Pretoria, 0045 South Africa	Non-Executive Director
10	Mr. Adam Mills Pyle DIN 07634698	14 Faure Crescent Somer- set West 7130, South Africa	Non-Executive Director
11	Mr. Yogesh Kumar Sareen PAN - ANAPS4718A	H. No. Es 083 Nirvana Country, Gurugram - 122004 (Haryana)	Chief Financial Officer
12	Ms. Ruchi Mahajan PAN - AKBPM3071E	C-93, Airport Apartment, Vikas Puri, New Delhi - 110018	Company Secretary

iii. The fact and details of relationship subsisting between the Transferor Company and the Transferee Company: Both the companies are within the same Group and Transferor Company is a wholly owned subsidiary of the Transferee Company since the Transferee Company holds (by itself and through its nominees) the entire share capital of the Transferor Company.

iv. Date of the Board Meeting at which the Scheme was approved by the Board of Directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme has been unanimously approved by the Board of Directors of the Transferor Company vide resolution passed in the meeting held on 5<sup>th</sup> December, 2016 and by the Board of Directors of the Transferee Company vide resolution passed in the meeting held on 6<sup>th</sup> December, 2016.

The aforesaid Board Meeting of Transferor Company was attended by all four board members viz. Mr. Yogesh Gupta (Chairman of the Meeting), Mr. Yogesh Kumar Sareen, Mr. Sanjay Khandelwal and Ms. Kiran Sharma and for Transferee Company, the Board Meeting was attended in person by four directors viz. Mr. K Narasimha Murthy (Chairman of the Meeting), Ms. Madhabi Puri Buch, Dr. Ajit Singh and Mr. Rajit Mehta, three other directors joined the meeting through concall viz. Mr. Andre Meyer, Mr. Adam Pyle and Mr. Petrus Phillipus Van Der Westhuizen and remaining four directors were absent during the meeting.

There was no dissenting vote on the approval of the Scheme by any of the directors of the Transferor Company and the Transferee Company.

v. Explanatory Statement disclosing details of the Scheme of Amalgamation including:

➤ **Parties involved in the Scheme:** The Scheme of Arrangement is for amalgamation of Max Medical Services Limited ("Transferor Company") into and with Max Healthcare Institute Limited ("Transferee Company") and their respective shareholders and creditors.

➤ **In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any:** For the purpose of the Scheme, the appointed date is 1<sup>st</sup> October, 2016 and Effective date has been defined as "the last of the dates on which the

certified copy of the order of the NCLT at New Delhi is filed with the Registrar of Companies, Delhi & Haryana at New Delhi in terms of Section 232 (3) of the Act."

- Summary of valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at the registered office of the Company: It may be noted that the Transferee Company holds (by itself and through its nominees) the entire share capital of the Transferor Company. No equity shares will be issued by Transferee Company in consideration of the amalgamation. Accordingly, inter-corporate shareholdings between the Transferor and the Transferee Company shall stand cancelled. Thus, there is no requirement of valuation of equity shares and determination of share exchange ratio, etc.
- Details of capital or debt restructuring: The proposed Scheme does not contemplate any corporate debt restructuring exercise.
- The Rationale of the Scheme:
  - (i) Transferor Company and the Transferee Company are companies within the same Group and Transferor Company is a wholly owned subsidiary of the Transferee Company since the Transferee Company holds (by itself and through its nominees) the entire share capital of the Transferor Company, therefore, pursuant to the amalgamation, there will be no change in the control or management of the Transferee Company.
  - (ii) The consolidation by way of amalgamation would therefore lead to a more efficient utilization of capital and create a stronger capital base for the future growth of the Transferee entity which will be beneficial for all its stakeholders.
  - (iii) The stronger capital base resulting from the proposed amalgamation will provide a strong financial structure to all creditors.
- Benefits of the arrangement as perceived by the Board of Directors, members, creditors and others (as applicable): In addition to the above, the proposed amalgamation shall result in the following benefits, amongst others, to the Companies, their shareholders, creditors and other stakeholders:
  - (a) The proposed amalgamation is likely to create synergies by consolidating ownership and will result in achieving a simple and transparent ownership structure.
  - (b) The proposed amalgamation will lead to reduction in the various inter-company transactions between the Transferor Company and the Transferee Company required at present due to the current operating structure leading into better management of working capital. It will also eliminate areas of potential conflict of interest and ease considerably related party transactions.
  - (c) The proposed amalgamation will lead to reduction of administrative cost and overhead expenses which would further lead to greater and effective executive control, synergy of operations and optimum utilization of the available resources.
  - (d) The proposed amalgamation will result in migration of entire operations into one consolidated legal entity and will allow for greater operational flexibility in the market with greater brand recognition and competitiveness than earlier resulting in efficiently meeting the requirements of key stakeholders of the business.
  - (e) The proposed amalgamation will also result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Companies and will enable better leverage of facilities, infrastructure and human resources and better administration of the business operations.

- (f) The proposed amalgamation would attain more beneficial results for the shareholders, and creditors of the Companies, and will not prejudice the interests of any concerned member/ creditor or general public at large.
- (g) The Transferor Company is basically receiving revenue from trading, leasing and construction business, which are not the core area for the Group, thus, no further allocation of resources will be available for such business. The amalgamation will improve the governance within the group due to direct oversight by the senior functionaries, who are working for the Transferee Company, which is also the holding company of the Transferor Company. Further, the amalgamation will also lead to tax efficiencies owing to accounting consolidation of both the companies and would also ease in compliance with various laws and statutes. Accordingly, it is decided by the Board of Directors ("the Board") of respective companies to amalgamate.
- Amount due to unsecured creditors: As on 31<sup>st</sup> December, 2016, the amount due to unsecured creditors of the Transferor Company is approximately Rs. 24.72 crores (Rupees Twenty-Four Crore Seventy-two Lacs Only) and the amount due to unsecured creditors of the Transferee Company is approximately Rs. 55.69 crores (Rupees Fifty-Five Crore Sixty-Nine Lac Only).

vi. Disclosure about effect of the Scheme on the following:

a) In case of Transferee Company:

S. No.	Category	Disclosure
1.	Key Managerial Personnel	There will be no material effect on any of the KMPs of the Transferee Company.
2.	Directors	The Directors of the Transferee Company do not have any material interest in arrangement (except as Shareholders Director, as the case may be).
3.	Promoters	The Scheme does not have a prejudicial effect on promoters, of the Transferee Company, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
4.	Non- Promoter members	The Scheme does not have a prejudicial effect on non-promoter members of the Transferee Company, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner. Further, as no shares are being issued, there is no effect in the shareholding of the Non-promoter members.
5.	Creditors	As far as the rights of the Creditors of the Transferor Company are concerned, they will not be affected adversely with the proposed Scheme as, post arrangement, the assets of the Transferee Company will be far in excess of the liabilities and sufficient to discharge the liabilities.

The Transferee Company does not have any depositors, debenture holders, deposit trustee and debenture trustee. The Scheme will not have any impact on the employees of the Transferee Company as they would continue to be in employment of the Transferee Company without any change in their terms of employment on account of the Scheme. Further, no change in the Board of Directors of the Transferee Company is envisaged on account of the Scheme.

b) In case of Transferor Company:

S. No.	Category	Disclosure
1.	Key Managerial Personnel	There will be no material effect on any of the KMPs of the Transferor Company.
2.	Directors	The Directors of the Transferor Company do not have any material interest in arrangement (except as Shareholders/ Director, as the case may be).
3.	Promoters	The Scheme does not have a prejudicial effect on promoters, of the Transferor Company, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
4.	Non Promoter members	There is no non promoter member.
5.	Creditors	As far as the rights of the creditors of the Transferor Company are concerned, they will not be affected adversely with the proposed Scheme of Amalgamation as, post arrangement, the assets of the Transferee Company will be far in excess of the liabilities and sufficient to discharge the liabilities.

The Transferor Company does not have any depositors, debenture holders, deposit trustee and debenture trustee. The Scheme will not have any impact on the employees of the Transferor Company as they would continue to be in employment of the Transferee Company without any change in their terms of employment on account of the Scheme.

- vii. None of the Directors, Promoters, Key Managerial Personnel, Creditors and Employees of the Transferor and Transferee Companies respectively have any material personal interest in the Scheme, save to the extent of shares / directorships / managerial positions held by the Directors / Key Managerial Personnel / Employees in the Transferor and the Transferee Company, if any.
- viii. No investigation or proceedings have been instituted or are pending in relation to the Transferor and Transferee Companies under the Act.
- ix. The Transferor Company and the Transferee Company are required to seek approvals/ sanctions/ no objections from certain regulatory and governmental authorities for the Scheme such as Registrar of Companies, Regional Director, Official Liquidator and will obtain the same at the relevant time.
- x. Only unsecured creditors of the Transferee Company may attend and vote either in person or by proxy (a proxy need not be an unsecured creditor of the Transferee Company) or in the case of a body corporate by a representative authorized for the meeting of unsecured creditors of the Transferee Company.
- xi. Miscellaneous:
  - i. The proposed amalgamation between the Transferor and the Transferee Companies will be such that all the assets and liabilities of the Transferor Company would be transferred to and vested in the Transferee Company.
  - ii. The entire issued, subscribed and paid-up share capital of Transferor Company is held by the Transferee Company and its nominee shareholders and 91.90% of the issued, subscribed and paid-up share capital of the Transferee Company is held by the Promoters.
  - iii. Pre-shareholding pattern of the Transferor & Transferee Company:

√ Transferee Company

S. No.	Name of Shareholder	No. of Equity Shares of Rs. 10/- each	Paid up equity share capital (Rs.)	% Share-holding
1.	Max India Limited	246848537*	2468485370	45.95%
2.	Life Healthcare International (Pty) Ltd.	246848537	2468485370	45.95%

3.	International Finance Corporation, USA	40298799	402987990	7.50%
4.	Dr. S.K. S. Marya	1050000	10500000	0.19%
5.	Dr. Pradeep K. Chowbey	2198455	21984550	0.41%
	<b>Total :</b>	<b>537,244,328</b>	<b>5,372,443,280</b>	<b>100.00%</b>

*\*Including one share each held by six nominees of Max India Ltd. The nominees are Mr. B Das, Mr. Jatin Khanna, Mr. V Krishnan, Mr. Mohit Talwar, Mr. Yogesh Gupta and Mr. Yogesh Kumar Sareen.*

√ Transferor Company

S. No.	Name of Shareholder	No. of Equity Shares of Rs. 10/- each	Paid up equity share capital (Rs.)	% Share-holding
1.	Max Healthcare Institute Limited	3,41,42,465	34,14,24,650	100%
2.	Mr. P. Dwarakanath	10*	100	
3.	Mr. Neeraj Basur	10*	100	
4.	Mrs. Sujatha Ratnam	10*	100	
5.	Mr. Yogesh Gupta	20*	200	
6.	Mr. V. Krishnan	10*	100	
7.	Mr. B. Das	10*	100	
	<b>Total :</b>	<b>3,41,42,535</b>	<b>34,14,25,350</b>	<b>100.00%</b>

*\*Shares held as nominees of Max Healthcare Institute Limited (Category: Corporate). There is no individual shareholder in the Company*

- iv. The detailed features and implications of the proposed Scheme have been duly provided for and captured in the Scheme attached with this notice/explanatory statement.
- v. It is further provided that there are no other contracts or agreements that are material to the proposed Scheme.
- vi. It is confirmed that the copy of the draft Scheme has been filed with the Registrar of Companies, New Delhi and Haryana by the Transferor Company and the Transferee Company, respectively. In compliance with the requirement of Section 230(5) of the Act and Rule 6 of the Rules, notice in the prescribed form and seeking approvals, sanctions or no-objections shall be served to the concerned regulatory and government authorities for the purpose of the proposed Scheme. No other approvals from regulators or governmental authorities are required at this stage nor any have been received or are pending in respect of the proposed Scheme.
- vii. In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of the Transferor Company and Transferee Company have in their separate meetings held on 5<sup>th</sup> December, 2016 and 6<sup>th</sup> December, 2016, have adopted a report, inter alia, explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders amongst others. Copy of the Reports adopted by the respective Board of Directors of Transferor Company and Transferee Company are enclosed as **Annexure 2**.
- viii. In view of the information provided hereinabove and the documents attached alongwith this Notice and Explanatory statement, the requirements of Section 232(2) of the Companies Act, 2013 have been complied with.
- ix. The financial position of the Transferee Company will not be adversely affected by the Scheme of Amalgamation. It will continue to remain strong and it will be able to meet and pay its debts as and when they arise. The rights and interests of the members and the creditors of the Transferee Company will not be prejudicially affected by the Scheme.
- x. The latest audited accounts for the year ended 31<sup>st</sup> March, 2016 and latest unaudited accounts for the period ended 31<sup>st</sup> December, 2016 of the Transferee Company indicates that it is in a solvent

position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured or unsecured creditor of the concerned companies would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the amalgamation will not cast any additional burden on the shareholders or creditors of either company, nor will it affect the interest of any of the shareholders or creditors.

- xi. There are no winding up proceedings pending against the Transferee Company and Transferor Company as of date.
- xii. The following documents are available for obtaining extract from or for making or obtaining copies of or for inspection by the Unsecured Creditors of the Transferee Company at the Registered Office of the Company upto one day prior to the date of the Meeting between 10.00 am to 6.00 pm on all working days (except Saturdays, Sundays and public holidays):
- (i) Copy of the order of the Tribunal dated 8<sup>th</sup> May, 2017 passed in Company Application No. CA(CAA)-16(PB)/2017 of 2017 directing the convening of meeting of unsecured creditors of Transferee Company;
  - (ii) Copies of the Memorandum and Articles of Association of the Transferor and the Transferee Company;
  - (iii) Register of Director's Shareholding of Transferor Company and Transferee Company;
  - (iv) Copy of latest Audited Financial Statements of the Transferee (Standalone & Consolidated) and Transferor Company as on 31<sup>st</sup> March, 2016 and unaudited Financial Statement as on 31<sup>st</sup> December 31, 2016;
  - (v) Copy of the Scheme of Amalgamation and copy of the Board Report of the Transferor and Transferee Company as referred under Section 232 (2) of the Act;
  - (vi) The certificate issued by Auditor of the Transferee Company to the effect that accounting treatment proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
  - (vii) Pre and Post Merger Capital Structure and Shareholding Pattern of the Transferee Company;
  - (viii) Copies of the resolutions passed by the respective Board of Directors of the Transferor and Transferee Company approving the Scheme of Amalgamation;
  - (ix) Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the Scheme.

A copy of the Scheme, Explanatory Statement, Form of Proxy, Attendance Slip and other documents may also be obtained from the Registered Office of the Company at Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020.

For Max Healthcare Institute Limited

sd/-

Ruchi Mahajan  
Company Secretary  
(FCS 5671)

Dated this 18<sup>th</sup> day of May, 2017

Max Healthcare Institute Limited  
CIN: U72200DL2001PLC111313  
Regd. Office: Max House, 1, Dr. Jha Marg, Okhla, New Delhi-110020  
Phone: 011-41612123 ;E-mail: ruchi.mahajan2@maxhealthcare.com  
Website: [www.maxhealthcare.in](http://www.maxhealthcare.in)

**COMPOSITE SCHEME OF AMALGAMATION  
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956  
(CORRESPONDING TO SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013)**

**AMONGST**

**MAX MEDICAL SERVICES LIMITED**

- Amalgamating Company

**MAX HEALTHCARE INSTITUTE LIMITED**

- Amalgamated Company

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**OVERVIEW**

**(A) BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THIS SCHEME**

**1. Overview of the Scheme of Amalgamation and Arrangement**

- 1.1 This Scheme (defined hereinafter) is presented pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the 1956 Act (corresponding to provisions of sections 230 to 232 and other applicable provisions of the 2013 Act as and when notified and made applicable) (defined hereinafter) read with Section 2(1B) of the IT Act (defined hereinafter), as applicable for the amalgamation of Amalgamating Company into and with Amalgamated Company.
- 1.2 Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

**2. Brief Overview of the Companies**

**2.1 Max Medical Services Limited ("MMS")**

- (i) MMS was incorporated on September 6, 1994 under the provisions of the 1956 Act. The Corporate Identification Number of MMS is U74899DL1994PLC061314 and its registered office is presently situated at Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020.
- (ii) The main objects of MMS are as follows:
- To carry on the business of planning, designing, constructing, running and/or management of, and provision of connected services to, all kinds of hospitals, dispensaries, clinics, nursing homes, laboratories, diagnostic centres, operating rooms, physiotherapy centres, ambulances, maternity centres, transplant centres, dialysis centres, psychiatry and mental health centres, dentistry centres, ophthalmology centres, blood banks, medical advisory centres and health clubs or any other service related to medical and allied services, both curative and preventive, whether owned by the Company or not.
  - To buy, sell, lease, import, export, supply, install, maintain, deal in, let out all kinds of equipment and instrumentation for hospital, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.
  - To buy, sell, import, export, treat and deal in any kinds of pharmaceuticals, chemicals, medicines and drug.

- To employ, retain, hire and provide doctors, registered medical practitioners, surgeons, technicians and specialist in all branches of the medical science to any hospitals, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.
- To carry on business or vocation of acting as advisers & consultant on all matters and problems relating to hospitals, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.

## 2.2 Max Healthcare Institute Limited ("**MHIL**")

- MHIL was incorporated on June 18, 2001 under the provisions of the 1956 Act. The Corporate Identification Number of MHIL is U72200DL2001PLC111313 and its registered office is presently situated at Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020.
- The main objects of MHIL are as follows:
  - To establish, maintain, run, manage, develop, own, acquiring, including but not limited to franchising, taking on lease, purchasing, undertaking, improving, equipping, promoting, initiating, promoting, subsidizing and organizing, in India or elsewhere, hospitals, clinics, nursing homes, health centers in primary / secondary / tertiary care, pharmacy / chemist shops, diagnostic and pathology centres, emergency and trauma facilities, in-patient and out-patient facilities, ophthalmology centers, dental clinics, rehabilitation centers, health camps / health programmes / preventive health checks, operation theaters, histopathology facilities, conventional cardiology and invasive cardiology facilities, neurology centers, dialysis centers, child welfare and maternity centers, clinical laboratories, blood banks, ambulances, eye banks, physiotherapy centres, investigation centers, research centers, specialty programme centers, and other similar establishments and programmes for providing treatment and medical services in all its branches / centres by all available means.
  - To undertake, promote or engage in all kinds of research including clinical research and development work required to promote, assist or engage in setting up hospitals and facilities including setting of laboratories, purchase, take on lease and acquire any facility, equipment, instrument, required for carrying out medical research and to educate and train medical students, nurses, midwives and hospital administrators and to grant such diploma and degrees as recognition as the Company may prescribe or deem fit from time to time.
  - To promote, form, register, invest in companies, enter into partnerships, joint-ventures with individuals, bodies corporate, firms, societies, trusts, etc.
  - To provide healthcare, medical, incidental and related services including but not limited to providing training to doctors, nurses, para-medics, technicians and other healthcare workers and to act as advisors and consultants on all matters relating to medical management and treatment in hospitals, dispensaries, clinics, nursing homes, pharmacy, laboratories, blood banks and other healthcare establishments and programmes.

## **(B) PURPOSE AND RATIONALE OF THIS SCHEME**

### **3. Reason and Rationale of this Scheme of Amalgamation and Arrangement**

- Pursuant to and under the provisions of Sections 391 to 394 (corresponding to provisions of sections 230 to 232 of the 2013 Act as and when notified and made applicable) and other applicable provisions of the 1956 Act or 2013 Act, as the case may be, Amalgamating Company and Amalgamated Company propose, through this Scheme, to amalgamate Amalgamating Company into and with Amalgamated Company.
- The background and circumstances which justify the amalgamation of the Amalgamating Company (as defined hereinafter) with Amalgamated Company (as defined hereinafter) proposed in this Scheme are, inter-alia, as follows:
- Amalgamating Company and the Amalgamated Company are companies within the same group and Amalgamating Company is a wholly owned subsidiary of the Amalgamated Company since the Amalgamated Company holds (by itself and through its nominees) the entire share capital of the Amalgamating Company, therefore, pursuant to the amalgamation, there will be no change in the control or management of the Amalgamated Company.



- 3.4 The consolidation by way of amalgamation would therefore lead to a more efficient utilization of capital and create a stronger capital base for the future growth of the amalgamated entity which will be beneficial for all its stakeholders.
- 3.5 The stronger capital base resulting from the proposed amalgamation will provide a strong financial structure to all creditors.
- 3.6 In addition, the proposed amalgamation shall result in the following benefits, amongst others, to the Companies, their shareholders, creditors and other stakeholders:
- (i) The proposed amalgamation is likely to create synergies by consolidating ownership and will result in achieving a simple and transparent ownership structure.
  - (ii) The proposed amalgamation will lead to reduction in the various inter-company transactions between the Amalgamating Company and the Amalgamated Company required at present due to the current operating structure leading into better management of working capital. It will also eliminate areas of potential conflict of interest and ease considerably related party transactions.
  - (iii) The proposed amalgamation will lead to reduction of administrative cost and overhead expenses which would further lead to greater and effective executive control, synergy of operations and optimum utilization of the available resources.
  - (iv) The proposed amalgamation will result in migration of entire operations into one consolidated legal entity and will allow for greater operational flexibility in the market with greater brand recognition and competitiveness than earlier resulting in efficiently meeting the requirements of key stakeholders of the business.
  - (v) The proposed amalgamation will also result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Companies and will enable better leverage of facilities, infrastructure and human resources and better administration of the business operations.
  - (vi) The proposed amalgamation would attain more beneficial results for the shareholders and creditors of the Companies and will not prejudice the interests of any concerned member/ creditor or general public at large.
  - (vii) The amalgamating company is basically receiving revenue from trading, leasing and construction business, which are not the core area for the group, thus no further allocation of resources will be available for such business. The amalgamation will improve the governance within the group due to direct oversight by the senior functionaries, who are working for the amalgamated company, which is also the holding company of the amalgamating company. Further, the amalgamation will also lead to tax efficiencies owing to accounting consolidation of both the companies and would also ease in compliance with various laws and statutes. Accordingly, it is decided by the board of the respective companies to amalgamate.

#### **(C) PARTS OF THIS SCHEME**

##### **4. This Scheme is divided into the following parts:**

- PART I** - Definitions;
- PART II** - Share Capital;
- PART III** - Amalgamation of Amalgamating Company into and with Amalgamated Company; and
- PART IV** - General Terms and Conditions.

##### **PART I - DEFINITIONS**

##### **5. DEFINITIONS**

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 5.1 "**1956 Act**" means the Companies Act, 1956;
- 5.2 "**2013 Act**" means the Companies Act, 2013 and the rules made there under, as amended from time to time;
- 5.3 "**Amalgamating Company**" means Max Medical Services Limited;

- 5.4 **"Amalgamated Company"** means Max Healthcare Institute Limited;
- 5.5 **"Applicable Law(s)"** means relevant and applicable central, state and local laws of India, including all statutes, enactments, acts of legislature, laws, ordinances, rules, by-laws, regulations, notifications, guidelines, accounting standards, policies, administration, directions, directives, decisions, orders, executive orders, decrees, judicial decisions, orders of any Governmental Authority or other similar directives made pursuant to such laws, whether in effect on the date of this Scheme or at any time after such date;
- 5.6 **"Appointed Date"** means October 01, 2016 being the date with effect from which this Scheme shall, post effectiveness of this Scheme, be operative, and the date with effect from which Amalgamating Company shall, as a consequence of effectiveness of this Scheme, stand amalgamated / merged into and with Amalgamated Company;
- 5.7 **"Board of Directors"** in relation to Amalgamating Company and, or, Amalgamated Company, as the case may be, means their respective board of directors, and unless repugnant to the subject, context or meaning thereof, shall be deemed to include every committee (including committee of directors) or any person authorised by the board of directors or by any such committee;
- 5.8 **"Business Day(s)"** shall mean a day on which scheduled commercial banks are open for business in New Delhi, India;
- 5.9 **"Company(ies)"** means MMS and/or MHIL, as would be applicable;
- 5.10 **"Court"** means the High Court and includes the National Company Law Tribunal having territorial jurisdiction in Delhi, if at any time prior to Effective Date: (i) such National Company Law Tribunal is empowered to approve compromises, arrangements and amalgamations in terms of Section 231 to 240 of the 2013 Act by the relevant Governmental Authority, and (ii) this Scheme is filed with such National Company Law Tribunal or pending the sanction of this Scheme, this Scheme is transferred to the relevant National Company Law Tribunal for its consideration and approval in terms of Applicable Laws;
- 5.11 **"Effective Date"** has the meaning assigned to such term in Clause 26. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" means and refers to the Effective Date;
- 5.12 **"Equity Shares"**, in regard to a company, means the fully paid-up equity shares of such company;
- 5.13 **"Governmental Authority"** means the Government of India, State Government(s) and any competent governmental, quasi-governmental, regulatory, statutory or administrative authority, agency, department, commission or instrumentality (whether local, municipal, national or otherwise), court, board or tribunal of competent jurisdiction or other law, rule or regulation making entity.
- 5.14 **"High Court"** means the Hon'ble High Court of Delhi;
- 5.15 **"Ind AS"** means the applicable accounting standards as specified in relevant rule of Companies (Indian Accounting Standards) Rules, 2015 notified by the Central Government in consultation with National Advisory Committee on Accounting Standards;
- 5.16 **"IT Act"** means the Income-tax, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force, and the rules made there under, as amended from time to time;
- 5.17 **"Scheme"** means this scheme of amalgamation in its present form, or with any modification(s), as may be approved or imposed or directed by the Court.

## **6. INTERPRETATIONS**

- 6.1 References to "Sections 391 to 394 of 1956 Act" in this Scheme means and includes references to Section 231 to 240 of the 2013 Act as and when such provisions are made effective in accordance with Applicable Laws. Any references to Sections of the 1956 Act shall be deemed to include references to the equivalent provisions of the 2013 Act, as and when such provisions are made effective in accordance with the Applicable Laws.
- 6.2 Terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the meaning assigned to such terms and expressions under the 1956 Act or the 2013 Act, as applicable, and if not defined therein then under other relevant

statutes, such as the IT Act and other Applicable Laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof. In particular, wherever reference is made to the Court in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority, as may be vested with any of the powers of the Court under Sections 391 to 394 of the 1956 Act (corresponding to provisions of sections 230 to 232 of the 2013 Act as and when notified and made applicable)

In this Scheme, unless the context otherwise requires:

- the words "including", "include" or "includes" shall be interpreted in a manner as though the words "without limitation" immediately followed the same;
- any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- the words "other", "or otherwise" and "whatsoever" shall not be construed ejusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;
- the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- the term "Clause" refers to the specified clause of this Scheme;
- in addition to the defined terms under Clause 5, certain terms are defined elsewhere in this Scheme and wherever such terms are used in this Scheme, they shall have the meaning so assigned to them;
- Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall refer to Effective Date in Part II of this Scheme;
- references to one gender includes all genders; and
- Words in the singular shall include the plural and vice versa.

## 7. COMPLIANCE WITH TAX LAWS

This scheme has been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) and any other relevant sections of the IT Act. If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. This Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of this Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors, which power can be exercised at any time and shall be exercised in the best interests of the companies and their shareholders.

## PART II - SHARE CAPITAL

### 8. CAPITAL STRUCTURE

#### 8.1 MMS

The authorized, issued, subscribed and paid-up share capital of MMS as on November 30, 2016 is as under:

<b>A. Authorized Share Capital</b>	<b>Amount in Rs.</b>
3,50,00,000 Equity Shares of 10 each	35,00,00,000
<b>Total</b>	<b>35,00,00,000</b>

**B. Issued, Subscribed and fully paid up Share Capital**

3,41,42,535 Equity Shares of 10 each 34,14,25,350

**Total** 34,14,25,350

**8.2 MHIL**

The authorized, issued, subscribed and paid-up share capital of MHIL as on November 30, 2016 is as under:

**A. Authorized Share Capital** **Amount in Rs.**

92,50,00,000 Equity Shares of Rs. 10/- each 9,25,00,00,000

12,50,00,000 Cumulative Preference Shares of Rs. 10/- each 1,25,00,00,000

**Total** 10,50,00,00,000

**B. Issued, Subscribed and paid up Share Capital**

53,72,44,328 Equity Shares of Rs. 10/- each 5,37,24,43,280

**Total** 5,37,24,43,280

**PART III - AMALGAMATION OF AMALGAMATING COMPANY INTO AND WITH AMALGAMATED COMPANY****AMALGAMATION OF AMALGAMATING COMPANY INTO AND WITH AMALGAMATED COMPANY****9. Transfer of Assets and Liabilities**

9.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the present and future assets and liabilities of Amalgamating Company, whether known or unknown, and the entire business of Amalgamating Company shall stand transferred to and vested in Amalgamated Company, as a going concern, without any further act or deed, together with all its properties, assets, rights, benefits and interest therein, in accordance with Sections 391 to 394 of the 1956 Act (corresponding to provisions of sections 230 to 232 of the 2013 Act as and when notified and made applicable) and other provisions of Applicable Laws, if any, and the provisions contained herein.

9.2 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the movable properties of Amalgamating Company including trade receivables/sundry debtors, outstanding loans and advances, Advance Tax, Tax Deducted at Source, Credit of minimum alternative tax paid under section 115JB of the IT Act, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Governmental Authority, customers and other persons, shall without any further act, instrument or deed, become the property of Amalgamated Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. Amalgamated Company may, if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor, that pursuant to the sanction of this Scheme by the Courts, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of Amalgamated Company as the person entitled thereto, to the end and intent that the right of Amalgamating Company to recover or realise all such debts (including the debts payable by such debtor or obligor to Amalgamating Company) stands transferred and assigned to Amalgamated Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors to record such change. For the avoidance of doubt, it is hereby clarified that all the rights, title and interest of Amalgamating Company in any licensed properties or leasehold properties shall, pursuant to Section 394(2) of the 1956 Act (corresponding to section 230(4) of the 2013 Act as and when notified and made applicable) and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Amalgamated Company, unless the lessor of such leasehold properties is Amalgamated Company, in which case, the relevant leases shall become redundant and shall cease to have any effect.

9.3 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, contingent liabilities, present or future, duties and obligations, secured or unsecured, whether known

or unknown, including contingent / potential tax liabilities of Amalgamating Company shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Amalgamated Company, without any further act or deed, and Amalgamated Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. For the avoidance of doubt, it is clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. All loans, advances, guarantees and other obligations due from Amalgamating Company to Amalgamated Company or vice versa or provided by Amalgamated Company for and behalf of Amalgamating Company or vice versa shall stand cancelled and shall have no effect.

- 9.4 In respect of such of the assets of Amalgamating Company as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery, the same may be so transferred by Amalgamating Company, without requiring any deed or instrument of conveyance for the same and shall become the property of Amalgamated Company to the end and intent that the ownership and property therein passes to Amalgamated Company on such handing over in pursuance of the provisions of Section 394 of the 1956 Act (corresponding to Section 232 of the 2013 Act as and when notified and made applicable). The amalgamation does not involve transfer of any immovable properties and assets of amalgamating company, being transferred, are movable in nature.
- 9.5 In respect of such assets belonging to Amalgamating Company other than those referred above, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and stand vested in Amalgamated Company pursuant to the provisions of Section 394 of the 1956 Act (corresponding to Section 232 of the 2013 Act as and when notified and made applicable).
- 9.6 In relation to the assets belonging to Amalgamating Company, which require separate documents of transfer, the parties will execute the necessary documents, as and when required.
- 9.7 All leased / licensed immovable properties of Amalgamating Company, including any right or interest in the buildings and structures standing thereon and all lease / license or rent agreements entered into by Amalgamating Company, together with security deposits and advance / prepaid lease / license fee, rights and easements in relation to such properties shall stand transferred to and be vested in, or, be deemed to have been transferred to and vested in Amalgamated Company, without any further act or deed, pursuant to Section 394(2) of the 1956 Act (corresponding to section 230(4) of the 2013 Act as and when notified and made applicable), or the applicable provisions of the 2013 Act and the provisions of this Scheme. Amalgamated Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties, if any, and shall be liable to pay the rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease / license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee to Amalgamated Company.
- 9.8 All approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by Governmental Authorities for the purpose of carrying on its business or in connection therewith) and certificates of every kind and description whatsoever in relation to Amalgamating Company, or to the benefit of which Amalgamating Company be eligible / entitled and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect in favour of Amalgamated Company and may be enforced as fully and effectually as if, instead of Amalgamating Company, Amalgamated Company had been a party or beneficiary or obligee thereto. For the avoidance of doubt, it is clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall be obligated to, and shall make and duly record the necessary substitution / endorsement in the name of Amalgamated Company pursuant to the sanction of this Scheme by the Court and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, Amalgamated Company shall file appropriate applications / documents with relevant authorities concerned for information and record purposes.

- 9.9 It is clarified that on the Scheme becoming effective all the intellectual property rights of any nature whatsoever, including any and all registrations, computer software, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names, including the right to use the corporate names of Amalgamating Company with or without any suffix or prefix belonging to Amalgamating Company shall stand transferred to and vested in Amalgamated Company.
- 9.10 For the removal of doubt, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings as between Amalgamating Company and Amalgamated Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of Amalgamated Company for the reduction of such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.
- 9.11 With effect from the Effective Date and till such time the names of the respective bank accounts of Amalgamating Company are replaced with that of Amalgamated Company, Amalgamated Company shall be entitled to operate the bank accounts of Amalgamating Company in their respective names, as the case may be, in so far as may be necessary.
- 9.12 Amalgamated Company, at any time after the coming into effect of this Scheme, may execute deeds of confirmation in favour of any party to any contract or arrangement to which Amalgamating Company is party or any writings as may be necessary to be executed in order to give formal effect to the above provisions.

#### **10. Transfer of Assets Subject to Charge**

It is clarified that the Scheme shall not in any manner affect the rights and interests of the creditors of Amalgamating Company or be deemed to be prejudicial to their interests and they shall continue to enjoy and hold charge upon their respective securities and properties. In other words, the transfer and vesting of all the assets of Amalgamating Company, as aforesaid, shall be subject to the existing charges, mortgages, hypothecations and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages, hypothecations and/or encumbrances shall be confined only to the relative assets of Amalgamating Company or part thereof on or over which they are subsisting on transfer to and vesting of such assets in Amalgamated Company and no such charges, mortgages, hypothecations and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of Amalgamated Company. Any reference in any security documents or arrangements (to which Amalgamating Company is a party) to any assets of Amalgamating Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Amalgamated Company and Amalgamated Company shall not be obliged to create any further or additional security.

#### **11. Transfer at Book Value**

- 11.1 All the assets, properties and liabilities of Amalgamating Company shall be transferred to Amalgamated Company at the values appearing in the books of accounts of Amalgamating Company.

#### **12. Contracts, Deeds, Bonds and Other Instruments**

- 12.1 Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, incentives, licences, permits, consents, engagements, registrations and other instruments (including all tenancies, leases, licenses and other assurances in favour of Amalgamating Company or powers or authorities granted by or to them) of whatsoever nature to which Amalgamating Company is a party or to the benefit of which Amalgamating Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of Amalgamated Company as the case may be, and may be enforced by or against Amalgamated Company as fully and effectually as if, instead of Amalgamating Company, Amalgamated Company had been a party or beneficiary thereto.
- 12.2 Amalgamated Company shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of Clause 9.1 above and to the extent that Amalgamating Company is required, prior to the Effective Date, to join in such deeds, writings or confirmations, Amalgamated Company shall under the provisions of this Scheme, be deemed to be authorized to act for and on behalf of and in the name of Amalgamating Company.

### **13. Employees**

- 13.1 Upon this Scheme becoming effective, all employees of the Amalgamating Company, if any shall be deemed to have become employees of the Amalgamated Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Amalgamating Company, on the Effective Date. The services of such employees with the Amalgamating Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- 13.2 Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the Amalgamating Company shall be made by the Amalgamated Company in accordance with the provisions of such schemes or funds and Applicable Law.
- 13.3 Subject to Applicable Law, the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Amalgamating Company, if any, for the employees shall be continued on the same terms and conditions and be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Amalgamated Company without any separate act or deed/approval.

### **14. Continuation of Legal Proceedings**

If any suits, actions and proceedings of whatsoever nature by or against Amalgamating Company ("Proceedings") are pending and/or arising on or prior to the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of Amalgamating Company with Amalgamated Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against Amalgamated Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against Amalgamating Company, in the absence of the Scheme.

### **15. Treatment of Taxes - Tax related provisions**

- 15.1 This Scheme, has been drawn up to comply with: (i) the conditions relating to 'Amalgamation' as specified under the tax laws, specifically Section 2(1B) of the IT Act, and (ii) all other relevant sections of the IT Act. If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the tax laws shall prevail.
- 15.2 This Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of this Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments / modifications as may become necessary, shall vest with the Board of Directors of Amalgamated Company and Amalgamating Company, which power shall be exercised reasonably in the best interests of the company concerned and their shareholders, and which power can be exercised at any time, whether before or after the Effective Date.
- 15.3 Notwithstanding anything to the contrary contained in the provisions of this Scheme, Amalgamated Company shall be entitled to carry forward, avail of, or set-off any unabsorbed tax losses, unabsorbed tax depreciation, Credit of minimum alternative tax and input tax credits of Amalgamating Company that remain unutilized as on Appointed Date. Further, any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions as would have been available to Amalgamating Company on or before Appointed Date shall be available to Amalgamated Company as per applicable laws/ acts.
- 15.4 Upon this Scheme becoming effective, Amalgamated Company shall be entitled to claim refunds or credits, including Input Tax Credits, with respect to taxes paid by, for, or on behalf of, Amalgamating Company under Applicable Laws, including but not limited to income tax, sales tax, value added tax, service tax, CENVAT or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. For the avoidance of doubt, Input Tax Credits already availed of or utilised by Amalgamating Company and Amalgamated Company

in respect of inter se transactions shall not be adversely impacted by the cancellation of inter se transactions pursuant to this Scheme.

- 15.5 Upon this Scheme becoming effective, any advance tax, self-assessment tax, minimum alternate tax and unexpired credit thereof under Section 115JB read with Section 115JAA of the IT Act, or, TDS credit available or vested with Amalgamating Company, including any taxes paid and taxes deducted at source and deposited by Amalgamating Company on inter se transactions during the period between Appointed Date and the Effective Date shall be treated as tax paid by Amalgamated Company and shall be available to Amalgamated Company for set-off against its liability under the IT Act and any excess tax so paid shall be eligible for refund together with interest. Further, TDS deposited, TDS certificates issued or TDS returns filed by Amalgamating Company on transactions shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by Amalgamated Company. Any TDS deducted by, or on behalf of, Amalgamating Company on inter se transactions will be treated as tax deposited by Amalgamated Company.
- 15.6 Upon this Scheme becoming effective, any service tax or any other tax charged by, for, or on behalf of, Amalgamating Company on inter se transactions and in respect of which CENVAT credit or any Input Tax Credit is not available or has not been claimed by Amalgamating Company, shall be treated as service tax paid in cash by Amalgamated Company, without any further action on the part of the relevant Amalgamating Company and Amalgamated Company.
- 15.7 Amalgamated Company is expressly permitted to file or revise its corporate income tax, TDS, wealth tax, service tax, excise, VAT, entry tax, professional tax or any other statutory returns, statements or documents in order to avail credit for advance tax paid, tax deducted at source, claim for sum prescribed under Section 43B of the IT Act on payment basis, deduction for provisions written back previously disallowed, by / relating to Amalgamating Company under the IT Act, credit of tax paid (including Credit of minimum alternative tax, under Section 115JB read with Section 115JAA of the IT Act, available to amalgamating Company as on the Appointed Date), credit of foreign taxes paid / withheld etc., if any, pertaining to Amalgamating Company upon this Scheme becoming effective, and where necessary to give effect to this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. Amalgamated Company is expressly permitted to amend, if required, its TDS or other statutory certificates and shall have the right to claim refunds, tax credits, set-offs and, or, adjustments relating to its income or transactions entered into by it with effect from Appointed Date. The taxes or duties paid by, for, or on behalf of, Amalgamating Company relating to the period on or after Appointed Date shall be deemed to be the taxes or duties paid by Amalgamated Company and Amalgamated Company shall be entitled to claim credit or refund for such taxes or duties.

## **16. Saving of Concluded Transactions**

The transfer of the assets and liabilities of Amalgamating Company under Clause 9 above, the continuance of Proceedings under Clause 14 above and the effectiveness of contracts and deeds, permits and consents under Clause 12 above, shall not affect any transaction or Proceedings already concluded by Amalgamating Company in the ordinary course of business on or before the Effective Date, to the end and intent that Amalgamated Company accepts and adopts all acts, deeds and things lawfully done and executed by Amalgamating Company in respect thereto, as if done and executed on its behalf.

## **17. Conduct of Business till Effective Date**

With effect from the Appointed Date and upto and including the Effective Date:

- 17.1 Amalgamating Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the respective assets of Amalgamating Company for and on account of, and in trust for, Amalgamated Company. Amalgamating Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 17.2 Amalgamating Company shall carry on their respective businesses and activities with reasonable diligence, business prudence. Without prejudice to the generality of the Scheme, with effect from the Appointed Date, all inter-party transactions between Amalgamating Company and Amalgamated Company shall be considered as intra-party transactions for all purposes from the Appointed Date.



17.3 All the profits or income, taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, fringe benefit tax, banking cash transaction tax, securities transaction tax, taxes withheld / paid in a foreign country, value added tax, sales tax, service tax, etc.) or any costs, charges, expenditure accruing to Amalgamating Company or expenditure or losses arising or incurred or suffered by Amalgamating Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of Amalgamated Company, as the case may be.

#### **18. Miscellaneous (others)**

18.1 With effect from the Effective Date, Amalgamated Company shall be authorized and entitled to carry on and shall carry on the businesses of Amalgamating Company.

18.2 For the purpose of giving effect to the amalgamation order passed under Sections 391 to 394 of the 1956 Act (corresponding to the Sections 230 to 232 of the 2013 Act as and when notified and applicable) and other applicable provisions of the 1956 Act or the 2013 Act in respect of this Scheme by the Court, Amalgamated Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of Amalgamating Company, in accordance with the provisions of Sections 391 to 394 of the 1956 Act (corresponding to the Sections 230 to 232 of the 2013 Act as and when notified and made applicable) and other provisions of the 1956 Act or the 2013 Act, as applicable. Amalgamated Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Court.

18.3 Upon this Scheme becoming effective Amalgamated Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all liabilities and obligations of Amalgamating Company with effect from the Appointed Date, in order to give effect to the foregoing provisions.

#### **19. Dissolution of Amalgamating Company**

Upon this Scheme becoming effective, Amalgamating Company shall without any further act or deed, stand dissolved without being wound up without any further act or deed by the parties. The name of Amalgamating Company shall be dissolved and removed from the concerned registrar of companies. Amalgamated Company shall make necessary filings in this regard.

#### **20. Authorised Share Capital**

20.1 Upon the coming into effect of this Scheme, the authorized share capital of Amalgamated Company shall, without any further act or deed, stand increased by the amount equal to the authorized share capital of Amalgamating Company. The fees/duty already paid by Amalgamating Company for their authorized share capital shall be deemed to have been paid by Amalgamated Company. Accordingly, upon the coming into effect of the Scheme, Clause V of the Memorandum of Association of Amalgamated Company, be omitted and replaced with the following:

"The Authorized Share Capital of the Company is Rs. 10,85,00,00,000 divided into (i) 96,00,00,000 Equity Shares of 10 each (ii) 12,50,00,000 Cumulative Preference shares of Rs. 10 each;"

20.2 The consent of the shareholders of Amalgamating Company and Amalgamated Company to this Scheme shall be sufficient for the purposes of effecting the amendments contemplated in this Clause of the Scheme to the Memorandum of Association of Amalgamated Company, and no further resolutions, whether under Sections 13 of the 2013 Act, any other applicable provisions of the 1956 Act or the 2013 Act or under the Articles of Association of Amalgamated Company, shall be required to be separately passed, nor shall Amalgamated Company be required to file any separate return with the concerned Registrar of Companies or pay any additional registration fees, stamp duty, etc.

#### **21. No Issue of Shares by the Amalgamated Company**

21.1 For the purposes of this Scheme, it is hereby clarified that as the Amalgamating Company is a wholly owned subsidiary of the Amalgamated Company and there would be no issue of shares by the Amalgamated Company in consideration of the amalgamation. Consequently, upon the Scheme coming into effect, the investments in the equity share capital of the Amalgamating Company appearing in the books of accounts of the Amalgamated Company will stand cancelled.

21.2 Upon the Scheme becoming effective, the entire paid up share capital in the Amalgamating Company fully held by the Amalgamated Company and/or its nominee(s) on the Effective Date shall stand extinguished and all such Equity Shares of the Amalgamating Company held by the Amalgamated Company either in its own name or in the name of its nominee(s) shall be deemed to be cancelled on the Effective Date without any further application, act or deed.

## **22. Accounting Treatment**

Upon the Scheme becoming effective, the amalgamation of the Amalgamating Company with the Amalgamated Company will be accounted for in the following manner:

22.1 The amalgamation shall be accounted for an 'Amalgamation in the nature of Business Combination of entities under common control'. Thereby the accounting treatment, as applicable, shall be in accordance with Appendix C of IND AS 103, (Or 'pooling of interest' method in Accounting Standard (AS) 14 on "Accounting for Amalgamations" if applicable).

22.2 The accounting treatment will be as under:

(i) upon coming into effect of this Scheme, for the purpose of accounting for and dealing with the value of the assets, liabilities, reserves, etc., as dealt with herein below in the books of account of Amalgamated Company, unaudited financial statements of Amalgamating Company as on the close of business of the date immediately preceding the Appointed Date shall be prepared;

(ii) all the assets, liabilities and reserves of Amalgamating Company as recorded in their respective financial statements referred to in sub-clause (i) above shall be recorded in the books of accounts of Amalgamated Company as such, subject to suitable adjustments being made to ensure uniformity of accounting policies, if any; which shall be in compliance with the accounting standards prescribed in this regard;

(iii) the amount of any inter-company balances between Amalgamating Company and Amalgamated Company, appearing in the books of account of Amalgamated Company or Amalgamating Company, as the case may be, as on Appointed Date, shall stand cancelled without any further act or deed. For the avoidance of doubt, it is hereby clarified that with effect from Appointed Date, there will be no accrual of interest or other charges in respect of any such loans, advances and other obligations.

22.3 The amount recorded in books of amalgamated company as investments in amalgamating company shall stand cancelled. Surplus or deficit, if any, arising as a result of amalgamation, shall be transferred to capital reserve on amalgamation. The treatment accorded shall be in compliance with Appendix C of IND AS 103, (or 'pooling of interest' method in Accounting Standard (AS) 14 on "Accounting for Amalgamations" if applicable).

22.4 The identity of the reserves of Amalgamating Company, if any, and to the extent deemed appropriate by the Board of Directors of Amalgamated Company, shall be preserved and they shall appear in the financial statements of Amalgamated Company in the same form and manner, in which they appeared in the financial statements of the Amalgamating Company, as on the date immediately preceding the Appointed Date. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of an Amalgamating Company, which are available for distribution to shareholders, whether as bonus shares or dividend or otherwise, the same would continue to remain available for such distribution by Amalgamated Company, subsequent to this Scheme becoming effective.

22.5 The balances of the profit and loss account of Amalgamating Company (as appearing in financial statements) mentioned shall be added to or set-off from, as the case may be, the corresponding balance appearing in the financial statements of Amalgamated Company.

22.6 Amalgamated Company shall make suitable entries in its books to give effect to all transactions of Amalgamating Company in respect of assets, liabilities, reserves, income and expenses, from the Appointed Date to the Effective Date.

22.7 In case of any differences in accounting policies followed by Amalgamating Company from that of Amalgamated Company, suitable adjustments ought to be made, to the extent material and practicable, so as to ensure that the financial statements of Amalgamated Company reflect the financial position on the basis of consistent accounting policies.

22.8 Notwithstanding the above, the Board of Directors of Amalgamated Company, in consultation with its statutory auditors, is authorised to account any of the balances in any other manner, if such accounting treatment is considered more appropriate. The same shall be in compliance with IND AS 103 notified by the Ministry of Corporate Affairs (Or 'pooling of interest' method in Accounting Standard (AS) 14 on "Accounting for Amalgamations" if applicable).

### **23. Amendment to main objects in the memorandum of association of the Amalgamating Company**

23.1 Upon coming into effect of this Scheme, the following main objects shall be added to the existing main objects of the Amalgamated Company in sub clause A of Clause III of its Memorandum of Association, as Item no.5 and Item number 6 of existing Memorandum of Association:

**Item 5-** To carry on the business of planning, designing, constructing, running and/or Management of, and provision of connected services, acting as advisers and consultants to, all kinds of hospitals, dispensaries, clinics, nursing homes, laboratories, diagnostic centres, operating rooms, physiotherapy centres, ambulances, maternity centres, transplant centres, dialysis centres, psychiatry and mental health centres, dentistry centres, ophthalmology centres, blood banks, medical advisory centres and health clubs or any other service related to medical and allied services, both curative and preventive, whether owned by the Company or not and to employ, retain, hire and provide doctors, registered medical practitioners, surgeons, technicians and specialist in all branches of the medical science to any hospitals, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs.

**Item 6-** To buy, sell, lease, import, export, supply, install, maintain, deal in, let out all kinds of equipment and instrumentation for hospital, dispensaries, clinics, nursing homes, laboratories, blood banks, medical advisor centres and health clubs and to buy, sell, import, export, treat and deal in any kinds of pharmaceuticals, chemicals, medicines and drug.

23.2 It shall be deemed that the consent of the shareholders of the Amalgamated Company to this Scheme shall be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 13 of the Companies Act, 2013 and any other relevant and applicable provisions under the 2013 Act would be required to be separately passed for the alteration of the Memorandum of Association of the Amalgamated Company, as provided in this Scheme. The sanction of this Scheme by the Court shall be deemed to be compliance of Section 13 of the Companies Act, 2013 and other applicable provisions of the Act.

### **24. Miscellaneous Provisions**

For the avoidance of doubt, it is hereby clarified that pursuant to amalgamation of Amalgamating Company into and with Amalgamated Company, the control over Amalgamated Company shall not change.

## **PART IV - GENERAL TERMS AND CONDITIONS**

### **25. Application to the Court**

Each of the Companies shall with all reasonable dispatch make the requisite company applications to the Court for seeking sanction/approval of this Scheme.

### **26. Effective Date**

This Scheme shall become effective on the date on which certified copies of the relevant order(s) of the Court approving this Scheme are filed by the Amalgamating Company and Amalgamated Company with the Registrar of Company, NCT of Delhi ("Effective Date"). In case Amalgamating Company and Amalgamated Company make such filings on different dates, then the last date on which such filings are made with Registrar of Companies, NCT of Delhi, shall be deemed as the Effective Date.

### **27. Sequencing of Events**

Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date, and become effective and operative only in the sequence and in the order mentioned hereunder:

- (i) transfer of the authorised share capital of the Amalgamating Company to Amalgamated Company as provided in Clause 20, and consequential increase in the authorised share capital of Amalgamated Company as provided thereunder;
- (ii) amalgamation of Amalgamating Company into and with Amalgamated Company in accordance with Part - III of this Scheme;

## **28. Binding Effect**

Upon this Scheme becoming effective it shall be binding on Amalgamating Company, Amalgamated Company, their respective shareholders, creditors and all other stakeholders. In the event of any inconsistency between the provisions of this Scheme and any of the terms and conditions of any earlier arrangement, agreement or contract between Amalgamating Company, Amalgamated Company, and, or, their shareholders, creditors and other stakeholders, then the provisions of this Scheme shall prevail.

## **29. Declaration of Dividend**

- (i) The Amalgamating Company and Amalgamated Company shall be entitled to declare and pay dividends, whether interim and, or, final, to their respective shareholders prior to the Effective Date.
- (ii) The holders of the shares of Amalgamating Company and Amalgamated Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association, including the right to receive dividends.
- (iii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of Amalgamating Companies and, or, Amalgamated Company to demand or claim any dividends which, subject to the provisions of the 1956 Act or the 2013 Act, as applicable, shall be entirely at the discretion of the respective Boards of Directors of Amalgamating Company and Amalgamated Company, and if applicable as per the provisions of the Articles of Association, and the 1956 Act or the 2013 Act, as applicable, be subject to the approval of the shareholders of Amalgamating Company and Amalgamated Company respectively.

## **30. Modification or Amendment to this Scheme**

Each of the Companies (acting through their respective Board of Directors) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, which the Court and/or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme at any stage prior to the Effective Date. Each of the Companies (acting through their respective Board of Directors) be and are hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of the order of the Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage prior to the Effective Date.

## **31. Conditionality of this Scheme**

The Scheme is conditional upon and subject to:

- (i) Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Amalgamating Company and the Amalgamated Company as may be directed by the applicable Hon'ble Courts.
- (ii) Sanctions and orders under the provisions of Section 391 to Section 394 of the 1956 Act (corresponding to the Sections 230 to 232 of the 2013 Act as and when notified and made applicable) being obtained by the Amalgamating Company and the Amalgamated Company from the applicable Hon'ble Courts.
- (iii) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

## **32. Costs**

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or Court's order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by Amalgamated Company.

### **33. Revocation of The Scheme**

In the event of any of the said sanctions and approvals referred to in Clause 31 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Court and/or order or orders not being passed as aforesaid before [December 31, 2018], or such other date as may be mutually agreed upon by the respective Board of Directors of the Companies who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Companies or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of the respective Companies shall be entitled, with due permission from the Court, to revoke, cancel and declare the Scheme of no effect if such boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies.

### **34. Severability**

If any part of the Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause the Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties, the benefits and obligations of the Scheme, including but not limited to such part.

### **35. Miscellaneous**

- (i) If any of the conditions that may be imposed by the Court and/or competent authority which any of the Companies may find unacceptable for any reason whatsoever, then they are at liberty to withdraw the Scheme.
- (ii) If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the joint decision of the Companies, affect the validity of or implementation of the other part and/or the provisions of this Scheme.
- (iii) The transfer of properties and liabilities to, and the continuance of proceedings by or against Amalgamated Company, as envisaged in Part - III above shall not affect any transaction or proceedings already concluded by Amalgamating Company on or before Appointed Date, and after Appointed Date till the Effective Date, to the end and intent that Amalgamated Company accepts and adopts all acts, deeds and things done and executed by Amalgamating Company in respect thereto as done and executed on behalf of itself.
- (iv) Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.
- (v) Upon this Scheme becoming effective, the resolutions, if any, of Amalgamating Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of Amalgamated Company and if any such resolutions have any monetary limits approved under the provisions of the 1956 Act or the 2013 Act, as applicable, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by Amalgamated Company and shall constitute the aggregate of the said limits in Amalgamated Company.
- (vi) Without prejudice to the generality of other provisions of this Scheme and notwithstanding anything to the contrary contained in this Scheme, the Board of Directors of Amalgamated Company shall have the option and shall be entitled to make suitable accounting entries at the time of closing of the books of accounts for the first financial year post the effectiveness of this Scheme as they may deem fit to give effect to the intent herein.

- (vii) The relevant Registrar / Sub-Registrar of Assurances, Tehsildar / Collector, municipal corporation, panchayat and other land authorities where the immovable properties of Amalgamating Company are located shall, post effectiveness of this Scheme, cause the record of title to be mutated in the land records so as to give effect to this Scheme and to vest such immovable properties in Amalgamated Company.
- (viii) Amalgamated Company and, or, Amalgamating Company, shall, with all reasonable dispatch, make respective applications to the Court, under Sections 391 to 394 of the 1956 Act (corresponding to the Sections 230 to 232 of the 2013 Act as and when notified and applicable) and other applicable provisions of the 1956 Act or the 2013 Act, seeking orders for dispensing with or convening, holding and, or, conducting of the meetings of the classes of their respective shareholders and, or, creditors and for sanctioning this Scheme with such modifications, as may be approved by the Court.
- (ix) Upon this Scheme being approved by the requisite majority of the shareholders and creditors of Amalgamated Company and Amalgamating Company, the Amalgamating Company and Amalgamated Company shall, with all reasonable dispatch, file respective petitions before the Court for sanction of this Scheme under Sections 391 to 394 of the 1956 Act (corresponding to the Sections 230 to 232 of the 2013 Act as and when notified and made applicable) and other applicable provisions of the 1956 Act or the 2013 Act, and for such other order or orders, as the Court may deem fit for carrying this Scheme into effect. Upon this Scheme becoming effective, the shareholders of both, Amalgamated Company and Amalgamating Company, shall be deemed to have also accorded their approval under all relevant provisions of the 1956 Act or the 2013 Act, as applicable, for giving effect to the provisions contained in this Scheme.

**CERTIFIED TRUE COPY OF THE REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MAX HEALTHCARE INSTITUTE LIMITED ON DECEMBER 06, 2016 IN ACCORDANCE WITH SECTION 232 (2)(C) OF THE COMPANIES ACT, 2013 READ WITH THE RULES MADE THEREUNDER**

**Background**

The proposed composite Scheme of Amalgamation ("the Scheme") amongst Max Medical Services Ltd. ("MMSL" / "Transferor Company"), Max Healthcare Institute Ltd. ("MHIL" / "Transferee Company") and their respective shareholders and creditors was approved by the Board of Directors vide resolution dated December 6, 2016. Provisions of Section 232(2)(c) of the Companies Act, 2013 ('the Act') requires the Directors to adopt a report explaining the effect of Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated for the meeting ordered by the National Company Law Tribunal.

Through this Scheme, it was proposed to amalgamate MMSL into and with MHIL. As MMSL is a wholly owned subsidiary of MHIL and there would be no issue of shares by MHIL in consideration of the proposed amalgamation. Accordingly, inter-corporate shareholdings between MMSL and MHIL shall stand cancelled. Thus, there is no requirement of valuation of equity shares and determination of share exchange ratio.

This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act read with the Rules made thereunder.

The Scheme duly signed by the Company Secretary was placed before the Board.

**Rationale of the Scheme**

- MMSL and MHIL are companies within the same group and MMSL is a wholly owned subsidiary of MHIL. Since MHIL holds (by itself and through its nominees) the entire share capital of the MMSL, therefore, pursuant to the amalgamation, there will be no change in the control or management of the MHIL.
- The consolidation by way of amalgamation would therefore lead to a more efficient utilization of capital and create a stronger capital base for the future growth of MHIL which will be beneficial for all its stakeholders.
- The stronger capital base of MHIL resulting from the proposed amalgamation will provide a strong financial structure to all creditors.
- The proposed amalgamation is likely to create synergies by consolidating ownership and will result in achieving a simple and transparent ownership structure.
- The proposed amalgamation will lead to reduction in the various inter-company transactions between MMSL and MHIL required at present due to the current operating structure leading into better management of working capital. It will also eliminate areas of potential conflict of interest and ease considerably related party transactions.
- The proposed amalgamation will lead to reduction of administrative cost and overhead expenses which would further lead to greater and effective executive control, synergy of operations and optimum utilization of the available resources.
- The proposed amalgamation will result in migration of entire operations into one consolidated legal entity and will allow for greater operational flexibility in the market with greater brand recognition and competitiveness than earlier resulting in efficiently meeting the requirements of key stakeholders of the business.
- The proposed amalgamation will also result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Companies and will enable better leverage of facilities, infrastructure and human resources and better administration of the business operations.
- The proposed amalgamation would attain more beneficial results for the shareholders, and creditors of the Companies and will not prejudice the interests of any concerned member/ creditor or general public at large.

- MMSL is basically receiving revenue from trading, leasing and construction business, which are not the core area for the group, thus no further allocation of resources will be available for such business. The amalgamation will improve the governance within the group due to direct oversight by the senior functionaries, who are working for MHIL, which is also the holding company of the amalgamating company. Further, the amalgamation will also lead to tax efficiencies owing to accounting consolidation of both the companies and would also ease in compliance with various laws and statutes.

This Scheme shall become effective on the date on which certified copies of the relevant order(s) of the Court approving this Scheme are filed by MMSL and MHIL with the Registrar of Companies, NCT of Delhi ("Effective Date"). In MMSL and MHIL make such filings on different dates, then the last date on which such filings are made with Registrar of Companies, NCT of Delhi, shall be deemed as the Effective Date.

Accordingly, upon the Scheme becoming effective, the entire paid up share capital in MMSL is fully held by MHIL and/or its nominee(s) on the Effective Date shall stand extinguished and all such Equity Shares of MMSL held by MHIL either in its own name or in the name of its nominee(s) shall be deemed to be cancelled on the Effective Date without any further application, act or deed.

#### **Effect of the Scheme on the stakeholders**

The Scheme will effect the persons specified in the following manner:

<b>S. No.</b>	<b>EFFECT OF THE SCHEME ON</b>	
1.	Key Managerial Personnel of MHIL	There will be no material effect on any of the KMPs of MHIL.
2.	Directors of MHIL	The Directors of MHIL do not have any material interest in arrangement (except as Shareholders/Director, as the case may be).
3.	Equity shareholders: Promoters of MHIL	The Scheme does not have a prejudicial effect on promoters, of MHIL, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
4.	Equity shareholders: Non- Promoter of MHIL	The Scheme does not have a prejudicial effect on non-promoter shareholders of MHIL, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner. Further, as no new shares are being issued, there is no effect in the shareholding of the Non-promoter shareholders of the Company.

#### **Adoption of the Report**

The Board of Directors have adopted this report after noting and considering the information set forth in this report.



**CERTIFIED TRUE COPY OF THE REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MAX MEDICAL SERVICES LIMITED ON DECEMBER 05, 2016 IN ACCORDANCE WITH SECTION 232 (2)(C) OF THE COMPANIES ACT, 2013 READ WITH THE RULES MADE THEREUNDER**

**Background**

The proposed composite Scheme of Amalgamation ("the Scheme") amongst Max Medical Services Ltd. ("MMSL" / "Transferor Company"), Max Healthcare Institute Ltd. ("MHIL" / "Transferee Company") and their respective shareholders and creditors was approved by the Board of Directors of MMSL in their meeting held on December 5, 2016. Provisions of Section 232(2)(c) of the Companies Act, 2013 ('the Act') requires the Directors to adopt a report explaining the effect of Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated for the meeting ordered by the National Company Law Tribunal.

Through this Scheme, it was proposed to amalgamate MMSL into and with MHIL. As MMSL is a wholly owned subsidiary of MHIL and there would be no issue of shares by MHIL in consideration of the proposed amalgamation. Accordingly, inter-corporate shareholdings between MMSL and MHIL shall stand cancelled. Thus, there is no requirement of valuation of equity shares and determination of share exchange ratio.

This report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Act read with the Rules made thereunder.

The Scheme duly signed by the Company Secretary was placed before the Board.

**Rationale of the Scheme**

- MMSL and MHIL are companies within the same group and MMSL is a wholly owned subsidiary of MHIL. Since MHIL holds (by itself and through its nominees) the entire share capital of MMSL, therefore, pursuant to the amalgamation, there will be no change in the control or management of the MHIL.
- The consolidation by way of amalgamation would therefore lead to a more efficient utilization of capital and create a stronger capital base for the future growth of MHIL which will be beneficial for all its stakeholders.
- The stronger capital base of MHIL resulting from the proposed amalgamation will provide a strong financial structure to all creditors.
- The proposed amalgamation is likely to create synergies by consolidating ownership and will result in achieving a simple and transparent ownership structure.
- The proposed amalgamation will lead to reduction in the various inter-company transactions between MMSL and MHIL required at present due to the current operating structure leading into better management of working capital. It will also eliminate areas of potential conflict of interest and ease considerably related party transactions.
- The proposed amalgamation will lead to reduction of administrative cost and overhead expenses which would further lead to greater and effective executive control, synergy of operations and optimum utilization of the available resources.
- The proposed amalgamation will result in migration of entire operations into one consolidated legal entity and will allow for greater operational flexibility in the market with greater brand recognition and competitiveness than earlier resulting in efficiently meeting the requirements of key stakeholders of the business.
- The proposed amalgamation will also result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Companies and will enable better leverage of facilities, infrastructure and human resources and better administration of the business operations.
- The proposed amalgamation would attain more beneficial results for the shareholders and creditors of the Companies and will not prejudice the interests of any concerned member/ creditor or general public at large.

- MMSL is basically receiving revenue from trading, leasing and construction business, which are not the core area for the group, thus no further allocation of resources will be available for such business. The amalgamation will improve the governance within the group due to direct oversight by the senior functionaries, who are working for MHIL, which is also the holding company of the amalgamating company. Further, the amalgamation will also lead to tax efficiencies owing to accounting consolidation of both the companies and would also ease in compliance with various laws and statutes.

This Scheme shall become effective on the date on which certified copies of the relevant order(s) of the Court approving this Scheme are filed by MMSL and MHIL with the Registrar of Companies, NCT of Delhi ("Effective Date"). In MMSL and MHIL make such filings on different dates, then the last date on which such filings are made with Registrar of Companies, NCT of Delhi, shall be deemed as the Effective Date.

Accordingly, upon the Scheme becoming effective, the entire paid up share capital in MMSL is fully held by MHIL and/or its nominee(s) on the Effective Date shall stand extinguished and all such Equity Shares of MMSL held by MHIL either in its own name or in the name of its nominee(s) shall be deemed to be cancelled on the Effective Date without any further application, act or deed.

#### **Effect of the Scheme on the stakeholders**

The Scheme will affect the persons specified in the following manner:

<b>S. No.</b>	<b>EFFECT OF THE SCHEME ON</b>	
1.	Key Managerial Personnel of MMSL	There will be no material effect on any of the KMPs of MMSL.
2.	Directors of MMSL	The Directors of MMSL do not have any material interest in arrangement (except as Shareholders/Director, as the case may be).
3.	Equity shareholders: Promoters of MMSL	The Scheme does not have a prejudicial effect on promoters, of MMSL, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
4.	Equity shareholders: Non- Promoter shareholders of MMSL	The Scheme does not have a prejudicial effect on non promoter shareholders of MMSL, as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

#### **Adoption of the Report by the Board of Directors**

The Board of Directors have adopted this report after noting and considering the information set forth in this report.

**Max Medical Services Limited**  
**Balance sheet as at December 31, 2016**

(Rs in Lacs)

	Notes	As at December 31, 2016	As at March 31, 2016
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	3,414	3,414
Reserves and surplus	4	7,266	5,960
		<u>10,680</u>	<u>9,374</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,074	3,348
Long-term provisions	6	-	1
		<u>2,074</u>	<u>3,349</u>
<b>Current liabilities</b>			
Trade payables	7	482	776
Other current liabilities	7	18	19
Short-term provisions	6	171	2
		<u>671</u>	<u>797</u>
<b>TOTAL</b>		<u><u>13,425</u></u>	<u><u>13,520</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	3,760	4,391
Intangible assets	8	158	84
Intangible assets under development		9	47
Non-current investments	9	2,548	2,548
Long-term loans and advances	10	783	812
Trade receivables	12	3,456	3,648
Other non-current assets	14	-	1
		<u>10,714</u>	<u>11,531</u>
<b>Current assets</b>			
Inventories	11	-	5
Trade receivables	12	2,216	1,784
Cash and bank balances	13	34	22
Short-term loans and advances	10	460	178
Other current assets	14	1	-
		<u>2,711</u>	<u>1,989</u>
<b>TOTAL</b>		<u><u>13,425</u></u>	<u><u>13,520</u></u>

The accompanying notes are integral part of the financial statements

sd/-

Yogesh Kumar Gupta

(Director)

Max Medical Services Limited

**Max Medical Services Limited**  
**Statement of profit and loss for the period ended December 31, 2016**

(Rs in Lacs)

	Notes	For nine months ended December 31, 2016	For the year ended March 31, 2016
<b>Income</b>			
Revenue from operations (net)	15	3,329	4,421
Other income	16	748	949
<b>Total revenue (I)</b>		<b>4,077</b>	<b>5,370</b>
<b>Expenses</b>			
Purchase of pharmacy, drugs, consumables and implants		1,730	2,420
(Increase)/decrease in inventory of pharmacy, drugs and consumables		5	(5)
Employee benefit expenses	18	47	59
Depreciation and amortisation expense	19	644	876
Finance costs	20	309	556
Other expenses	21	36	53
<b>Total expenses (II)</b>		<b>2,771</b>	<b>3,959</b>
<b>Profit before tax (I-II)</b>		<b>1,306</b>	<b>1,411</b>
<b>Tax expense</b>			
Current tax		279	138
Less: MAT credit entitlement		(279)	(138)
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>1,306</b>	<b>1,411</b>

The accompanying notes are integral part of the financial statements

sd/-

**Yogesh Kumar Gupta**  
**(Director)**

**Max Medical Services Limited**

## Max Medical Services Ltd

### Notes to financial statements For the year ended December 31, 2016

#### 1. Corporate Information

The Company is in the business of construction of hospitals, leasing of medical and other equipment and trading of goods and providing medical services.

#### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.1 Summary of significant accounting policies

##### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### (b) Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing tangible asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

##### (c) Depreciation on tangible fixed assets

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its tangible assets.

<b>Assets</b>	<b>Useful lives estimated by the management (years)</b>
Fences, Wells & Tubewells	5 Years
Medical Equipments	13 Years
Lab Equipments	10 Years
Electric Installations and Equipments	10 Years
Plant and Equipment	15 Years
Office Equipment and Computers	5 Years

Computers - Servers & Networks	6 Years
Computers - End User Devices, i.e., Desktop, Laptop etc.	3 Years
Furniture and Fixures	10 Years

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Cost of internally generated intangible assets Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use.
- (ii) its intention to complete the asset
- (iii) its ability to use the asset
- (iv) how the asset will generate future economic benefits
- (v) the availability of adequate resources to complete the development and to use the asset
- (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The cost of internally generated intangible asset includes sum of expenditure incurred from the time the intangible asset first meet the development criteria and comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

The intangible assets are assessed for impairment whenever there is indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed atleast at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**(e) Leases**

**Where the Company is lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in schedule II to Companies Act, 2013. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight –line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in schedule II to Companies Act, 2013.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### **Where the Company is the lessor**

Lease in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance lease. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight – line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

#### **(f) Borrowing costs**

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **(g) Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's, recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provide on the revised carrying amount of the asset over its remaining useful life.

An assessments is made at each reporting date as to whether is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### **(h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees, and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long –term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(i) Inventories**

Inventories are valued at lower of cost and net realizable value. Cost comprises of purchase price including duties, taxes and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**(j) Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**Sale of Goods**

Revenue from sale of pharmacy and pharmaceutical supplies is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects value added taxes (VAT) and service tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

**Income from Services**

Revenue from medical services are recognised pro-rata over the period of contract as and when services are rendered.

**Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Lease Income**

The Company is in the business of leasing of medical and other equipments. Income from leasing activity is recognized on straight line basis over the period of contract. Contingent lease rent is recognized based on the occurrence of the contingency.

**(k) Foreign currency translation**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rates at the date when the values were determined.

**(l) Retirement and other employee benefits**

**Provident fund**

Retirement benefit in the form of provident fund (Contributed to the Regional PF Commissioner) is a defined contribution scheme. The Company recognises contribution payable to the provident fund



scheme as an expenditure, when an employee renders related service. There are no other obligations other than contribution payable.

### **Gratuity**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

### **Compensated Absences**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period 12 months, the same is presented as non-current liability.

### **(m) Income Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable profit will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

**(n) Segment reporting policies**

**Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the location of customers.

**Allocation of common costs**

Common allocable costs are allocated to each segment in proportion to the relative revenue of each segment.

**Unallocated items**

All the common income, expenses, assets and liabilities, which are not possible to be allocated to different segments, are treated as unallocated items.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

**(o) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year.

**(p) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(q) Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(r) Cash & Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

sd/-

**Yogesh Kumar Gupta**

**(Director)**

**Max Medical Services Limited**

**Max Healthcare Institute Limited**  
**Balance sheet as at December 31, 2016**

(Rs in Lacs)

	Notes	As at December 31, 2016	As at March 31, 2016
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	53,724	53,341
Reserves and surplus	4	76,698	75,617
		<u>130,422</u>	<u>128,958</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	23,666	17,715
Other long term liabilities	7	530	473
Long-term provisions	6	888	722
		<u>25,084</u>	<u>18,910</u>
<b>Current liabilities</b>			
Short-term borrowings	8	6,976	8,713
Trade payables	9	14,661	13,055
Other current liabilities	9	2,160	2,724
Short-term provisions	6	1,116	815
		<u>24,913</u>	<u>25,307</u>
<b>TOTAL</b>		<u><u>180,419</u></u>	<u><u>173,175</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	39,709	39,484
Intangible assets	10	2,596	3,029
Capital work-in- progress		2,037	645
Intangible assets under development		51	5
Non-current investments	11	90,492	87,992
Loans and advances	12	25,197	24,832
Other non-current assets	17	1	-
		<u>160,083</u>	<u>155,987</u>
<b>Current assets</b>			
Current investments	13	-	-
Inventories	14	1,349	1,318
Trade receivables	15	14,460	11,927
Cash and bank balances	16	366	391
Loans and advances	12	2,618	2,354
Other current assets	17	1,543	1,198
		<u>20,336</u>	<u>17,188</u>
<b>TOTAL</b>		<u><u>180,419</u></u>	<u><u>173,175</u></u>

The accompanying notes are integral part of the financial statements

sd/-

**Yogesh Kumar Sareen**  
**(Chief Financial Officer)**  
**Max Healthcare Institute Limited**

**Max Healthcare Institute Limited**  
**Statement of profit and loss for the period ended December 31, 2016**

(Rs in Lacs)

	Notes	For nine months ended December 31, 2016	For the year ended March 31, 2016
<b>Income</b>			
Revenue from operations (net)	18	75,082	91,493
Other income	19	1,627	2,970
<b>Total revenue (I)</b>		<b>76,709</b>	<b>94,463</b>
<b>Expenses</b>			
Purchase of pharmacy, drugs, consumables and implants		20,671	26,069
(Increase)/decrease in inventory of pharmacy, drugs and consumables and implants		(31)	(44)
Employee benefit expenses	20	19,101	21,725
Depreciation and amortisation expense	21	3,606	5,052
Finance costs	22	2,776	2,986
Other expenses	23	31,708	40,892
<b>Total expenses (II)</b>		<b>77,831</b>	<b>96,680</b>
<b>Loss before tax</b>		<b>(1,122)</b>	<b>(2,217)</b>
<b>Tax expenses</b>			
<b>Current tax</b>			
Adjustment of tax relating to earlier periods		-	(2)
<b>Total tax expense</b>		<b>-</b>	<b>(2)</b>
<b>Loss for the year</b>		<b>(1,122)</b>	<b>(2,215)</b>

The accompanying notes are integral part of the financial statements

sd/-

**Yogesh Kumar Sareen**  
**(Chief Financial Officer)**  
**Max Healthcare Institute Limited**

## **Max Healthcare Institute Ltd**

### **Notes to financial statements For the year ended December 31, 2016**

#### **1 Corporate Information**

Max Healthcare Institute Limited ("the Company") is a public limited Company domiciled in India. The Company has a network of healthcare facilities in the National Capital Region and in the state of Uttarakhand, comprising of primary care clinics, secondary care hospitals/medical centres and tertiary care facilities.

The financial statements of the Company includes the performance of hospitals and medical centres, which are operational and the central support team, which is meant to support the current operations and ongoing expansion.

The Company has also entered into long term service contracts with other healthcare service providers and downstream subsidiaries to provide medical services to them in their hospital operations.

#### **2 Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on the accrual basis and under historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below:

##### **2.1 Summary of significant accounting policies**

###### **(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

###### **(b) Tangible fixed assets**

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost, if capitalization criteria are met and other directly attributable cost of bringing the tangible asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing tangible asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of tangible asset and are recognised in the statement of profit and loss when tangible asset is derecognised.

###### **(c) Depreciation on tangible fixed assets**

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its tangible assets.

<b>Assets</b>	<b>Useful lives estimated by the management (years)</b>
Leasehold Improvements	Shorter of the estimated useful life of tangible asset or respective lease term
Building	60 Years
Fences, Wells & Tubewells	5 Years
Medical Equipments	13 Years
Lab Equipments	10 Years
Electric Installations and Equipments	10 Years
Plant and Equipment	15 Years
Office Equipment and Computers	5 Years
Computers - Servers & Networks	6 Years
Computers - End User Devices, i.e., Desktop, Laptop etc.	3 Years
Furniture and Fixtures	10 Years
Motor Vehicles - Company Cars	8 Years
Motor Vehicles - Ambulances	6 Years

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life of two to six years.

Cost of internally generated intangible assets“Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:“(i) the technical feasibility of completing the intangible asset so that it will be available for use.“(ii) its intention to complete intangible asset“(iii) its ability to use intangible asset“(iv) how intangible asset will generate future economic benefits“(v) the availability of adequate resources to complete the development and to use intangible asset“(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.”“The cost of internally generated intangible asset includes sum of expenditure incurred from the time the intangible asset first meet the development criteria and comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the intangible asset ready for its intended use.

The intangible assets are assessed for impairment whenever there is indication that the intangible asset may be impaired.The amortisation period and the amortisation method are reviewed atleast at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in the statement of profit and loss when the intangible asset is derecognised.

**(e) Leases**

**Where the Company is lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in schedule II to the Companies Act 2013. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### **Where the Company is the lessor**

Lease in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance lease. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

#### **(f) Borrowing costs**

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **(g) Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's, recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provide on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**(h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees, and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(i) Inventories**

Inventories comprise of pharmacy, drugs, consumable and implants which are valued at lower of cost and net realizable value. Cost includes the cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**(j) Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**Sale of Goods**

Revenue from sale of pharmacy and pharmaceutical supplies is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

**Income from Services**

Revenue from healthcare services are recognised on the performance of related services and includes service for patients undergoing treatment and pending for billing, which is shown as unbilled under other current assets. Revenues from other healthcare service providers and sponsorship and educational income are recognized on the performance of related services as per the terms of contracts.

**Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Incentive Income**

Benefits under "Served from India Scheme" available for foreign exchange earned under prevalent scheme of Government of India are accrued when the right to receive these benefits as per the terms of the scheme is established and accrued to the extent there is no significant uncertainty about the measurability and ultimate utilization.



**(k) Foreign currency translation**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rates at the date when the values were determined.

**Exchange differences**

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(l) Retirement and other employee benefits**

**Provident fund**

Retirement benefit in the form of Provident Fund is a defined benefit obligation as the Company and its employees are contributing to a provident fund trust "Max India Limited Employees Provident Fund Trust" managed by the Company's holding company and the contributions are charged to statement of profit and loss account of the year when the contributions to the respective funds are due. Shortfall in the fund, if any, is adequately provided for by the Company.

**Gratuity**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company has taken a policy with Life Insurance Corporation (LIC) to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC is provided for as liability in the books.

**Compensated Absences**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period 12 months, the same is presented as non-current liability.

**(m) Income Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable profit will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

**(n) Employee stock compensation cost**

"Employees of the Company receive remuneration in the form of share based payment transaction, whereby employees render services as a consideration for equity instruments or cash (equity settled transactions with a cash alternative).

Stock options are measured in accordance with the Guidanance Note on Accounting for Employee Share-based Payments using the intrinsic value method and recognised, together with a corresponding increase in the "Provision for employee stock options outstanding" in Provisions. The expense or credit recognised in the statement of profit and loss account for a year represents the movement in the cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefit expense.

**(o) Long term incentive plan**

Employees of the Company receives defined incentive, whereby employees render services for a specified period.

**(p) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(q) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the

obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(r) Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(s) Cash & Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

**sd/-**

**Yogesh Kumar Sareen**

**(Chief Financial Officer)**

**Max Healthcare Institute Limited**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
PRINCIPAL BENCH, AT NEW DELHI  
COMPANY APPLICATION NO.CA(CAA)-16(PB)/2017 OF 2017  
IN THE MATTER OF THE COMPANIES ACT, 2013**

**AND**

**IN THE MATTER OF SECTION 230 TO 232 OF THE COMPANIES ACT, 2013 READ WITH THE  
COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

**AND**

**IN THE MATTER OF SCHEME OF AMALGAMATION OF MAX MEDICAL SERVICES LIMITED HAVING  
CIN U74899DL1994PLC061314 ('THE TRANSFEROR COMPANY') WITH MAX HEALTHCARE  
INSTITUTE LIMITED HAVING CIN U72200DL2001PLC111313 ('THE TRANSFEREE COMPANY')**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**FORM OF PROXY**

I/ We \_\_\_\_\_ undersigned, being the Unsecured Creditor(s) of Max Healthcare Institute Limited, the Transferee Company do hereby appoint Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_ and failing him/her, Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy, to act for me / us at the meeting of the Unsecured Creditors of the Transferee Company to be held at Auditorium, India Islamic Cultural Centre, 87-88, Lodhi Road, New Delhi-110003 on Tuesday, the 27<sup>th</sup> day of June, 2017 at 11:00 A.M., for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation between Max Medical Services Limited and Max Healthcare Institute Limited and their respective Shareholders and Creditors and at such meeting and any adjournment/ adjournments thereof, to vote, for me/us and in my/our name(s) \_\_\_\_\_ the said arrangement embodied in the Scheme of Amalgamation either with or without modifications as my / our proxy may approve.

*\*Strike out what is not necessary*

Affix Re. 1 Revenue Stamp
---------------------------------

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Name		Signature of Unsecured Creditor / Witness (where the Creditor is blind or incapable of writing) across the Stamp
Address		

**NOTES:**

1. Please affix revenue stamp before putting signature.
2. Proxy need not be an Unsecured Creditor.
3. Proxy shall not be a minor.
4. Proxy should carry a valid proof of identity like PAN card, Aadhar card, Driving License, Passport, etc.
5. Proxy authorized by an Unsecured Creditor which is a body corporate should carry the true copy of the Resolution passed by the Board of Directors or other governing body of such body corporate, certified

by a Director, Manager, Secretary or other authorized officer of such body corporate, to this effect. Such resolution should be lodged with the Transferee Company at its registered office not later than FORTY-EIGHT hours before the time scheduled/ fixed for the said Meeting.

6. In case of multiple Proxies, the Proxy later in time shall be accepted.
7. Copy of the Scheme of Amalgamation/Explanatory Statement/Proxy Form may be obtained from the registered office of Max Healthcare Institute Limited at Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020.

**MAX HEALTHCARE INSTITUTE LIMITED**

CIN: U72200DL2001PLC111313

Registered Office: Max House, 1, Dr. Jha Marg, Okhla, New Delhi - 110020

Phone : 011-41612123 Email : ruchi.mahajan2@maxhealthcare.in;

Website: [www.maxhealthcare.in](http://www.maxhealthcare.in)

**ATTENDANCE SLIP**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

**IN THE MATTER OF**

**MAX MEDICAL SERVICES LIMITED (TRANSFEROR COMPANY)**

**AND**

**MAX HEALTHCARE INSTITUTE LIMITED (TRANSFeree COMPANY)**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

I hereby record my presence at the Meeting of the Unsecured Creditors of Max Healthcare Institute Limited, Transferee Company, convened pursuant to an Order dated 8th May, 2017 of the Principal Bench of the NCLT at Auditorium, India Islamic Cultural Centre, 87-88, Lodhi Road, New Delhi-110003 on the 27<sup>th</sup> day of June, 2017 at 11:00 A.M.

<b>NAME AND COMPLETE ADDRESS OF THE UNSECURED CREDITOR:</b>	
<b>Signature</b>	

<b>NAME AND COMPLETE ADDRESS OF THE PROXY:</b>	
<b>Signature</b>	

**NOTE:** Unsecured Creditors attending the Meeting in Person or by Proxy or through Authorized Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the Meeting Hall.

# ROUTE MAP

