**INDEPENDENT AUDITOR'S REPORT**

To the Members of Hometrail Buildtech Private Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Hometrail Buildtech Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 2 in the financial statements which, indicate that the Company has accumulated losses and its net worth has been substantially eroded, the Company has incurred a net loss and net cash loss during the current and previous year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**Sd/-**
per **Manoj Kumar Gupta**
Partner
Membership No: 083906
Place of Signature:
Date: May 4, 2016

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

Re: **Hometrail Buildtech Private Limited** ('the Company')

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits from the public.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the sale of goods and services related to healthcare, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of custom, value added tax, cess and other material statutory dues applicable to it. The provisions relating to duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service tax, sales tax, duty of custom, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to duty of excise are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

viii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks .The Company did not have any outstanding dues from debenture holders or Government.

ix. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. The provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company. Therefore, the requirements under paragraph 3(xi) of the Order are not applicable to the Company and hence not commented upon.

xii. In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

xv. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**Sd/-**
per **Manoj Kumar Gupta**
Partner
Membership No: 083906
Place of Signature:
Date: May 4, 2016

**Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of Hometrail Buildtech Private Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of **Hometrail Buildtech Private Limited**

We have audited the internal financial controls over financial reporting of Hometrail Buildtech Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Hometrail Buildtech Private Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 3, 2016 expressed an unqualified opinion thereon.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**Sd/-**
per **Manoj Kumar Gupta**
Partner
Membership No: 083906
Place of Signature:
Date: May 4, 2016

**Hometrail Buildtech Private Limited**

**Balance Sheet**

**(Rs in Lacs)**

| | Notes | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | **3,301** | 3,301 |
| Reserves and surplus | 4 | **(5,995)** | (3,230) |
| | | **(2,694)** | 71 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | **8,661** | 7,320 |
| Long-term provisions | 6 | **502** | 245 |
| | | **9,163** | 7,565 |
| **Current liabilities** | | | |
| Short-term borrowings | 7 | **157** | 164 |
| Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 8 | **-** | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 8 | **820** | 718 |
| Other current liabilities | 8 | **1,227** | 662 |
| Short-term provisions | 6 | **29** | 28 |
| | | **2,233** | 1,572 |
| **TOTAL** | | **8,702** | 9,208 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 9 | **7,672** | 8,257 |
| Intangible assets | 9 | **20** | 2 |
| Capital work-in- progress | | **-** | 13 |
| Long-term loans and advances | 10 | **53** | 71 |
| | | **7,745** | 8,343 |
| **Current assets** | | | |
| Inventories | 11 | **165** | 152 |
| Trade receivables | 12 | **499** | 515 |
| Cash and cash equivalents | 13 | **98** | 132 |
| Loans and advances | 10 | **153** | 52 |
| Other current assets | 14 | **42** | 14 |
| | | **957** | 865 |
| **TOTAL** | | **8,702** | 9,208 |
| Significant accounting policies | 2.1 | | |

The accompanying notes are integral part of the financial statements

As per our report of even date attached

**For S.R. Batliboi & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 301003E/E300005**

**sd/-**
**per Manoj Kumar Gupta**
Partner
Membership Number: 83906

Place : Gurgaon
Date : May 3, 2016

**For and on behalf of the Board of Directors of**
**Hometrail Buildtech Private Limited**

**sd/-**
**Sunil Mehta**
(Whole-Time Director)
DIN : 07270445

**sd/-**
**Yogesh Kumar Sareen**
(Director)
DIN : 00884252

**sd/-**
**Pawan Khurana**
(Head -Finance)

**sd/-**
**Yogesh Sharma**
(Company Secretary)
M.No. : A29286

Place : New Delhi
Date : May 3, 2016

**Hometrail Buildtech Private Limited**
**Statement of Profit and Loss**

| | Notes | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|---|
| | | | **(Rs in Lacs)** |
| **Income** | | | |
| Revenue from operations (net) | 15 | **4,263** | 4,467 |
| Other income | 16 | **11** | 7 |
| **Total revenue (I)** | | **4,274** | 4,474 |
| **Expenses** | | | |
| Purchase of pharmacy, drugs, consumables and implants | | **1,435** | 1,509 |
| (Increase)/decrease in inventory of pharmacy, drugs, consumables & implants | | **(13)** | (27) |
| Employee benefit expenses | 17 | **1,116** | 1,123 |
| Depreciation and amortisation expense | 18 | **645** | 592 |
| Finance costs | 19 | **1,104** | 1,006 |
| Other expenses | 20 | **2,500** | 2,283 |
| **Total expenses (II)** | | **6,787** | 6,486 |
| **Loss before tax (I-II)** | | **(2,513)** | (2,012) |
| **Loss for the year** | | **(2,513)** | (2,012) |
| **Earnings per equity share [Nominal value of shares Rs.10 (Previous year Rs.10)]** | | | |
| Basic and Diluted | 21 | **(19.32)** | (18.22) |
| Significant accounting policies | 2.1 | | |

The accompanying notes are integral part of the financial statements

As per our report of even date attached

**For and on behalf of the Board of Directors of**
**Hometrail Buildtech Private Limited**

**For S.R. Batliboi & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 301003E/E300005**

**sd/-**
**per Manoj Kumar Gupta**
Partner
Membership Number: 83906

Place : Gurgaon
Date : May 3, 2016

**sd/-**
**Sunil Mehta**
(Whole-Time Director)
DIN : 07270445

**sd/-**
**Yogesh Kumar Sareen**
(Director)
DIN : 00884252

**sd/-**
**Pawan Khurana**
(Head -Finance)

**sd/-**
**Yogesh Sharma**
(Company Secretary)
M.No. : A29286

Place : New Delhi
Date : May 3, 2016

**Hometrail Buildtech Private Limited**
**Cash Flow Statement**

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| | | **(Rs in Lacs)** |
| **A. Cash flow from operating activities** | | |
| **Net loss before tax** | **(2,513)** | (2,012) |
| **Non cash adjustments:** | | |
| Depreciation and amortization expense | **645** | 592 |
| Loss on sale of fixed assets | **-** | 4 |
| Provision for doubtful debts | **82** | 45 |
| Foreign exchange fluctuation loss | **3** | 2 |
| Liabilities no longer required written back | **(9)** | (1) |
| Interest income | **(1)** | (3) |
| Provision for guaranteed internal rate of return on Preference shares | **(252)** | (225) |
| Interest expense | **1,091** | 994 |
| **Operating loss before working capital changes** | **(954)** | (604) |
| **Movements in working capital :** | | |
| Increase in trade payables, other liabilities and provisions | **132** | 220 |
| (Increase) in inventories | **(13)** | (27) |
| (Increase) trade receivables | **(66)** | (368) |
| (Increase) in loans and advances | **(28)** | (49) |
| (Increase)/decrease in other assets | **(28)** | 16 |
| **Cash (used in) operations** | **(957)** | (812) |
| Direct taxes paid (net of refund) | **(55)** | 2 |
| **Net cash (used in) operating activities (A)** | **(1,012)** | (810) |
| **B. Cash flows from investing activities** | | |
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | **(88)** | (106) |
| Investment in / Maturity of fixed deposits with banks (having original maturity of more than three months | **(1)** | 248 |
| Interest received | **1** | 7 |
| **Net cash (used in) investing activities (B)** | **(88)** | 149 |
| **C. Cash flows from financing activities** | | |
| Proceeds from issuance of equity share capital including security premium (net of share issue expenses) | **-** | 999 |
| Provision for guaranteed internal rate of return on Preference shares | **252** | 225 |
| Proceeds from long-term borrowings | **1,484** | 724 |
| Proceeds/ (repayment) of short-term borrowings (net) | **(7)** | 52 |
| Interest paid | **(664)** | (1,282) |
| **Net cash from financing activities (C)** | **1,065** | 718 |
| **Net increase/ (decrease) in cash and cash equivalents (A + B + C)** | **(35)** | 57 |
| Total cash and cash equivalents at the beginning of the year | **131** | 74 |
| **Cash and cash equivalents at the end of the year** | **96** | 131 |
| **Components of cash and cash equivalents:** | | |
| Cash on hand | **9** | 8 |
| Cheques on hand | **-** | 4 |
| Balances with banks on current accounts | **28** | 57 |
| Balances with banks on escrow accounts | **59** | 62 |
| **Cash and cash equivalents** | **96** | 131 |

Significant accounting policies 2.1

The accompanying notes are integral part of the financial statements

As per our report of even date attached

**For S.R. Batliboi & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 301003E/E300005**

**sd/-**
**per Manoj Kumar Gupta**
Partner
Membership Number: 83906

Place : Gurgaon
Date : May 3, 2016

**For and on behalf of the Board of Directors of**
**Hometrail Buildtech Private Limited**

**sd/-**
**Sunil Mehta**
(Whole-Time Director)
DIN : 07270445

**sd/-**
**Yogesh Kumar Sareen**
(Director)
DIN : 00884252

**sd/-**
**Pawan Khurana**
(Head -Finance)

**sd/-**
**Yogesh Sharma**
(Company Secretary)
M.No. : A29286

Place : New Delhi
Date : May 3, 2016

**1 Corporate Information**

Hometrail Buildtech Private Limited, ('the Company') is a multi-speciality hospital with a state-of-art healthcare services and expertise in city of "Bhatinda" in State of Punjab.

The Company had entered into a tripartite long term concessional agreement dated February 20, 2009 along with its holding Company, 'Max Healthcare Institute Limited' and Government of Punjab. As per the terms of concessional agreement, the Company is to build and operate a hospital for a initial term of 50 years on public private partnership (PPP) mode.

The financial statements of the Company includes operation of the hospital. Healthcare facilities have a long gestation period from commencement of its operation and accordingly require significant cash outlay.

**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 where a newly issued accounting standards is initially adopted or revision in accounting standards require a change in accounting policy hitherto in use.

Healthcare is a long gestation business. The Company is still in gestation period. Company has started commercial operations in 2011. The Company has incurred a loss of Rs 2,513 Lacs (Previous Year Rs. 2,012 Lacs) in the current year, due to which accumulated loss has been posted at Rs 10,705 Lacs (Previous year Rs. 8,192 Lacs) against share capital of Rs. 3,301 Lacs as of March 31, 2016 (Previous year Rs. 3,301 Lacs). The accumulated losses of the Company is envisaged and are owing to the long gestation nature of operation towards development of infrastructure to support the long term growth plan. In the opinion of the management, in view of the commitment of continued financial support by holding Company, and on the basis of the Company's future investment plans, the Company is continuing with a going concern assumption. Further, the Company does not anticipate that it will not be able realize its assets and discharge its liabilities in the normal course of business.

**2.1 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 and appropriate changes are made as management become aware of the change in circumstances according to their estimates, 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**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalization criteria are met and 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 fixed asset is added to its book value only if it increases the future benefits from the existing fixed asset beyond its previously assessed standard of performance. All other expenses on existing fixed 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 sale/disposal/de-capitalisation of fixed 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 assets**

Depreciation on fixed 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 fixed assets.

| | **Estimated Useful lives (in years)** |
|---|---|
| Leasehold Improvements | Shorter of the estimated useful life of tangible asset or respective lease term |
| Building | 5-60 Years |
| Medical Equipment | 13 Years |
| Lab Equipment | 10 Years |
| Electric Installations and Equipment | 10 Years |
| Plant and Equipment | 15 Years |
| Office Equipment and Computers | 5 Years |
| Computer and Data Processing units | 3-6 Years |
| Furniture and Fixtures | 10 Years |
| Motor Vehicles | 6-8 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 is 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 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 dercognition 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.

**(f) Borrowing costs**

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. Borrowing cost includes interest and ancillary costs incurred in connection with arrangement of borrowings.

**(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.

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) 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.

**(i) 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 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 ( including drugs, consumables & implants used in delivery of such services) are recognized 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.

**Interest**
Interest income is recognized 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.

**(j) 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.

**(k) 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 non-funded 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 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.

**(l) 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.

**(m) 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.

**(n) 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.

**( o ) 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.

**(p) Cash and 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.

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**Hometrail Buildtech Private Limited**

### 3. Share Capital

(Rs in Lacs)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **Authorised** | | |
| 15,000,000 (March 31, 2015: 15,000,000) equity shares of Rs.10/- each | **1,500** | 1,500 |
| 2,000,000 (March 31, 2015: 2,000,000) 0% redeemable preference shares of Rs. 100/- each | **2,000** | 2,000 |
| | **3,500** | 3,500 |
| **Issued, subscribed and fully paid-up** | | |
| 13,010,000 (March 31, 2015: 13,010,000) equity shares of Rs.10/- each | **1,301** | 1,301 |
| 2,000,000 (March 31, 2015: 2,000,000) 0% redeemable preference shares of Rs. 100/- each | **2,000** | 2,000 |
| **Total issued, subscribed and fully paid-up share capital** | **3,301** | 3,301 |

### 3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|---|---|---|---|
| | No. of shares | (Rs in Lacs) | No. of shares | (Rs in Lacs) |
| **Equity shares** | | | | |
| At the beginning of the year | **1,30,10,000** | **1,301** | 1,10,10,000 | 1,101 |
| Issued during the year | **-** | **-** | 20,00,000 | 200 |
| **Outstanding at the end of the year** | **1,30,10,000** | **1,301** | 1,30,10,000 | 1,301 |

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|---|---|---|---|
| | No. of shares | (Rs in Lacs) | No. of shares | (Rs in Lacs) |
| **Redeemable Preference Shares** | | | | |
| At the beginning of the year | **20,00,000** | **2,000** | 20,00,000 | 2,000 |
| Issued during the year | **-** | **-** | - | - |
| **Outstanding at the end of the year** | **20,00,000** | **2,000** | 20,00,000 | 2,000 |

### 3.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3.3 Terms of redemption of Zero Percent Redeemable Preference Shares

During the financial year 2013-14, the Company had alloted 2,000,000 nos., 6 years 0% Cumulative Preference Shares of Rs. 100/- each aggregating to Rs, 2,000 lacs on March 25, 2014 to Max Healthcare Institute Limited (the Holding Company)

These preference shares have been issued on following terms & conditions:

(i) Nature: zero percent redeemable non-convertible preference shares.

(ii) Dividend: These preference shares shall not carry any dividend.

(iii) Voting Rights: These Preference shares shall not carry any voting rights except as provided under section 47 of the Companies Act, 2013 or such other provisions as applicable.

(iv) Premium: Redemption premium providing internal rate of return (IRR) of 11.25% per annumn.

(v) Tenure: Redeemable after 6 years

### 3.4 Shares held by holding company (Legal Ownership)

**Out of Equity and Preference Shares, Share held by holding company are stated below:** (Rs in Lacs)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **Max Healthcare Institute Limited** | | |
| 13,009,994 (March 31, 2015: 13,009,994 ) Equity shares of Rs.10/- each fully paid up | **1,301** | 1,301 |
| 2,000,000 (March 31, 2015: 2,000,000) 0% Redeemable preference shares of Rs. 100/- each | **2,000** | 2,000 |
| | **3,301** | 3,301 |

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### 3.5 Details of shareholder holding more than 5% shares in the company (legal ownership)

| Name of the Shareholder | March 31, 2016 | | March 31, 2015 | |
|---|---|---|---|---|
| | No. of shares | % held | No. of shares | % held |
| **Equity Shares** | | | | |
| Max Healthcare Institute Limited | **1,30,09,994** | **99.99%** | 1,30,09,994 | 99.99% |
| **Redeemable Preference Shares** | | | | |
| Max Healthcare Institute Limited | **20,00,000** | **100%** | 20,00,000 | 100% |

**Hometrail Buildtech Private Limited**

**4. Reserves and surplus**

(Rs in Lacs)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **Securities premium account** | | |
| At the beginning of the year | **4,962** | 4,388 |
| Add: premium on issue of equity shares | **-** | 800 |
| Less: provision for premium on redemption of redeemable preference shares (note 3.3) | **(252)** | (225) |
| Less: share issue expenses | **-** | (1) |
| **Closing balance** | **4,710** | 4,962 |
| **Deficit in the statement of profit and loss** | | |
| Balance as per last financial statements | **(8,192)** | (6,180) |
| Loss for the year | **(2,513)** | (2,012) |
| **Net deficit in the statement of profit and loss** | **(10,705)** | (8,192) |
| **Total reserves and surplus** | **(5,995)** | (3,230) |

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Hometrail Buildtech Private Limited

## 5. Long-term borrowings

(Rs in Lacs)

| | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Term Loans (secured)** | | | | |
| From non-banking financial company | **4,333** | 4,853 | **520** | 361 |
| **Finance lease obligation (secured)** | **3** | 35 | **32** | 50 |
| **Deferred Payment Liabilities (unsecured)** | **-** | - | **47** | 45 |
| **Inter Corporate Deposits ( Unsecured)** | **4,325** | 2,432 | **-** | - |
| | **8,661** | 7,320 | **599** | 456 |
| **The above amount includes** | | | | |
| Secured borrowings | **4,336** | 4,888 | **552** | 411 |
| Unsecured borrowings | **4,325** | 2,432 | **47** | 45 |
| Amount disclosed under the head "other current liabilities" (note 8) | **-** | - | **(599)** | (456) |
| | **8,661** | 7,320 | **-** | - |

*5.1 Term Loan from the non-banking financial company includes Rs. 4,701 lacs (March 31, 2015: Rs.5,010 lacs) is repayable in 32 quarterly instalment commencing from December 2014. The loan obtained from L&T Infrastructure Finance Company Limited is secured by :

(i) Assignment by way of security of all rights, titles, interests, benefits, claims and demands under the concession agreement, project documents and other contracts.

(ii) First charge on movable fixed assets excluding vehicles, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets.

(iii) First pari-passu charge on all the book debts, operating cash flows, receivables and revenue from the project, all current assets, commissions and revenue, present and future (subject to a prior charge in favour of working capital bankers restricted to the present working capital limits of Rs.1,000 Lacs).

(iv) First charge on all intangibles.

(v) Corporate guarantee by the holding company.

5.2 Term Loan from non-banking financial company includes Rs. 151 lacs (March 31, 2015: Rs.204 lacs) is repayable in 24 quarterly instalment commencing from November 2011. The loan obtained from Srei Equipment Finance Private Limited is secured by way of exclusive charge over the medical equipment acquired through this facility from November 2011.

5.3 Finance lease obligation is secured by hypothecation of medical equipments underlying the leases repayable in 20 quarterly installments beginning from December 2011.

5.4 Deferred payment liabilities are the payments to be made to foreign vendors for acquisition of capital assets over 31 to 35 months.

*5.5 Inter Corporate Deposits from Max Healthcare Institute Limited amounting to Rs. 4,325 lacs (March 31, 2015: Rs.2,432 lacs) is unsecured and will mature on March 31, 2018.

## 6. Provisions

| | Long - term | | Short - term | |
|---|---|---|---|---|
| | **As at March 31, 2016 (Rs in Lacs)** | As at March 31, 2015 (Rs in Lacs) | **As at March 31, 2016 (Rs in Lacs)** | As at March 31, 2015 (Rs in Lacs) |
| **Provision for employee benefits** | | | | |
| Provision for leave encashment | **-** | - | **24** | 28 |
| Provision for gratuity(note 22) | **18** | 13 | **5** | - |
| **Other provisions** | | | | |
| Provision for premium on redemption of redeemable preference shares (note 3.3) | **484** | 232 | **-** | - |
| | **502** | 245 | **29** | 28 |

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## 7. Short term borrowings

(Rs in Lacs)

| | **As at March 31, 2016** | As at March 31, 2015 |
|---|---|---|
| Cash credit from banks (secured) | **157** | 164 |
| | **157** | 164 |

Cash credit facilities from bank is secured by:
1) First Charge by way of hypothecation of the company's entire current assets (present and future) except Escrow account with the Government of Punjab.
2) Second charge on entire movable fixed assets (excluding Vehicles) both present and future.

## 8. Current liabilities

| | **As at March 31, 2016** | As at March 31, 2015 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | **-** | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises* | **820** | 718 |
| | **820** | 718 |
| **Other liabilities** | | |
| Current maturities of long-term borrowings (refer note 5) | **567** | 406 |
| Current maturities of finance lease obligation (refer note 5) | **32** | 50 |
| Interest accrued but not due on borrowings | **428** | 1 |
| Capital creditors | **63** | 83 |
| Advance from patients | **17** | 4 |
| Concession fee payable | **73** | 84 |
| Statutory dues | **47** | 34 |
| | **1,227** | 662 |
| | **2,047** | 1,380 |

***Details of dues to Micro and Small Enterprises as per MSMED Act, 2006**

As per the Act, the Company is required to identify the Micro and Small suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. None of the creditors have confirmed the applicability of the act on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

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**Hometrail Buildtech Private Limited**

**9. Fixed Assets**

(Rs in Lacs)

| Particulars | Gross Block | | | | Depreciation/amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2015 | Additions | Deletions/ Adjustments | As at March 31, 2016 | As at April 01, 2015 | Additions | Deletions/ Adjustments/ Additional Depreciation | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| **Tangible Assets** | | | | | | | | | | |
| Building | 5,287 | - | | 5,287 | 381 | 114 | - | 495 | 4,792 | 4,906 |
| *Medical equipment ( Refer the Note No 9.3) | 2,584 | 21 | | 2,605 | 651 | 282 | | 933 | 1,672 | 1,933 |
| Plant and equipment | 728 | - | | 728 | 137 | 51 | - | 188 | 540 | 591 |
| Office equipment | 73 | 4 | - | 77 | 29 | 21 | | 50 | 27 | 44 |
| Furniture and fixture | 447 | 3 | 2 | 448 | 158 | 46 | 1 | 203 | 245 | 289 |
| Motor vehicles | 11 | - | | 11 | 5 | 2 | - | 7 | 4 | 6 |
| Computers and data processing units | 164 | 1 | - | 165 | 115 | 21 | | 136 | 29 | 49 |
| Electrical installations and equipment | 510 | - | | 510 | 127 | 59 | - | 186 | 324 | 383 |
| Other surgical instruments | 166 | 29 | 12 | 183 | 110 | 46 | 12 | 144 | 39 | 56 |
| **Total** | **9,970** | **58** | **14** | **10,014** | **1,713** | **642** | **13** | **2,342** | **7,672** | **8,257** |
| Previous Year | 9,906 | 85 | 21 | 9,970 | 1,138 | 591 | 16 | 1,713 | 8,257 | |
| **Intangible Assets** | | | | | | | | | | |
| Computer software | 5 | 21 | | 26 | 3 | 3 | | 6 | 20 | 2 |
| **TOTAL** | **5** | **21** | **-** | **26** | **3** | **3** | **-** | **6** | **20** | **2** |
| Previous Year | 5 | - | - | 5 | 2 | 1 | - | 3 | 2 | |

**9.1** Land measuring 3.15 acres has been provided by Punjab Government on long term lease of 50 years without consideration.

**9.2** Medical Equipment incudes medical equipment taken on finance lease:

(Rs in Lacs)

| | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Gross Block | **310.00** | 310 |
| Depreciation charge for the year | **24.31** | 24 |
| Accumulated depreciation | **(100.23)** | (76) |
| Net book value | **209.77** | 234 |

**9.3** During the year Company has charged additional depreciation amounting to Rs. 79 Lacs ( March 31, 2015 : Nil) on radiology assets

**Hometrail Buildtech Private Limited**

**10. Loans and advances**

**(Rs in Lacs)**

| | Non - Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Capital advances** | | | | |
| Unsecured, considered good | **2** | 2 | **-** | - |
| **Security deposits** | | | | |
| Unsecured, considered good | **51** | 30 | **-** | - |
| **Advances recoverable in cash or kind** | | | | |
| Unsecured, considered good | **-** | - | **22** | 12 |
| **Other loans and advances** | | | | |
| Tax deducted at source recoverable | **-** | 39 | **94** | - |
| Prepaid expenses | **-** | - | **37** | 40 |
| | **53** | 71 | **153** | 52 |

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## 11. Inventories (valued at lower of cost and net realizable value)

(Rs in Lacs)

| | Current | |
|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 |
| Stock of drugs, consumables and implants | **165** | 152 |
| | **165** | 152 |

## 12. Trade receivables

| | Current | |
|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | |
| Unsecured, considered good | **95** | 124 |
| Doubtful | **129** | 47 |
| | **224** | 171 |
| Provision for doubtful receivables | **(129)** | (47) |
| | **95** | 124 |
| **Other receivables** | | |
| Unsecured, considered good | **404** | 391 |
| | **404** | 391 |
| | **499** | 515 |

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**Hometrail Buildtech Private Limited**

## 13. Cash and bank balances

(Rs in Lacs)

| | Current | |
|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 |
| **Cash and cash equivalents** | | |
| Balances with banks: | | |
| On current accounts | **28** | 57 |
| On escrow accounts | **59** | 62 |
| Cheques/drafts on hand | **-** | 4 |
| Cash on hand | **9** | 8 |
| | **96** | 131 |
| **Other bank balances** | | |
| Margin money deposits | **2** | 1 |
| | **2** | 1 |
| | **98** | 132 |

**Margin money deposits given as security**

Rs 1.53 lac (March 31, 2015: Rs. 1.43 lac) to secure bank guarantee given to sales tax authorities.

## 14. Other assets

| | Current | |
|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 |
| **Unsecured, considered good unless otherwise stated** | | |
| Unbilled revenue | **42** | 14 |
| | **42** | 14 |

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**Hometrail Buildtech Private Limited**

## 15. Revenue from operations

**(Rs in Lacs)**

| | **For the year ended March 31, 2016** | For the year ended March 31, 2015 |
|---|---|---|
| Revenue from healthcare services (net) | **3,627** | 3,987 |
| Sale of products | | |
| Pharmacy and pharmaceuticals supplies | **629** | 472 |
| Other operating revenue | | |
| - Income from rent | **7** | 8 |
| | **4,263** | 4,467 |

## 16. Other Income

| | **For the year ended March 31, 2016** | For the year ended March 31, 2015 |
|---|---|---|
| **Interest Income on** | | |
| Other Interest Income | **1** | 3 |
| Liabilities no longer required written back | **9** | 1 |
| Other non-operating income | **1** | 3 |
| | **11** | 7 |

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**Hometrail Buildtech Private Limited**

## 17. Employee benefit expenses

(Rs in Lacs)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Salaries, wages and bonus | **991** | 1,021 |
| Contribution to provident and other funds | **48** | 51 |
| Gratuity expense(note 22) | **10** | 6 |
| Staff welfare expenses | **67** | 45 |
| | **1,116** | 1,123 |

## 18. Depreciation and amortization expense

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Depreciation of tangible assets | **642** | 591 |
| Amortization of intangible assets | **3** | 1 |
| | **645** | 592 |

## 19. Finance Cost

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Interest | **1,091** | 994 |
| Bank charges | **13** | 12 |
| | **1,104** | 1,006 |

## 20. Other expenses

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Professional and consultancy fee | **1,132** | 968 |
| Outside lab investigation | **28** | 34 |
| Concession fee (note 20.1) | **201** | 215 |
| Patient catering expenses | **85** | 92 |
| Rent | **44** | 25 |
| Insurance | **24** | 21 |
| Rates and taxes | **25** | 16 |
| Facility maintenance expenses | **182** | 175 |
| Power and fuel | **225** | 247 |
| Repairs and maintenance: | | |
| Building | **4** | 10 |
| Plant and equipment | **140** | 119 |
| Others | **45** | 52 |
| Printing and stationery | **34** | 22 |
| Travelling and conveyance | **45** | 23 |
| Communication | **19** | 12 |
| Legal and professional | **41** | 36 |
| IT support expense | **-** | 6 |
| Watch and ward | **42** | 39 |
| Directors sitting fee | **2** | - |
| Advertisement and publicity | **90** | 106 |
| Recruitment expenses | **3** | 7 |
| Provision for doubtful debts | **82** | 45 |
| Net loss on sale/disposal of fixed assets | **-** | 4 |
| Loss on foreign exchange fluctuation (net) | **3** | 2 |
| Miscellaneous expenses | **4** | 7 |
| | **2,500** | 2,283 |

**Payment to auditor ( included in legal and professional )**

| | **For the year ended March 31, 2016** | For the year ended March 31, 2015 |
|---|---|---|
| Audit Fee | **6.00** | 5.06 |
| Reimbursement of expenses | **1.00** | 0.75 |

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### 20.1 Note on Concessional Fee

The Company had entered into a triplicate long term concessional agreement dated February 20, 2009 along with its holding company, with the Government of Punjab. As per the terms of concessional agreement, the company is to build and operate a Hospital for a initial term of 50 years on public-private-partnership (PPP) mode. The company is obliged to pay concessional fee to Government of Punjab as per terms of arrangement.

### 21. Earning per share(EPS)

| | **For the year ended March 31, 2016** | For the year ended March 31, 2015 |
|---|---|---|
| (Loss) after tax | **(2,513)** | (2,012) |
| Weighted average number of equity shares in calculating basic and diluted EPS | **1,30,10,000** | 1,10,42,877 |
| **Basic and Diluted Earnings Per Share (Rs.)** | **(19.32)** | (18.22) |

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**22. Gratuity**

The company has a defined benefit gratuity plan. Under Gratuity Plan,every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is non funded.

The following table summarises the component of net benefit expense recognised in statement of profit and loss, the funded status and the amount recognised in the balance sheet in respect of the Gratuity Plan.

**Statement of profit and loss**

Net employee benefit expense recognized in employee cost

**(Rs in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Current service cost | **7** | 5 |
| Past service cost | **-** | - |
| Interest cost on benefit obligation | **1** | 1 |
| Expected return on plan assets | **-** | - |
| Net actuarial( gain) / loss recognized in the year | **2** | - |
| **Net benefit expense** | **10** | **6** |
| Actual return on plan assets | **-** | - |

**Balance sheet**

Benefit asset/ liability

**(Rs in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Present Value of defined benefit obligation | **23** | 13 |
| Fair value of plan assets | **-** | - |
| Funded Status | **-** | (13) |
| **Plan asset / (liability)** | **23** | **13** |

**Changes in the present value of the defined benefit obligation are as follows:**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Opening defined benefit obligation | **13** | 7 |
| Acquisition adjustment (Employees transferred from holding company) | - | - |
| Current service cost | **7** | 5 |
| Interest cost | **1** | 1 |
| Past Service Cost | **-** | - |
| Benefits paid | **-** | - |
| Actuarial (gains) / losses on obligation | **2** | - |
| **Closing defined benefit obligation** | **23** | 13 |

**The principal assumptions used in determining benefit obligations for the gratuity is shown below:**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Discount rate | **7.5%** | 7.80% |
| Retirement Age | **60 Years** | 60 Years |
| Employee turnover | **30** | 30 |

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four years are as follows:

**(Rs in Lacs)**

| | **March 31, 2016** | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|---|---|---|---|---|
| Defined benefit obligation | **23** | 13 | 7 | 5 | 1 |
| Plan assets | **-** | - | - | - | - |
| Surplus / (deficit) | **(23)** | (13) | (7) | (5) | (1) |
| Experience adjustments on plan liabilities | **3** | (1) | 1 | (1) | - |
| Experience adjustments on plan assets | **-** | - | - | - | - |

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## 23. Leases

### 23.1 Finance lease: company as lessee

i. The Company has finance lease for certain medical equipments for a period of 5 years commencing from December 31, 2011. Future minimum lease payment (MLP) under the finance lease plan together with the present value of MLP are as follows :

ii. Future minimum lease payments and the payment profile of non-cancellable finance leases are as follows:

**(Rs in Lacs)**

| | **March 31, 2016** | | March 31, 2015 | |
|---|---|---|---|---|
| Particulars | **Minimum payments** | **Present value of MLP** | Minimum payments | Present value of MLP |
| Within one year | **33.48** | **32.00** | 56 | 50 |
| After one year but not more than five years | **3.42** | **3.33** | 37 | 35 |
| More than five years | | | - | - |
| **Total minimum lease payments** | **36.900** | **35.33** | 93 | 85 |

### 23.2 Operating lease : company as lessee

i. The Company has entered into operating lease agreement for nursing hostel, rent paid is Rs. 44 lacs (March 31, 2015 is Rs. 25 lacs). The Company also recover certain portion of rent from the employees.

## 24. Capital and other commitments

a. Capital commitment **(Rs in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital | **2** | 2 |
| Less: Capital advances | **(2)** | (2) |
| Balance Value of Contracts | **-** | - |

b. Commitments relating to lease arrangements, refer note 22

## 25. Contingent Liabilities

**(Rs in Lacs)**

| **S. No.** | **Particulars** | **As at March 31, 2016** | As at March 31, 2015 |
|---|---|---|---|
| (i) | Claims against the Company not acknowledged as debts<br>Civil Cases (Refer note (a)) | **109** | **55** |

**Note:**

a. Claims against the Company not acknowledged as debts represent the civil cases that are pending with various Consumer Disputes Redressal Commissions / Courts. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases. In addition to this, as a measure of good corporate governance the company has taken Professional Indemnity Insurance Policy for claims pending against the company to secure the company from any financial implication in case of claims settled against the company.

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26. **Related party disclosures**

| Names of related parties where control exist irrespective of whether transactions have occurred or not | |
|---|---|
| **Holding Company** | Max Healthcare Institute Limited |
| **Subsidiary Companies** | Nil |
| **Fellow Subsidiaries** | Hometrail Estate Private Limited<br>Alps Hospital Limited<br>Saket City Hospitals Private Limited (w.e.f. December 1, 2015)<br>Crosslay Remedies Limited (w.e.f. July 10, 2015)<br>Max Medical Services Limited |
| **Key Management Personnel** | Mr. Sunil Mehta (Whole Time Director, w.e.f. Aug 1, 2015)<br>Mr. Haresh Dahyalal Trivedi ( Whole time director upto Aug 1, 2015)<br>Mr. Yogesh Kumar Sareen, Director<br>Mr. Pawan Khurana, Head Finance |

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**26.1 Transactions with related parties during the year**

**(Rs in Lacs)**

| Particulars | **For the year ended March 31, 2016** | For the year ended March 31, 2015 |
|---|---|---|
| **Loans Taken** | | |
| Max Healthcare Institute Limited (Holding Company) | **1,893** | 1,645 |
| **Loans Repaid** | | |
| Max Healthcare Institute Limited (Holding Company) | **-** | 696 |
| **Interest expense** | | |
| Max Healthcare Institute Limited (Holding Company) | **435** | 287 |
| **Healthcare Services Renderd** | | |
| Max Bupa Health Insurance Ltd. ( Fellow Subsidiary till November 10, 2014) | **-** | 1 |
| **Healthcare Services Received** | | |
| Max Life Insurance Company Limited (Fellow Subsidiary till November 10, 2014) | **-** | 4 |
| Max Healthcare Institute Limited (Holding Company) | **22** | 28 |
| **Purchase of Goods (excluding Taxes)** | | |
| Max Healthcare Institute Limited (Holding Company) | **2** | 5 |
| **Share Capital Issued** | | |
| **Equity shares** | | |
| Max Healthcare Institute Limited (Holding Company) | **-** | 1,000 |
| **Director's Remuneration** | | |
| Haresh Dahyalal Trivedi (Whole Time Director, upto Aug 1, 2015) | **20** | 47 |
| Sunil Mehta (Whole Time Director, w.e.f. Aug 1, 2015) | **20** | - |

**Balance Outstanding at the year end**

**(Rs in Lacs)**

| Particulars | **As at March 31, 2016** | As at March 31, 2015 |
|---|---|---|
| **Inter-corporate deposits repayable on demand (unsecured)** | | |
| Max Healthcare Institute Limited (Holding Company) | **4,325** | 2,432 |
| **Interest Payable** | | |
| Max Healthcare Institute Limited (Holding Company) | **427** | - |
| **Trade Payables** | | |
| Max Healthcare Institute Limited (Holding Company) | **22** | - |

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**27. Deferred Tax Asset/ (Liability)**

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified by Companies Accounting Standards Rules, 2006. Due to losses, the company has deferred tax asset with loss and unabsorbed depreciation as a major component. However, deferred tax asset has been considered nil and has been recognized only to the extent of deferred tax liability since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future, accordingly Company has prudently decided not to recognize deferred tax asset on such timing differences.

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**28. Particulars of Unhedged Foreign Currency as at the balance sheet date**

**(Rs in Lacs)**

| | Foreign Currency | | Indian Rupees | |
|---|---|---|---|---|
| | **March 31, 2016** | March 31, 2015 | **March 31, 2016** | March 31, 2015 |
| **Import capital creditor(USD)** | **0.70** | 0.70 | **47** | 45 |

**Closing rates are as under** **(Rs.)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| | **TT Sell** | TT Sell |
| **USD** | **67.23** | 63.63 |
| **EUR** | **76.34** | 68.98 |

**29. Value of Imports calculated on CIF Basis**

**(Rs in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Consumables | **3** | 4 |
| **Total** | **3** | 4 |

**30. Segment Reporting**

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

**31. Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date attached

**For and on behalf of the Board of Directors of**
**Hometrail Buildtech Private Limited**

**For S.R. Batliboi & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 301003E/E300005**

**sd/-**
**per Manoj Kumar Gupta**
Partner
Membership Number: 83906

**sd/-**
**Sunil Mehta**
(Whole-Time Director)
DIN : 07270445

**sd/-**
**Yogesh Kumar Sareen**
(Director)
DIN : 00884252

**sd/-**
**Pawan Khurana**
(Head -Finance)

**sd/-**
**Yogesh Sharma**
(Company Secretary)
M.No. : A29286

Place : Gurgaon
Date : May 3, 2016

Place : New Delhi
Date : May 3, 2016