# Max Medical Services Limited
# Indian GAAP

**Financial statements for the year ended March 31,2014**

**Max Medical Services Limited**
**Balance Sheet as at March 31,2014**

**(Rs. in Lacs)**

| | Notes | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | **3,414** | 3,414 |
| Reserves and surplus | 4 | **4,040** | 4,040 |
| | | **7,454** | 7,454 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | **6,683** | - |
| Long-term provisions | 8 | **1** | 1 |
| | | **6,684** | 1 |
| **Current liabilities** | | | |
| Short-term borrowings | 6 | **-** | 10,887 |
| Trade payables | 7 | **1,127** | 1,160 |
| Other current liabilities | 7 | **17** | 2,511 |
| Short-term provisions | 8 | **2** | 2 |
| | | **1,146** | 14,560 |
| **TOTAL** | | **15,284** | 22,015 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 9 | **6,216** | 6,980 |
| Intangible assets | 9 | **10** | - |
| Non-current investments | 10 | **2,548** | 2,548 |
| Long-term loans and advances | 11 | **783** | 1,715 |
| Trade receivables | 12 | **4,159** | 8,461 |
| | | **13,716** | 19,704 |
| **Current assets** | | | |
| Trade receivables | 12 | **769** | 653 |
| Cash and bank balances | 13 | **6** | 11 |
| Short-term loans and advances | 11 | **113** | 123 |
| Other current assets | 14 | **680** | 1,524 |
| | | **1,568** | 2,311 |
| **TOTAL** | | **15,284** | 22,015 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are integral part of the financial statements

As per our report of even date

**For S R B C & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 324982E**

**per Sandeep Sharma**
Partner
Membership Number: 93577

Place : Gurgaon
Date : May 26, 2014

**For and on behalf of the Board of Directors of**
**Max Medical Services Limited**

**Yogesh Kumar Gupta**
(Whole-Time Director)

**Yogesh Kumar Sareen**
(Director)

**Gourav Maheshwari**
(Company Secretary)

Place : New Delhi
Date : May 26, 2014

**Max Medical Services Limited**

**Statement of Profit and Loss Account for the year ended March 31,2014**

**(Rs. in Lacs)**

| | Notes | For the year ended March 31,2014 | For the year ended March 31, 2013 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 15 | 4,241 | 5,503 |
| Other Income | 16 | 830 | 970 |
| **Total revenue (I)** | | 5,071 | 6,473 |
| **Expenses** | | | |
| Purchase of consumables and implants | 17 | 2,726 | 3,861 |
| Employee benefit expenses | 18 | 144 | 129 |
| Other expenses | 19 | 86 | 461 |
| Depreciation and amortisation | 20 | 730 | 704 |
| Finance cost | 21 | 1,349 | 1,419 |
| **Total expenses (II)** | | 5,035 | 6,574 |
| **Profit / (Loss) before tax** | | 36 | (101) |
| **Tax expense** | | | |
| Current tax | | - | - |
| Tax Expense of Earlier Years | | 36 | - |
| **Total tax expense** | | 36 | - |
| **Profit / (Loss) after tax** | | 0 | (101) |
| **Earnings per equity share** | | | |
| Basic and diluted [Nominal value of shares Rs.10 (Previous year Rs.10)] | 22 | - | (0.30) |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are integral part of the financial statements

As per our report of even date

**For S R B C & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 324982E**

**per Sandeep Sharma**
Partner
Membership Number: 93577

Place : Gurgaon
Date : May 26, 2014

**For and on behalf of the Board of Directors of**
**Max Medical Services Limited**

**Yogesh Kumar Gupta**
(Whole-Time Director)

**Yogesh Kumar Sareen**
**(Director)**

**Gourav Maheshwari**
(Company Secretary)

Place : New Delhi
Date : May 26, 2014

**Max Medical Services Limited**

**Cash flow statement for the year ended March 31, 2014**

(Rs. in Lacs)

| | For the year ended March 31,2014 | For the year ended March 31, 2013 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net Profit before tax | - | (101) |
| Non cash adjustments to reconcile loss before tax to net cash flows: | | |
| Depreciation / amortisation | 730 | 704 |
| Interest expense | 1,349 | 1,419 |
| Debit balances written off | - | 7 |
| Loss on Sale of Fixed Assets | 2 | |
| Interest income | (116) | (257) |
| **Operating Profit / (Loss) before working capital changes** | 1,965 | 1,772 |
| **Movement in working capital :** | | |
| Increase/ (decrease) in trade payables | (219) | 203 |
| Increase in long-term provisions | - | 1 |
| Increase in short-term provisions | - | 2 |
| (Decrease) in other current liabilities | (346) | (17) |
| Decrease in trade receivables | 4,186 | 154 |
| Decrease in long-term loans and advances | 932 | 2,301 |
| Decrease in short-term loans and advances | 24 | 260 |
| Cash generated from operations | 6,542 | 4,676 |
| Taxes (Paid) / Received (net) | (14) | (11) |
| **Net cash flow from operating activities (A)** | 6,528 | 4,665 |
| **Cash flow from investing activities** | | |
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | (10) | (57) |
| Proceeds from sale of Fixed Assets | 32 | |
| Investment in bank deposits (having original maturity of more than three months but less than twelve months) | - | |
| Investment in subsidiaries | - | (1,200) |
| Proceeds from bank deposits (having original maturity of more than three months but less than twelve months) | - | |
| Interest received | 960 | 231 |
| **Net cash flow from /(used in) investing activities (B)** | 982 | (1,026) |
| **Cash flow from financing activities** | | |
| Proceeds from issuance of share capital | - | - |
| Share issue expenses | - | - |
| Proceeds from short -term borrowings | - | 1,200 |
| Repayment of Long-term borrowings | (4,204) | (2,142) |
| Interest paid | (3,311) | (2,746) |
| **Net cash flow (used in) financing activities (C)** | (7,515) | (3,688) |
| Net Increase/(decrease) in cash and cash equivalents (A + B + C) | (5) | (49) |
| Cash and cash equivalents at the beginning of the year | 11 | 60 |
| **Cash and cash equivalents at the end of the year** | 6 | 11 |
| **Components of cash and cash equivalent** | | |
| Cash in hand | - | - |
| Cheques/drafts on hand | - | - |
| With banks - | | |
| on current account | 6 | 11 |
| **Total cash and cash equivalents** | 6 | 11 |

As per our report of even date
**For S R B C & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 324982E**

**per Sandeep Sharma**
**Partner**
**Membership Number: 93577**

Place : Gurgaon
Date : May 26, 2014

**For and on behalf of the Board of Directors of**
**Max Medical Services Limited**

**Yogesh Kumar Gupta**
(Whole-Time Director)

**Yogesh Kumar Sareen**
(Director)

**Gourav Maheshwari**
(Company Secretary)

Place : New Delhi
Date : May 26, 2014

**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 the Companies(Accounting Standards)Rules, 2006( as amended) and the relevant provisions of the Companies Act, 1956 read with general circular8/2014 dated April 04,2014 issued by Ministry of Corporate Affairs. 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.

**2.1. Summary of significant accounting policies**

**a) Use of estimates**

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

**b) Tangible fixed assets**

Fixed 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 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 derecognition 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 fixed assets**

Depreciation on fixed assets is calculated on a straight line basis using the rates arrived at based on useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.
The Company has used the following rates to provide depreciation on its fixed assets.

| | | | |
|---|---|---|---|
| Medical Equipments | 7.07% | Furniture and Fixures | 6.33% |
| Plant and Equipment | 4.75% | Motor Vehicles | 9.50% |
| Office Equipment and Computers | 4.75 % to 16.67% | | |

Assets costing not more than Rs. 5,000 each individually are depreciated at 100%.

**d) Intangible assets**

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

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

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 each financial year end.

**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 XIV to the Companies Act, 1956, whichever is lower. 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 XIV to the Companies Act, 1956.
Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Where the Company is the lessor**

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

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

**f) Borrowing costs**

Borrowing 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 consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

**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 of detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units (CGU)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 operation, including impariments on inventories, are recognized in the statement of Profit & Loss. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life.

**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 as lower of cost and net realizable value. Cost comprises of purchase price including duties, taxes and other incidental cost necessary to bring the inventory to its saleable condition. Cost is determined on first in first out basis.

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

**j) Revenue Recognition**

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

**Sale of Goods**

Revenue from sale of pharmacy and pharmaceutical supplies is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales tax and value added taxes 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 contractas as and when services are rendered.

**Lease Income**

The Company is in the business 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

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.

**Inter-segment transfers**
The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

**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 period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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 & 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.

**[This space has been left blank intentionally]**

## 3. Share Capital

| | As at March 31,2014 | As at March 31,2013 |
|---|---|---|
| | | (Rs. in Lacs) |
| **Authorised** | | |
| 35,000,000 (March 31, 2013: 35,000,000) equity shares of Rs. 10/- each | **3,500** | 3,500 |
| | **3,500** | 3,500 |
| **Issued, subscribed & fully paid-up** | | |
| 34,142,535 (March 31, 2013: 34,142,535) equity shares of Rs. 10/- each fully paid up | **3,414** | 3,414 |
| | **3,414** | 3,414 |

### 3.1 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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3.2 Shares held by holding company

(Rs. in Lacs)

| | As at March 31,2014 | As at March 31,2013 |
|---|---|---|
| **Max Healthcare Institute limited**<br>34,142,465 (March 31, 2013: 34,142,465) equity shares of Rs. 10/- each fully paid up | **3,414** | 3,414 |
| | **3,414** | 3,414 |

### 3.3 Details of shareholder holding more than 5% shares is set out below (legal ownership)

| Name of the Shareholder | March 31,2014 | | March 31, 2013 | |
|---|---|---|---|---|
| | **No. of shares** | **% held** | No. of shares | % held |
| Max Healthcare Institute Limited | **34,142,465** | **99.99** | 34,142,465 | 99.99 |

**[This space has been left blank intentionally]**

## 4. Reserves and surplus

(Rs. in Lacs)

| | As at March 31,2014 | As at March 31,2013 |
|---|---|---|
| **Securities premium account** | | |
| Balance as per last financial statements | 8,020 | 8,020 |
| Add: Premium on issue of equity shares | - | - |
| Less: Share issue expenses | - | - |
| **Closing Balance** | 8,020 | 8,020 |
| **Surplus/ (deficit) in the statement of profit and loss** | | |
| Balance as per last financial statements | (3,980) | (3,879) |
| Profit / (Loss) for the year | 0 | (101) |
| **Net Surplus/ (deficit) in the statement of profit and loss** | (3,980) | (3,980) |
| **Total reserves and surplus** | 4,040 | 4,040 |

## 5. Long term borrowings

(Rs. in Lacs)

| | As at March 31,2014 | As at March 31,2013 |
|---|---|---|
| Inter-corporate deposits (unsecured) | 6,683 | - |
| | 6,683 | - |

Inter Corporate Deposit from Max Healthcare Institute Limited amounting to Rs. 6683 Lacs (March 31, 2013- Rs. 10,887 Lacs) is unsecured and will mature on March 31, 2018.

## 6. Short term borrowings

(Rs. in Lacs)

| | As at March 31,2014 | As at March 31,2013 |
|---|---|---|
| Inter-corporate deposits (unsecured) | - | 10,887 |
| | - | 10,887 |

## 7. Current Liablities

(Rs. in Lacs)

| | As at March 31,2014 | As at March 31,2013 |
|---|---|---|
| Trade payables dues to other than micro and small enterprises | 1,127 | 1,160 |
| Trade Payables dues to micro and small enterprises* | - | - |
| | 1,127 | 1,160 |
| **Other liabilities** | | |
| Current maturities of deferred payment liabilities | - | 186 |
| Interest accrued but not due on borrowings | - | 1,962 |
| Statutory dues payable | 14 | 363 |
| Creditors for capital goods | 3 | - |
| | 17 | 2,511 |
| | 1,144 | 3,671 |

**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 the 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.

## 8. Provisions

(Rs. in Lacs)

| | Long - term | | Short - term | |
|---|---|---|---|---|
| | As at March 31,2014 | As at March 31,2013 | As at March 31,2014 | As at March 31,2013 |
| Provision for leave encashment | - | - | 2 | 2 |
| Provision for gratuity | 1 | 1 | - | - |
| | 1 | 1 | 2 | 2 |

9 **Fixed Assets**

(Rs. in Lacs)

| Particulars | Gross Block | | | | Depreciation/amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2013 | Additions | Deletions/ Adjustments | As at March 31, 2014 | As at April 1, 2013 | For the year | Deletions/ Adjustments | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| **Tangible Assets** | | | | | | | | | | |
| Medical equipments | 8,334 | - | 99 | 8,235 | 2,658 | 614 | 71 | 3,201 | 5,034 | 5,676 |
| Plant and Machinery | 1,431 | - | - | 1,431 | 499 | 68 | - | 567 | 864 | 932 |
| Office Equipment and Computers | 418 | - | 114 | 304 | 240 | 25 | 111 | 155 | 149 | 178 |
| Furniture and Fixture | 396 | - | 22 | 374 | 202 | 22 | 19 | 205 | 169 | 194 |
| Total | 10,579 | - | 235 | 10,344 | 3,599 | 729 | 201 | 4,128 | 6,216 | 6,980 |
| Previous Year | 10,525 | 67 | 13 | 10,579 | 2,898 | 703 | 2 | 3,599 | 6,980 | 7,627 |
| **Intangible Assets** | | | | | | | | | | |
| Computer Software | 58 | 11 | - | 69 | 58 | 1 | - | 59 | 10 | - |
| TOTAL | 58 | 11 | - | 69 | 58 | 1 | - | 59 | 10 | - |
| Previous Year | 58 | - | - | 58 | 57 | 1 | - | 58 | - | 7 |

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

9.2 Term loans availed by the Holding company "Max Healthcare Institute Limited" aggregating to Rs. 22,972 Lacs from financial institutions/banks are secured/ to be secured by first pari-passu charge on movable fixed assets (present and future) of the Company.

9.3 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.

**[This space has been left blank intentionally]**

**10. Non- current investments**

| | Non - Current | |
|---|---|---|
| | As at March 31,2014 | As at March 31,2013 |
| **Trade investments (valued at cost unless stated otherwise)** | | |
| **Unquoted equity instruments** | | |
| 2,450,000 Equity shares (March 31, 2013: 2,450,000) of Rs.10/- each fully paid up in Alps Hospital Limited | 2,548 | 2,548 |
| **Aggregate value of unquoted investments** | 2,548 | 2,548 |

(Rs. in Lacs)

**11. Loans and advances**

(Rs. in Lacs)

| | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31,2014 | As at March 31, 2013 | As at March 31,2014 | As at March 31, 2013 |
| **Security Deposits** | | | | |
| Unsecured, considered good | 783 | 783 | - | |
| **Loan and advances to related parties** | | | | |
| Unsecured, considered good | - | 528 | - | |
| **Advances recoverable in cash or kind** | | | | |
| Unsecured, considered good | | - | 18 | |
| **Loans and advances to other healthcare service provider** | | | | |
| Unsecured, considered good | - | 404 | - | |
| **Other loans & advances** | | | | |
| Tax deducted at source | - | - | 93 | 79 |
| MAT credit entitlement | - | - | - | 36 |
| Prepaid expenses | | - | 2 | 8 |
| **Total** | 783 | 1,715 | 113 | 123 |

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

**12. Trade Receivables**

(Rs. in Lacs)

| | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31,2014 | As at March 31, 2013 | As at March 31,2014 | As at March 31, 2013 |
| **Unsecured, considered good unless stated otherwise** | | | | |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | | | |
| Unsecured, considered good | - | 4,047 | 19 | - |
| **Other receivables** | | | | |
| Unsecured, considered good | 4,159 | 4,414 | 750 | 653 |
| | 4,159 | 8,461 | 769 | 653 |

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.713 Lacs (Previous year Rs. 702 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.

13. **Cash and bank balances**

| | Current | |
|---|---|---|
| | **As at March 31,2014** | As at March 31,2013 |
| **Cash and cash equivalents** | | |
| Balances with banks: | | |
| on current accounts | 6 | 11 |
| | 6 | 11 |

(Rs. in Lacs)

14. **Other current assets**

| | Current | |
|---|---|---|
| | **As at March 31,2014** | As at March 31,2013 |
| **Unsecured,considered good unless otherwise stated** | | |
| Interest accrued on loans | 680 | 1,524 |
| | 680 | 1,524 |

(Rs. in Lacs)

**[This space has been left blank intentionally]**

**15. Revenue from operations**

| | For the year ended March 31,2014 | For the year ended March 31, 2013 |
|---|---|---|
| | | (Rs. in Lacs) |
| **Sale of products** | | |
| Sale of consumables and implants | **2,753** | 3,900 |
| **Sale of services** | | |
| Revenue from leasing activities | **1,441** | 1,581 |
| Revenue from medical services | **47** | 22 |
| | **4,241** | 5,503 |

**16. Other Income**

| | For the year ended March 31,2014 | For the year ended March 31, 2013 |
|---|---|---|
| | | (Rs. in Lacs) |
| Income from deferred credit | **713** | 702 |
| Liabilities/provisions no longer required written back | **1** | 12 |
| Interest Income on: | | |
| Loans | **116** | 255 |
| Tax refund | **-** | 1 |
| | **830** | 970 |

**17. Details of purchase, sale and inventory** (Rs. in Lacs)

| Description | Purchases | Sales |
|---|---|---|
| **Stent** | **1,283** | 1,295 |
| | (1,327) | (1,340) |
| **Baloon** | **99** | 100 |
| | (127) | (128) |
| **Pacemakers** | **762** | 770 |
| | (1,826) | (1,844) |
| **Others** | **582** | 588 |
| | (581) | (588) |
| **Total** | **2,726** | 2,753 |
| | (3,861) | (3,900) |

*(figures in brackets represents previous year)*

**[This space has been left blank intentionally]**

**18. Employee benefit expenses**

**(Rs. in Lacs)**

| | **For the year ended March 31,2014** | For the year ended 'March 31, 2013 |
|---|---|---|
| Salaries, wages and bonus | **136** | 123 |
| Contribution to provident and other funds | **6** | 5 |
| Gratuity expense(refer note 23) | **-** | 1 |
| Staff welfare | **2** | - |
| | **144** | 129 |

**19. Other Expenses**

**(Rs. in Lacs)**

| | **For the year ended March 31,2014** | For the year ended 'March 31, 2013 |
|---|---|---|
| Rent | **2** | 2 |
| Insurance | **4** | 12 |
| Repairs and Maintenance: | | |
| Building | **1** | 1 |
| Plant and equipments | **35** | 354 |
| Others | **4** | 57 |
| Legal and Professional | **10** | 8 |
| Loss of Sale of Assets | **2** | - |
| Net Loss on Foreign Exchange Fluctuation | **28** | 20 |
| Debit balances written off | **-** | 7 |
| | **86** | 461 |

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

**(Rs. in Lacs)**

| | **For the year ended March 31,2014** | For the year ended 'March 31, 2013 |
|---|---|---|
| Audit fee | **5** | 5 |
| | **5** | 5 |

**[This space has been left blank intentionally]**

## 20. Depreciation & amortization expenses

(Rs. in Lacs)

| | For the period ended March 31,2014 | For the period ended March 31, 2013 |
|---|---|---|
| Depreciation of tangible assets | 729 | 703 |
| Amortization of intangible assets | 1 | 1 |
| | 730 | 704 |

## 21. Finance Cost

(Rs. in Lacs)

| | For the period ended March 31,2014 | For the period ended March 31, 2013 |
|---|---|---|
| Interest | 1,349 | 1,419 |
| | 1,349 | 1,419 |

## 22. Earnings per share (EPS)

(Rs. in Lacs)

| | For the period ended March 31,2014 | For the period ended March 31, 2013 |
|---|---|---|
| **Total operations for the year** | | |
| Profit/(loss) after tax | - | (101) |
| **Net profit/(loss) for calculation of basic/diluted EPS** | - | (101) |
| Weighted average number of equity shares in calculating basic /diluted EPS | 34,142,535 | 34,142,535 |
| **Earnings per equity share** | | |
| Basic and diluted [Nominal value of shares Rs.10 (Previous year Rs.10)] | - | (0.30) |

**[This space has been left blank intentionally]**

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 for 15 days salary ( 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)**

| | Gratuity | |
|---|---|---|
| | **March 31, 2014** | March 31, 2013 |
| Current service cost | 0 | 1 |
| Interest cost on benefit obligation | 0 | - |
| Expected return on plan assets | - | - |
| Net actuarial( gain) / loss recognized in the year | (0) | - |
| Past service cost | - | - |
| **Net benefit expense** | (0) | 1 |
| Actual return on plan assets | - | - |

**Balance sheet**

Benefit asset/ liability

**(Rs. in Lacs)**

| | Gratuity | |
|---|---|---|
| | **March 31, 2014** | March 31, 2013 |
| Present Value of defined benefit obligation | 1 | 1 |
| Fair value of plan assets | - | - |
| **Plan asset / (liability)** | 1 | (1) |

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

**(Rs. in Lacs)**

| | Gratuity | |
|---|---|---|
| | **March 31, 2014** | March 31, 2013 |
| Opening defined benefit obligation | 1 | - |
| Acquisition adjustment (Employees transferred from holding company) | - | - |
| Interest cost | 0 | - |
| Current service cost | 0 | 1 |
| Benefits paid | - | - |
| Actuarial (gains) / losses on obligation | (0) | - |
| Closing defined benefit obligation | 1 | 1 |

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

| | Gratuity | |
|---|---|---|
| | **March 31, 2014** | March 31, 2013 |
| | % | % |
| Discount rate | 9 | 8 |
| 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.The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**[This space has been left blank intentionally]**

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

**(Rs. in Lacs)**

| S. No. | Particulars | For the Year Ended March 31,2014 | For the Year Ended 'March 31, 2013 |
|---|---|---|---|
| 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 | 129 | 53 |

Notes

(a) Income Tax Cases

**(Rs. in Lacs)**

| Assessment year | Appeal against the disallowance pending Before Appellate Authorities | Disallowances as per Assessment Order which were pending beofe CIT(A). | |
|---|---|---|---|
| | | As at March 31, 2014 | As at March 31, 2013 |
| 2010-11 | CIT (Appeals) | 239 | 239 |
| 2011-12 | CIT (Appeals) | 370 | - |
| | Total | 609 | 239 |

* The Company has received the orders of the CIT (Appeals) for the period AY 2010-11 to AY 2011-12, deleting majority of the disallowances made by the Assessing Officer. The department is likely to file further appeal in the Income tax Appellate Tribunal.

**25** **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 36 years. Under the terms of the lease, the company is responsible for:

i. Acquisition of equipment including its repair and servicing;
ii. Ensuring adequate insurance coverage for the assets; and
iii. 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 2006. Following are the details of lease transactions for the year:

**Operating Lease**

Income from lease rentals recognized for the year is Rs. 1,441 Lacs (Previous Year Rs. 1,581 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.

**26** The Company's 26% equity shareholding held in 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.

**[This space has been left blank intentionally]**

27 **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.

28 **Related party disclosures**

| **Names of related parties where control exist irrespective of whether transactions have occurred or not** | |
|---|---|
| **Ultimate Holding Company** | Max India Limited |
| **Holding Company** | Max Healthcare Institute Limited |
| **Subsidiary Companies** | Alps Hospital Limited |
| **Names of other related parties with whom transactions have taken place during the year** | |
| **Fellow Subsidiaries** | Pharmax Corporation Limited |
| | HomeTrail Estate Private Limited |

**[This space has been left blank intentionally]**

28.1 **Transaction with related parties during the year**

**(Rs. in Lacs)**

| **Particulars** | **Total** | |
|---|---|---|
| | **For the year ended March 31,2014** | For the year ended March 31,2013 |
| **Loans taken** | | |
| Max Healthcare Institute Limited (Holding Company) | - | 1,200 |
| **Loans repaid** | | |
| Max Healthcare Institute Limited (Holding Company) | **4,205** | 2,142 |
| **Loan Given** | | |
| Alps Hosiptal Limited (Subsidiary) | **350** | - |
| **Repayment of loans given** | | |
| Alps Hosiptal Limited (Subsidiary) | **878** | 2,042 |
| **Investment** | | |
| Alps Hosiptal Limited (Subsidiary) | - | 1,200 |
| **Sales** | | |
| Max Healthcare Institute Limited (Holding Company) | **571** | 437 |
| **Interest income** | | |
| Alps Hosiptal Limited (Subsidiary) | **90** | 218 |
| **Healthcare Services rendered** | | |
| Max Healthcare Institute Limited (Holding Company) | **47** | 22 |
| **Interest expense** | | |
| Max Healthcare Institute Limited (Holding Company) | **1,339** | 1,408 |
| **Rent Expenses** | | |
| Pharmax Corporation Limited (Fellow Subsidiary) | **2** | 2 |
| **Sale of medical equipment** | | |
| HomeTrail Estate Private Limited (Fellow Subsidiary) | **17** | - |
| **Purchase of medical equipment** | | |
| Max Healthcare Institute Limited (Holding Company) | - | 5 |

**Balances outstanding at the year end**

(Rs. in Lacs)

| **Particulars** | **As at March 31,2014** | As at March 31,2013 |
|---|---|---|
| **Against loan taken** | | |
| Max Healthcare Institute Limited (Holding Company) | **6,683** | 10,887 |
| **Other Payable** | | |
| Max Healthcare Institute Limited (Holding Company) | **1** | - |
| **Interest payable** | | |
| Max Healthcare Institute Limited (Holding Company) | - | 1,962 |
| **Sundry debtor balance** | | |
| Max Healthcare Institute Limited (Holding Company) | - | 80 |
| HomeTrail Estate Private Limited (Fellow Subsidiary) | **17** | - |
| **Against loan given** | | |
| Alps Hosiptal Limited (Subsidiary) | - | 528 |
| **Interest receivable** | | |
| Alps Hosiptal Limited (Subsidiary) | **680** | 1,515 |
| **Investment** | | |
| Alps Hosiptal Limited (Subsidiary) | **2,548** | 2,548 |

**29 Segment Reporting**

The Company operates into three major segments: Trading, Construction and leasing, repair & maintenance and medical services. A description of the types of products and services provided by each reportable segment is as follows:

Trading Activity includes trading in pharmacy and pharmaceuticals products.

Construction Activity includes construction of hospital building for healthcare service provider.

Lease, Repair & Maintenance and medical services Income includes income from medical and other equipments given on lease to healthcare service provider and rendering of medical services.

(Rs. in Lacs)

| S. No. | Particulars | Segment | | | Total |
|---|---|---|---|---|---|
| | | Trading | Construction | Leasing, repairs & maintenance and medical services | |
| 1 | External Sales | **2,753**<br>(3,900) | -<br>- | **1,488**<br>(1,603) | **4,241**<br>(5,503) |
| 2 | Revenue from operation | **2,753**<br>(3,900) | -<br>- | **1,488**<br>(1,603) | **4,241**<br>(5,503) |
| 5 | Segment Expenses | **2,870**<br>(3,990) | -<br>- | **44**<br>(422) | **2,914**<br>(4,412) |
| 3 | Segment Result | **(117)**<br>(90) | -<br>- | **1,444**<br>(1,181) | **1,327**<br>(1,091) |
| 4 | Unallocated Expenses | | | | **42**<br>(39) |
| 5 | Unallocated Incomes | | | | **714**<br>(714) |
| 6 | Interest Incomes | | | | **116**<br>(256) |
| 7 | Operating profit | | | | **2,115**<br>(2,022) |
| 8 | Depreciation and Amortisation | | | **730**<br>(704) | **730**<br>(704) |
| 9 | Operating Profit after depreciation | | | | **1,385**<br>1,318 |
| 10 | Financial Expenses | | | | **1,349**<br>(1,419) |
| 11 | Profit before Tax | | | | **36**<br>(101) |
| 12 | Tax Expense | | | | **36**<br>- |
| 13 | Profit/(Loss) after Tax | | | | **0**<br>(101) |
| | **Other Informations** | | | | |
| 14 | Segment Assets | **480**<br>(338) | **5,197**<br>(5,452) | **6,346**<br>(11,054) | **12,023**<br>(16,844) |
| 15 | Unallocated Assets | | | | **3,261**<br>(5,171) |
| 16 | Total Assets | | | | **15,284**<br>(22,015) |
| 17 | Segment Liabilities | **964**<br>(996) | **17**<br>(4,926) | **150**<br>(8,274) | **1,131**<br>(14,196) |
| 18 | Unallocated Liabilities | | | | **6,699**<br>(365) |
| | Total Liabilities | | | | **7,830**<br>(14,561) |

*(figures in bracket represents previous year)*

The Company operates in single geographical Segment

**30 Value of Imports calculated on CIF Basis** **(Rs. in Lacs)**

| | For the year ended March 31,2014 | For the year ended 'March 31, 2013 |
|---|---|---|
| Capital goods | | 47 |
| **Total** | - | 47 |

**31 Previous Year figures**

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

**For S R B C & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration Number: 324982E**

**per Sandeep Sharma**
**Partner**
**Membership Number: 93577**

Place : Gurgaon
Date : May 26, 2014

**For and on behalf of the Board of Directors of**
**Max Medical Services Limited**

**Yogesh Kumar Gupta**
(Whole-Time Director)

**Yogesh Kumar Sareen**
(Director)

**Gourav Maheshwari**
(Company Secretary)

Place : New Delhi
Date : May 26, 2014