

Press Release

Life Healthcare to equalize its stake in Max Healthcare at an Enterprise Value of Rs 3650 Cr

LHC will invest upto an additional Rs. 794 Cr in an all cash deal at Rs 67.50 per share

MHC valued at industry leading multiple of 31 times FY14 EBITDA translating to an Equity Value of Rs. 2,884 Cr

Stake equalisation is in line with original joint venture agreement between the two partners

MHC to utilize funds for its 3rd wave of growth and to retire debt

New Delhi, 22 July 2014 Life Healthcare (LHC), a USD 2 Bn South African healthcare major, is set to invest upto an additional Rs. 794 Cr in Max Healthcare (MHC), one of India's leading private healthcare providers. LHC will pay Rs. 67.50 per share to equalize its stake with Max India in MHC, in an all cash transaction which puts the enterprise value of MHC at Rs 3,650/- Cr and its Equity value at Rs. 2,884 Cr.

In January 2012, Life Healthcare had invested Rs 50.24 per share, translating to Rs 516.5 Cr, to acquire a 26% stake in Max Healthcare. The current transaction will lead to equalization of stake of both joint venture partners as envisaged in their original JV agreement.

Post transaction, both JV partners will have equal representation on the MHC Board. The brand name of Max Healthcare will remain unchanged.

Max India is one of India's leading multi business corporates with interests in Life Insurance, Healthcare and Health Insurance. Since its inception almost three decades ago, it has had an experience of managing successful joint venture partnership due to its philosophy of open and transparent relationships always managed in the spirit of equal ownership.

Speaking on the development, Mr Rahul Khosla, Managing Director, Max India and Chairman, Max Healthcare, said, "Max India and Life Healthcare's joint venture has evolved into a mutually beneficial partnership with a clear meeting of minds on critical decisions such as business development, growth strategies, talent management and driving performance to achieve the highest standards of medical and service excellence. As MHC prepares itself for its third wave of growth it will stand to benefit immensely from LHC's considerable experience in managing a large and widespread network of hospitals. Both the joint venture partners are committed to expand and grow the company rapidly."

The image shows a handwritten signature in black ink, which appears to be 'Rahul Khosla'. To the right of the signature is a circular logo. The logo has 'MAX INDIA LIMITED' written around the top inner edge and 'New Delhi' in the center. A small star is located at the bottom right of the circle.

Commenting on the transaction, Andre Meyer, CEO, Life Healthcare, said, "India is a very important market for us. Our relationship with Max had been very constructive. Both Max and LHC were very keen on growing our partnership and the stake equalization is an important step in this direction."

LHC will invest upto Rs. 397 Cr directly in MHC by subscribing to fresh equity at Rs. 67.50 per share. It will also acquire upto 13.3% of existing stake in the Company from Max India at Rs. 67.50 per share for upto Rs. 383 Cr, to achieve an equal shareholding as that of its JV partner Max India.

IFC, Washington currently holds 7.5% stake in MHC and has the option of either maintaining its 7.5% stake, by converting a portion of its preference shares to equity, or exercising a proportionate tag along right with Max India so as to dilute its shareholding to 5.4 %. The actual amount invested by Life Healthcare (and thus the amount received by Max Healthcare and Max India) will vary depending on IFC, Washington's decision.

Speaking at the occasion, Mr Mohit Talwar, Dy Managing Director, Max India, who led this deal said, "The transaction would provide LHC a stronger platform to participate in the high growth Indian private healthcare space. We have multiple growth opportunities lined up, including expansion of our flagship super-speciality hospitals in Delhi. A portion of the proceeds will also be used to retire some debt which will further improve the financial performance."

Max Healthcare operates 12 hospitals in North India, with a focus on high end tertiary and quaternary care. It undertook an exponential phase of organic expansion a year ago, by launching four new hospitals in Delhi-NCR and North India to nearly double its capacity to almost 2000 beds. The company's revenue in FY 14 was Rs. 1,407 crore, a growth of 22% YoY. Its EBITDA in the same period grew by 59% YoY, to Rs. 113 crore.

The Boards of Max India, Life Healthcare and Max Healthcare approved the transaction earlier today. The transaction is subject to execution of definitive agreements and receipt of requisite statutory approvals.

The Max India Group is a leading Indian multi-business corporate with a commanding presence in the Life Insurance, Healthcare and Health insurance sectors. In the financial year 2014, the Group recorded a consolidated turnover of Rs 117 billion. It has a total customer base of over 7.5 million, nearly 300 offices spread across India and people strength of around 17,000 as on 31st March 2014. Max India Limited is a widely held company, listed on the BSE and the NSE. Its founder sponsor Analjit Singh holds 40.5% stake in the company. Other shareholders include some of world's best Institutional Investors such as Goldman Sachs, Temasek, IFC (Washington), Fidelity, New York Life.



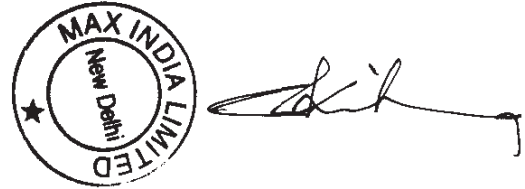
Life Healthcare is the second largest private hospital operators in South Africa. It currently owns and operates 63 facilities with 8322 beds in a comprehensive geographic spread over seven South African provinces and Botswana. It is also a leading provider of acute rehabilitation and mental health services in the country.

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