

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of MAX Medical Services Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MAX Medical Services 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 profit, and its cash flows for the year ended on that date.

## 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 24 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: MAX Medical Services Limited** (‘the Company’)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is responsible having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed 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 records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (In Lacs)	Period to which the amount relates	Forum where the dispute is pending
DVAT, 2005	Mismatch of VAT under section 32 and 33 of DVAT, 2005	134.09	FY 2012-13 And FY 2013-14	Additional Commissioner (VAT)

- viii. Company did not have any outstanding dues in respect of debenture holders, financial institutions, banks, or Government during the year.
- 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 terms loans were applied for the purpose for which the loans were taken. Further the Company has not raised any money way of initial public offer / further public offer / debt instruments hence the relevant, 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 MAX Medical Services 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 **MAX Medical Services Limited**

We have audited the internal financial controls over financial reporting of MAX Medical Services 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 MAX Medical Services 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

**Max Medical Services Limited**  
**Balance Sheet**

(Rs in Lacs)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	3,414	3,414
Reserves and surplus	4	5,960	4,549
		<u>9,374</u>	<u>7,963</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	3,348	6,363
Long-term provisions	6	1	-
		<u>3,349</u>	<u>6,363</u>
<b>Current liabilities</b>			
Trade payables			
Total outstanding dues to micro enterprises and small enterprises	7	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	7	776	979
Other current liabilities	7	19	227
Short-term provisions	6	2	1
		<u>797</u>	<u>1,207</u>
<b>Total tax expenses</b>		<u>13,520</u>	<u>15,533</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	4,391	5,049
Intangible assets	8	84	32
Capital work-in- progress		-	213
Intangible assets under development		47	51
Non-current investments	9	2,548	2,548
Long-term loans and advances	10	812	871
Trade receivables	11	3,648	3,903
Other non-current assets	12	1	1
		<u>11,531</u>	<u>12,668</u>
<b>Current assets</b>			
Inventories	13	5	-
Trade receivables	11	1,784	2,683
Cash and bank balance	14	22	178
Short-term loans and advances	10	178	4
Other current assets	12	-	-
		<u>1,989</u>	<u>2,865</u>
<b>TOTAL</b>		<u>13,520</u>	<u>15,533</u>
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  
Max Medical Services Limited**

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

sd/-  
**Yogesh Kumar Gupta**  
(Whole-Time Director)  
DIN : 06627814

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

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

sd/-  
**Vipin Kumar**  
(Head Finance)

sd/-  
**Parul Rastogi**  
(Company Secretary)  
M. No. : A34981

Place : Gurgaon  
Date : May 3, 2016

Place : New Delhi  
Date : May 3, 2016

**Max Medical Services Limited**  
**Statement of Profit and Loss**

(Rs in Lacs)

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Revenue from operations (net)	15	4,421	4,296
Other income	16	949	848
<b>Total revenue (I)</b>		<b>5,370</b>	<b>5,144</b>
<b>Expenses</b>			
Purchase of pharmacy, drugs, consumables and implants	17	2,420	2,477
(Increase) in inventory of pharmacy, drugs, consumables and implants		(5)	-
Employee benefit expenses	18	59	108
Depreciation and amortisation expense	19	876	1,092
Finance costs	20	556	864
Other expenses	21	53	28
<b>Total expenses (II)</b>		<b>3,959</b>	<b>4,569</b>
<b>Profit before tax (I-II)</b>		<b>1,411</b>	<b>575</b>
<b>Tax expense</b>			
Current Tax		138	-
MAT Credit Entitlement		(138)	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>1,411</b>	<b>575</b>
<b>Earnings per equity share [Nominal value of shares Rs.10 each (Previous year Rs. 10)]</b>	22		
Basic and Diluted		4.13	1.68
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  
Max Medical Services Limited**

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 301003E/E300005**  
Short-term loans and advances

sd/-  
**Yogesh Kumar Gupta**  
(Whole-Time Director)  
DIN : 06627814

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

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

sd/-  
**Vipin Kumar**  
(Head Finance)

sd/-  
**Parul Rastogi**  
(Company Secretary)  
M. No. : A34981

Place : Gurgaon  
Date : May 3, 2016

Place : New Delhi  
Date : May 3, 2016



**Max Medical Services Limited**  
**Cash Flow Statement**

	(Rs in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>1,411</b>	575
<b>Adjustments for:</b>		
Depreciation and amortisation expense	876	1,092
Provision for doubtful advances	15	-
Foreign exchange fluctuation loss	-	2
Liabilities no longer required written back	(31)	(19)
Interest income	(5)	(9)
Interest expense	556	864
<b>Operating profit before working capital changes</b>	<b>2,822</b>	2,505
<b>Movements in working capital :</b>		
Decrease in trade payables, other liabilities and provisions	(166)	(116)
(Increase)/ decrease in trade receivables	1,154	(1,658)
(Increase)/ decrease in inventories	(5)	-
(Increase)/ decrease in loans and advances	(7)	16
<b>Cash generated from operations</b>	<b>3,798</b>	747
Direct taxes paid (net of refunds)	(123)	5
<b>Net cash from operating activities (A)</b>	<b>3,675</b>	752
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets including intangible assets, CWIP and capital advances	(214)	(150)
Proceeds from sale of fixed assets	-	14
Investment in fixed deposits made with banks (having original maturity of more than three months)	171	(172)
Interest received	5	689
<b>Net cash from/ (used in) investing activities (B)</b>	<b>(38)</b>	381
<b>C. Cash flows from financing activities</b>		
Repayments of long term borrowings	(3,015)	(320)
Interest paid	(607)	(812)
<b>Net cash (used in) financing activities (C)</b>	<b>(3,622)</b>	(1,132)
<b>Net (decrease) in cash and cash equivalents (A + B + C)</b>	<b>15</b>	1
Total cash and cash equivalents at the beginning of the year	7	6
<b>Cash and cash equivalents at the end of the year</b>	<b>22</b>	7
<b>Components of cash and cash equivalents:</b>		
Balances with banks on current accounts	22	7
<b>Cash and cash equivalents (note 13)</b>	<b>22</b>	7
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  
Max Medical Services Limited**

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

sd/-  
**Yogesh Kumar Gupta**  
(Whole-Time Director)  
DIN : 06627814

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

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

sd/-  
**Vipin Kumar**  
(Head Finance)

sd/-  
**Parul Rastogi**  
(Company Secretary)  
M. No. : A34981

Place : Gurgaon  
Date : May 3, 2016

Place : New Delhi  
Date : May 3, 2016

**Max Medical Services Ltd**  
**Notes forming part of the financial statements**

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

**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**

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 sale/disposal/de-capitalisation of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the tangible 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>
Medical Equipment	13 Years
Plant and Equipment	15 Years
Office Equipment and Computers	5 Years
Furniture and Fixures	10 Years
Computers - End User Devices, i.e., Desktop, Laptop etc.	3 Years
Computers - Servers & Networks	6 Years
Electric Installations and Equipment	10 Years
Computers - Software	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.

**Max Medical Services Ltd**  
**Notes forming part of the financial statements**

## **Max Medical Services Ltd**

### **Notes forming part of the financial statements**

Intangible assets are amortised on a straight line basis over the estimated useful economic life in range from 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 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 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 at least 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 apportion 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 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.

## **Max Medical Services Ltd**

### **Notes forming part of the financial statements**

#### **(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 provided 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 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 contracts as and when services are rendered.

##### **Interest**

**Max Medical Services Ltd**

**Notes forming part of the financial statements**

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.

**Max Medical Services Ltd**  
**Notes forming part of the financial statements**

**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.

**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 (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.

## **Max Medical Services Ltd**

### **Notes forming part of the financial statements**

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.

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

#### **(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 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.



Max Medical Services Limited

3. Share Capital

	(Rs in Lacs)	
	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>		
35,000,000 (March 31, 2015: 35,000,000) equity shares of Rs.10/- each	3,500	3,500
	<u>3,500</u>	<u>3,500</u>
<b>Issued, subscribed and fully paid-up</b>		
34,142,535 (March 31, 2015: ) equity shares of Rs.10/- each	3,414	3,414
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>3,414</u>	<u>3,414</u>

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	(Rs. in lacs)	No. of shares	(Rs. in lacs)
<b>Equity shares</b>				
At the beginning of the year	3,41,42,465	3,414	3,41,42,465	3,414
<b>Outstanding at the end of the year</b>	<u>3,41,42,465</u>	<u>3,414</u>	<u>3,41,42,465</u>	<u>3,414</u>

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 Shares held by holding company (Legal Ownership)

	(Rs in Lacs)	
	As at March 31, 2016	As at March 31, 2015
<b>Max Healthcare Institute Limited, the holding company</b>		
34,142,465 (March 31, 2015: 34,142,465) equity shares of Rs.10/- each fully paid up	3,414	3,414
	<u>3,414</u>	<u>3,414</u>

3.4 Details of shareholders 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
<b>Equity Shares of Rs. 10 each fully paid</b>				
Max Healthcare Institute Limited, the holding company	3,41,42,465	99.99%	3,41,42,465	99.99%

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.

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Max Medical Services Limited

4. Reserves and surplus

	(Rs in Lacs)	
	As at March 31, 2016	As at March 31, 2015
<b>Securities premium account</b>	<u>8,020</u>	<u>8,020</u>
	<u>8,020</u>	<u>8,020</u>
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(3,471)	(3,980)
Opening Depreciation adjusted from retained earning	-	(66)
Profit for the year	<u>1,411</u>	<u>575</u>
<b>Net deficit in the statement of profit and loss</b>	<u>(2,060)</u>	<u>(3,471)</u>
<b>Total reserves and surplus</b>	<u>5,960</u>	<u>4,549</u>

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Max Medical Services Limited

5. Long-term borrowings

(Rs in Lacs)

	Non-current portion	
	As at	As at
	March 31, 2016	March 31, 2015
<b>Inter Corporate Deposits (unsecured)</b>	<b>3,348</b>	6,363
	<b>3,348</b>	<b>6,363</b>
<b>The above amount includes</b>		
Unsecured borrowings	<b>3,348</b>	6,363
	<b>3,348</b>	<b>6,363</b>

Inter Corporate Deposits from Max Healthcare Institute Limited amounting to Rs. 3,348 lacs (Mar 31, 2015: Rs.6,363 lacs) is unsecured and will mature on March 31, 2018.

6. Provisions

(Rs in Lacs)

	Long - term		Short - term	
	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Provision for employee benefits</b>				
Provision for leave encashment	-	-	2	1
Provision for gratuity(note 23)	<b>1</b>	-	-	-
	<b>1</b>	-	<b>2</b>	<b>1</b>

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**Max Medical Services Limited****7. Current Liabilities**

	As at March 31, 2016	(Rs in Lacs) As at March 31, 2015
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	<u>776</u>	<u>979</u>
	<u>776</u>	<u>979</u>
<b>Other liabilities</b>		
Interest accrued but not due on Inter Corporate Deposits	-	52
Capital creditors	<u>1</u>	<u>161</u>
Statutory dues	<u>18</u>	<u>14</u>
	<u>19</u>	<u>227</u>
	<u>795</u>	<u>1,206</u>

**\*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 beyond the specified period irrespective of the terms agreed with such suppliers. Based on the information available with the Company, none of the creditors have confirmed the applicability of 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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Max Medical Services Limited

8. Fixed Assets

(Rs in Lacs)

Particulars	Gross Block				Accumulated depreciation/amortisation					Net Block	
	As at April 01, 2015	Additions	Deletions/ Adjustments	As at March 31, 2016	As at April 01, 2015	Depreciation adjusted from op. Retained Earnings	Additions	Deletions/ Adjustments	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible assets</b>											
Medical equipment	8,189	211	71	8,329	3,880	-	721	71	4,530	3,799	4,309
Plant and equipment	1,302	-	-	1,302	663	-	123	-	786	516	639
Office equipment	133	-	-	133	131	-	2	-	133	-	2
Furniture and fixture	375	-	2	373	317	-	12	1	328	45	58
Computers and data processing units	87	-	-	87	85	-	2	-	87	-	2
Electrical installations and equipment	73	-	1	72	34	-	8	1	41	31	39
<b>Total</b>	<b>10,159</b>	<b>211</b>	<b>74</b>	<b>10,296</b>	<b>5,110</b>	<b>-</b>	<b>868</b>	<b>73</b>	<b>5,905</b>	<b>4,391</b>	<b>5,049</b>
Previous Year	10,339	1	181	10,159	4,125	63	1,088	166	5,110	5,049	
<b>Intangible assets</b>											
Computer software	101	60	-	161	69	-	8	-	77	84	32
<b>TOTAL</b>	<b>101</b>	<b>60</b>	<b>-</b>	<b>161</b>	<b>69</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>77</b>	<b>84</b>	<b>32</b>
Previous year	74	27	-	101	62	3	4	-	69	32	

8.1 All the tangible and intangible assets have been given on operating lease to healthcare service provider.

8.2 Term loans availed by the Holding company "Max Healthcare Institute Limited" aggregating to Rs. 17,807 Lacs (March 2015 Rs. 24,277 Lacs) from financial institutions/banks are secured by first pari-passu charge on movable fixed assets (present and future) of the Company.

8.3 Letter of credit facility of Rs. 200 lacs sanctioned to the company by Yes Bank Ltd. is secured by second charge on movable fixed assets of the Company.

Max Medical Services Limited

9. Non-current investments

(Rs in Laacs)

	As at March 31, 2016	As at March 31, 2015
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<i>Unquoted equity investments</i>		
<b>Investments in subsidiaries:</b>		
<b>Alps Hospital Limited</b>		
2,450,000 (March 31, 2015: 2,450,000) equity shares of Rs.10/- each fully paid-up	2,548	2,548
<b>Aggregate value of unquoted investments</b>	<u>2,548</u>	<u>2,548</u>

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Max Medical Services Limited

10. Loans and advances

(Rs in Lacs)

	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Security deposits</b>				
Security deposit - Other healthcare service provider	783	783	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	1	-
<b>Other loans and advances (Unsecured, Considered good, unless otherwise stated)</b>				
Tax deducted at source recoverable	29	88	29	-
MAT Credit Entitlement	-	-	138	-
Prepaid expenses	-	-	10	4
	<u>812</u>	<u>871</u>	<u>178</u>	<u>4</u>

Performance Guarantee of Rs. 783 lacs had been deposited with the other healthcare service provider, in earlier years, as per the agreement.

11. Trade receivables

(Rs in Lacs)

	Non Current		Current	
	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	- #	- #	- #	-
<b>Other receivables</b>				
Unsecured, considered good	3,648	3,903	1,784 #	2,683
	<u>3,648</u>	<u>3,903</u>	<u>1,784</u>	<u>2,683</u>

As at December 10, 2001 the Company had entered into an agreement with a healthcare service provider to construct a hospital building. The phase I of the construction was completed and handed over in financial year 2004-05 for a consideration of Rs. 2,431 Lacs. The said consideration is repayable in equal instalments over 26.5 years from the handover date. Further, the Company has completed phase II of the construction in financial year 2010-11 and handed over the possession for a consideration of Rs.3,520 Lacs. The said consideration is repayable in equal instalments over 20.5 years from the handover date.

Since the receipt of the consideration is spread over 26.5 years and 20.5 years respectively for phase I and phase II, an income amounting to Rs. 913 Lacs (Previous year Rs. 820 Lacs), has been recognized based on a fixed percentage of the turnover of the healthcare service provider and disclosed under "Other Income" as income from deferred credit.

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**Max Medical Services Limited**

**12. Other assets**

	(Rs in Lacs)			
	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Unsecured, considered good unless otherwise stated</b>				
Non current bank balances (refer note 14)	1	1	-	-
Interest on loan	-	-	-	-
Interest accrued on fixed deposits	-	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

**13. Inventories (valued at lower of cost and net realizable value)**

	(Rs in Lacs)	
	Current	
	As at	As at
	March 31, 2016	March 31, 2015
Stock of pharmacy, drugs, consumables and implants	5	-
	<u>5</u>	<u>-</u>

**14. Cash and bank balances**

	(Rs in Lacs)			
	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	-	-	22	7
	<u>-</u>	<u>-</u>	<u>22</u>	<u>7</u>
<b>Other bank balances</b>				
Under Lien	1	1	-	-
Margin money deposits	-	-	-	171
	<u>1</u>	<u>1</u>	<u>-</u>	<u>171</u>
Less: Amount disclosed under non-current assets (refer note 12)	(1)	(1)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>
	<u>-</u>	<u>-</u>	<u>22</u>	<u>178</u>

**Margin money deposits given as security**

Rs. Nil (March 31 2015: Rs. 171 lac) to Secured for Foreign letter of credits.

Rs. 1 lacs (March 31 2015: Rs. 1lac) are pledge with sales tax authorities.

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**Max Medical Services Limited****15. Revenue from operations**

	<b>(Rs in Lacs)</b>	
	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
Revenue from healthcare services (net)	-	25
Sale of products		
Pharmacy and pharmaceuticals supplies	<b>2,488</b>	2,551
Other operating revenue		
Leasing activities	<b>1,933</b>	1,720
	<b>4,421</b>	4,296

**16. Other Income**

	<b>(Rs in Lacs)</b>	
	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
<b>Interest Income on</b>		
Bank deposits	2	5
Income tax refund	3	4
Income from deferred credit	<b>913</b>	820
Liabilities no longer required written back	<b>31</b>	19
	<b>949</b>	848

**17. Details of purchase, sale and inventory**

	<b>(Rs in Lacs)</b>	
<b>Description</b>	<b>Purchase</b>	<b>Sales</b>
<b>Stent</b>	<b>1,200</b>	<b>1,231</b>
	(1,165)	(1,200)
<b>Baloon</b>	<b>95</b>	<b>97</b>
	(86)	(89)
<b>Pacemakers</b>	<b>655</b>	<b>675</b>
	(695)	(716)
<b>Others</b>	<b>470</b>	<b>485</b>
	(531)	(546)
<b>Total</b>	<b>2,420</b>	<b>2,488</b>
	(2,477)	(2,551)

*(figures in brackets represents previous year)*

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**Max Medical Services Limited****18. Employee benefit expenses**

	(Rs in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, wages and bonus	57	105
Contribution to provident and other funds	2	3
Gratuity expense(note 23)	-	-
	<u>59</u>	<u>108</u>

**19. Depreciation and amortization expense**

	(Rs in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Depreciation of tangible assets	868	1,088
Amortization of intangible assets	8	4
	<u>876</u>	<u>1,092</u>

**20. Finance Cost**

	(Rs in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest	556	864
	<u>556</u>	<u>864</u>

**21. Other expenses**

	(Rs in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	2	2
Insurance	6	5
Facility maintenance expenses	1	1
Repairs and maintenance:		
Others	12	5
Legal and professional	16	13
Directors' fee	1	-
Provision for doubtful advances	15	-
Loss on foreign exchange fluctuation	-	2
	<u>53</u>	<u>28</u>

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

	(Rs in Lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Audit fee	6.30	5.06
Reimbursement of expenses	0.19	0.20
	<u>6.49</u>	<u>5.26</u>

**Max Medical Services Limited**

**22. Earning per share (EPS)**

The following reflects the profit and share data used in basic and diluted EPS computation:

**(Rs in Lacs)**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
<b>Basic &amp; Diluted EPS</b>		
Profit after tax	<b>1,411</b>	575
Weighted average number of equity shares outstanding during the year (Nos)	<b>3,41,42,535</b>	3,41,42,535
Basic and Diluted EPS (Rs.)	<b>4.13</b>	1.68

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## Max Medical Services Limited

### 23. 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 plan 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	-	-
Past service cost	-	-
Interest cost on benefit obligation	-	-
Expected return on plan assets	-	-
Net actuarial( gain) / loss recognized in the year	(1)	(1)
<b>Net benefit expense</b>	<b>(1)</b>	<b>(1)</b>
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	1	1
Fair value of plan assets	-	-
<b>Plan asset / (liability)</b>	<b>(1)</b>	<b>(1)</b>

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

	(Rs in Lacs)	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	1	1
Acquisition adjustment (Employees transferred from holding company)	-	-
Interest cost	-	-
Past Service Cost	-	-
Current service cost	-	-
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(1)	(1)
<b>Closing defined benefit obligation</b>	<b>-</b>	<b>-</b>

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

	March 31, 2016	March 31, 2015
Discount rate	7.50%	7.70%
Expected rate of return on assets	Nil	Nil
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
Defined benefit obligation	-	1	1	1
Plan assets	-	-	-	-
Surplus / (deficit)	-	(1)	(1)	(1)
Experience adjustments on plan liabilities	1	-	-	-
Experience adjustments on plan assets	-	-	-	-

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**Max Medical Services Limited**

**24. Contingent liabilities not provided for :**

Claim against the Company not acknowledge as debts.

(Rs in Lacs)

S. No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
1	Income Tax Cases (Refer note (a) below)	Nil	Nil
2	VAT cases for mismatch under section 32 and 33 of Delhi VAT Act, 2005	134	133
	<b>Total</b>	<b>134</b>	<b>133</b>

**Notes**

(a) Income Tax Cases

(Rs in Lacs)

S. No.	Assessment Years	Status as on Balance sheet date March 31, 2016		Disallowances which were pending - as at March 31, 2016	Disallowances as per Assessment Order which were pending before CIT(A) - as at March 31, 2015
		Disallowances pending before ITAT, appeal file by department	Disallowances pending before CIT(A)		
1	2010-11*	239	-	239	239
2	2011-12*	370	-	370	370
3	2012-13	-	480	480	480
4	2013-14	-	395	395	-
	<b>Total</b>	<b>609</b>	<b>875</b>	<b>1,484</b>	<b>1,088</b>

**Note :**

\* The Company has received the grounds of appeal filed by the Department before ITAT for the periods AY 2010-11 and AY 2011-12 against the order of CIT(A) of deleting all the disallowances made by the Assessing Officer.

\*\* Cases of the A/Y 2009-10 & 2010-11 are re-opened U/s 274 for revision of assessment order.

The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

**25. Capital and Other Commitments**

**Capital Commitment**

(Rs in Lacs)

S. No.	Particulars	March 31, 2016	March 31, 2015
1	Estimated value of Contracts remaining to be executed on capital account	61	89
2	Less: Capital Advances	-	-
	<b>Balance Value of Contracts</b>	<b>61</b>	<b>89</b>

**26. Leases**

a) The Company had entered into a lease on December 10, 2001 and further amendments thereto with a healthcare service provider to make them available medical & other equipments and fixtures for a term of 30 years. Under the terms of the lease, the company is responsible for:

- Acquisition of equipment including its repair and servicing;
- Ensuring adequate insurance coverage for the assets; and
- Replacement of any existing equipment with suitable equipment

As per terms, lease rentals based on a fixed percentage of the turnover of the healthcare service provider are due to the Company on a monthly basis.

b) Accounting for leases has been made in accordance with Accounting Standard-19 modified by companies (Accounting Standards) Rules 2014. Following are the details of lease transactions for the year:

**Operating Lease**

Income from lease rentals recognized for the year is Rs. 1,933 Lacs (March 31, 2015 Rs. 1,720 Lacs) As mentioned above, the company has entered into an agreement for supply of equipment on lease. The lease rent is entirely contingent on turnover, hence cannot be quantified for any future periods.

27. Company's shareholding held in Alps Hospital Limited, equivalent to 26% of issued equity capital of Alps Hospital Limited is pledged in favour of IDBI Trusteeship Services Limited as security on first pari-passu charge basis for the benefit of the Holding Company's term lenders.



**Max Medical Services Limited**

**28. Deferred tax**

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 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.

**29. Related party disclosures**

<b>Names of related parties where control exist irrespective of whether transactions have occurred or not</b>	
<b>Holding Company</b>	<b>Max Healthcare Institute Limited</b>
<b>Subsidiary Company</b>	<b>Alps Hospital Limited</b>
<b>Fellow Subsidiary</b>	<b>Hometrail Estate Private Limited Hometrail Buildtech Private Limited Saket City Hospitals Private Ltd. Crosslay Remedies Limited</b>
<b>Additional related parties as per Companies Act, 2013</b>	
<b>Key Management Personnel</b>	<b>Mr. Yogesh Kumar Gupta, Whole Time Director Mr. Vipin Kumar, Head Finance Mr. Parul Rastogi, Company Secretary</b>

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**Max Medical Services Limited****29.1 Transaction with related parties during the year****(Rs in Lacs)**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
<b>Loans repaid</b>		
Max Healthcare Institute Limited (Holding Company)	<b>3,015</b>	320
<b>Sales</b>		
Max Healthcare Institute Limited (Holding Company)	-	(34)
<b>Healthcare Services rendered</b>		
Max Healthcare Institute Limited (Holding Company)	-	25
<b>Interest expense</b>		
Max Healthcare Institute Limited (Holding Company)	<b>555</b>	864
<b>Sale of medical equipment</b>		
Max Healthcare Institute Limited (Holding Company)	-	12

**Balances outstanding at the year end**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Against loan taken</b>		
Max Healthcare Institute Limited (Holding Company)	<b>3,348</b>	6,363
<b>Other payable</b>		
Max Healthcare Institute Limited (Holding Company)	-	5
<b>Interest payable</b>		
Max Healthcare Institute Limited (Holding Company)	-	52
<b>Investment</b>		
Alps Hosiptal Limited (Subsidiary)	<b>2,548</b>	2,548

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**Max Medical Services Limited**

**30. Segment Reporting**

The Company operates into two major segments: Leasing and others. Other comprises activities relating to Trading, Construction, repair and maintenance and medical services. A description of the types of products and services provided by each reportable segment is as follows:

Lease includes income from equipments given on lease to healthcare service provider.

Trading Activity includes trading in pharmacy and pharmaceuticals products and medical services income.

S. No.	Particulars	Segment		(Rs in Lacs)
		Leasing	Other than Leasing	Total
1	External Sales	<b>1,933</b>	<b>3,432</b>	<b>5,365</b>
		(1,720)	(3,415)	(5,135)
2	Revenue from operation	<b>1,933</b>	<b>3,432</b>	<b>5,365</b>
		(1,720)	(3,415)	(5,135)
3	Segment Expenses	-	<b>2,527</b>	<b>2,527</b>
		-	(2,613)	(2,613)
4	Segment Result	<b>1,933</b>	<b>905</b>	<b>2,838</b>
		(1,720)	(802)	(2,522)
5	Unallocated Expenses	-	-	-
		-	-	-
6	Unallocated Incomes	-	-	-
		-	-	-
7	Interest Incomes	-	-	<b>5</b>
		-	-	(9)
8	Operating profit	-	-	<b>2,843</b>
		-	-	(2,531)
9	Depreciation and Amortisation	<b>868</b>	<b>8</b>	<b>876</b>
		(1,088)	(4)	(1,092)
10	Operating Profit after depreciation			<b>1,967</b>
				(1,439)
11	Financial Expenses			<b>556</b>
				(864)
12	Profit before Tax			<b>1,411</b>
				(575)
13	Tax Expense			-
14	Profit after Tax			<b>1,411</b>
				(575)
	<b>Other Informations</b>			
15	Segment Assets	<b>5,456</b>	<b>8,064</b>	<b>13,520</b>
		(6,483)	(9,050)	(15,533)
16	Unallocated Assets	-	-	-
		-	-	-
17	Total Assets			<b>13,520</b>
				(15,533)
18	Segment Liabilities	<b>3,349</b>	<b>797</b>	<b>4,146</b>
		(6,363)	(1,207)	(7,570)
19	Unallocated Liabilities	-	-	-
		-	-	-
	Total Liabilities			<b>4,146</b>
				(7,570)

(figures in bracket represents previous year) / (figures in double bracket represents loss of previous year)

The Company operates in single geographical Segment

Max Medical Services Limited

31. Particulars of unhedged foreign currency liability as at the balance sheet date

(Rs in Laacs)

	Foreign Currency		Indian Rupees	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Import capital creditors(USD)	-	2.40	-	153

Closing rates are as under

	March 31, 2016	March 31, 2015
	(Rs.)	(Rs.)
USD	TT Sell -	TT Sell 63.63

32. Value of Imports calculated on CIF Basis

(Rs in Laacs)

	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
Capital goods	-	188
<b>Total</b>	<b>-</b>	<b>188</b>

33. 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  
Max Medical Services Limited

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

sd/-  
Yogesh Kumar Gupta  
(Whole-Time Director)  
DIN : 06627814

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

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

sd/-  
Vipin Kumar  
(Head Finance)

sd/-  
Parul Rastogi  
(Company Secretary)  
M. No. : A34981

Place : Gurgaon  
Date : May 3, 2016

Place : New Delhi  
Date : May 3, 2016