INDEPENDENT AUDITOR'S REPORT

To the Members of Max Healthcare Institute Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Max Healthcare Institute Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 consolidated state of affairs of the Group, as at March 31, 2015, their consolidated loss, and their consolidated 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 33 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

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

Sd/-
per Manoj Kumar Gupta
Partner
Membership Number: 83906
Place of Signature:
Date: May 14, 2015

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: The Group comprises of Max Healthcare Institute Limited and its subsidiaries to whom the provisions of the Order apply (hereinafter referred to as "the Group Companies")

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

(b) All fixed assets have not been physically verified by the management during the year, but there is regular programme of verification which in our opinion is reasonable having regard to the size of the Group Companies and the nature of their assets. No material discrepancies were noticed on such verification.

(ii)(a) The management of the Group Companies has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Group Companies and the nature of their businesses.

(c) The Group Companies are maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii)(a) According to the information and explanations given to us, the Group Companies 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, provisions of clauses 3(iii) (a) and (b) of the Order are not applicable to the Group Companies and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group Companies and the nature of their businesses, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Group Companies in respect of these areas.

(v) The Group Companies have not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Group Companies 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 healthcare services and trading of medical devices, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) The Group Companies is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(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, customs duty, excise duty, value added tax, 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.

(c) According to the records of the Group Companies, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows.

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowances and additions to taxable income.	28.57	AY 2011-12 and AY 2012-13	Commissioner of Income Tax (Appeals)
Delhi Value Added Tax, 2004 (DVAT Act)	Mismatch of VAT under section 32 and 33 of DVAT Act, 2004.	255.19	FY 2012-13 and FY 2013-14	Additional Commissioner, VAT

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group Companies in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Group's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.

In case of one subsidiary, namely 'Hometrail Buildtech Private Limited', the accumulated losses at the end of financial year are more than fifty per cent of its net worth and it has incurred cash losses in the current and immediately preceding financial year.

In case of one subsidiary, namely 'Hometrail Estate Private Limited', the accumulated losses at the end of financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current year. In the immediately preceding financial year, the Company had incurred cash loss.

In case of one subsidiary, namely 'Alps Hospital Limited', the accumulated losses at the end of financial year are more than fifty per cent of its net worth. The Company has not incurred cash loss in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Group Companies have not defaulted in repayment of dues to banks and financial institutions. The Group Companies did not have any outstanding dues in respect of debenture holders during the year.

(x) According to the information and explanations given to us, the Group Companies have given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Group Companies.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Group Companies have been noticed or reported during the year.

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

Sd/-
per Manoj Kumar Gupta
Partner
Membership Number: 83906
Place : Gurgaon
Date: May 14, 2015

Max Healthcare Institute Limited
Consolidated Balance Sheet as at March 31, 2015

	Notes	As at March 31, 2015 Rs. In Lacs	As at March 31, 2014 Rs. In Lacs
Equity and liabilities			
Shareholders' funds			
Share capital	4	**48,881**	49,275
Reserves and surplus	5	**34,268**	5,625
		83,149	54,900
Non-current liabilities			
Long-term borrowings	6	**33,167**	34,573
Other long term liabilities	8	**199**	1,657
Long-term provisions	7	**541**	6,333
		33,907	42,563
Current liabilities			
Short-term borrowings	9	**4,617**	10,941
Trade payables	10	**15,513**	13,851
Other current liabilities	10	**7,150**	4,893
Short-term provisions	7	**931**	828
		28,211	30,513
TOTAL		**145,267**	127,976
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	**70,536**	73,888
Intangible assets	11	**1,313**	1,514
Capital work-in- progress		**689**	589
Intangible assets under development		**1,153**	866
Goodwill on Consolidation		**2,102**	2,102
Long-term loans and advances	12	**27,197**	21,540
Trade receivables	13	**3,903**	4,159
Other non-current assets	17	**51**	43
		106,944	104,701
Current assets			
Current investments	14	**14,300**	-
Inventories	15	**1,854**	1,519
Trade receivables	13	**17,344**	16,443
Cash and bank balances	16	**2,734**	1,625
Short-term loans and advances	12	**1,453**	2,959
Other current assets	17	**638**	729
		38,323	23,275
TOTAL		**145,267**	127,976
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements

As per our report of even date

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

For and on behalf of the board of directors of
Max Healthcare Institute Limited

Sd/-
Dr. Pradeep K. Chowbey
(Whole Time Director)
DIN: 01141637

Sd/-
Rajit Mehta
(Managing Director & Chief Executive Officer)
DIN: 01604819

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

Sd/-
Yogesh Kumar Sareen
(Chief Financial Officer)

Sd/-
Ruchi Mahajan
(Company Secretary)
FCS Number: F5671

Place : Gurgaon
Date :

Place : New Delhi
Date :

Max Healthcare Institute Limited
Consolidated Statement of profit and loss for the year ended March 31, 2015

	Notes	For the year ended March 31, 2015 Rs. In Lacs	For the year ended March 31, 2014 Rs. In Lacs
Income			
Revenue from operations (net)	18	**113,361**	94,446
Other income	19	**2,727**	2,348
Total revenue (I)		**116,088**	96,794
Expenses			
Purchase of pharmacy,drugs,consumables and implants		**34,930**	32,697
(Increase)/decrease in inventory of pharmacy,drugs and consumables and implants		**(335)**	103
Employee benefit expenses	20	**23,209**	18,881
Depreciation and amortisation expense	21	**7,838**	5,546
Finance costs	22	**6,116**	6,225
Other expenses	23	**48,035**	39,771
Total expenses (II)		**119,793**	103,223
Loss before tax (I-II)		**(3,705)**	(6,429)
Tax expense of earlier years		**-**	36
Loss for the year		**(3,705)**	(6,465)
Earnings per equity share [Nominal value of shares Rs.10 each (Previous year Rs. 10 each)]	26		
Basic		**(0.82)**	(1.57)
Diluted		**(0.82)**	(1.57)
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements

As per our report of even date

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

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

Place : Gurgaon
Date :

For and on behalf of the board of directors of
Max Healthcare Institute Limited

Sd/-
Dr. Pradeep K. Chowbey
(Whole Time Director)
DIN: 01141637

Sd/-
Rajit Mehta
(Managing Director & Chief Executive Officer)
DIN: 01604819

Sd/-
Yogesh Kumar Sareen
(Chief Financial Officer)

Sd/-
Ruchi Mahajan
(Company Secretary)
FCS Number: F5671

Place : New Delhi
Date :

Max Healthcare Institute Limited
Consolidated Cash flow statement for the year ended March 31, 2015

Particulars	For the year ended March 31, 2015 Rs. In Lacs	For the year ended March 31, 2014 Rs. In Lacs
A. Cash flow from operating activities		
Net Loss before tax and exceptional items	**(3,705)**	(6,465)
Non cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation expense	**7,838**	5,546
Loss on sale of fixed assets (net)	**60**	56
Profit on sale of current investments	**(202)**	(1)
Provision for doubtful debts and advances	**699**	319
Provision for wealth tax	**2**	2
Bad debts/ sundry balances written off	**2**	-
Foreign exchange fluctuation loss (net)	**6**	183
Liabilities no longer required written back	**(218)**	(61)
Employee stock option expense	**16**	46
Interest income	**(1,416)**	(1,523)
Interest expense	**5,815**	5,780
Operating profit before working capital changes	**8,897**	3,882
Movements for :		
(Increase)/ decrease in trade receivables	**(1,342)**	1,769
(Increase)/ decrease in inventories	**(335)**	103
Increase in loans and advances	**(382)**	(372)
(Increase)/ decrease in other assets	**77**	(109)
Increase in trade payables	**421**	2,708
Increase/ (decrease) in other liabilities	**374**	(271)
Increase in provisions	**246**	73
Cash generated from operations	**7,956**	7,783
Taxes paid (net of refunds)	**(1,576)**	(460)
Net cash from operating activities (A)	**6,380**	7,323
B. Cash flows from investing activities		
Purchase of fixed assets including intangible assets, CWIP and capital advances	**(7,185)**	(5,146)
Proceeds from sale of fixed assets	**62**	89
Maturity of bank deposits (having original maturity of more than three months)	**440**	451
Purchase of investments in mutual funds	**(37,883)**	(500)
Proceeds from redemption of mutual funds	**23,785**	501
Interest received	**1,425**	1,529
Net cash used in investing activities (B)	**(19,356)**	(3,076)
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including securities premium, net of expenses incurred for shares issued	**40,902**	4,222
Redemption of 2% cumulative partially convertible preference shares	**(14,343)**	-
Proceeds from long-term borrowings	**6,954**	17,398
Repayments of long term borrowings	**(6,612)**	(17,379)
Proceeds from short-term borrowings	**176**	671
Repayment of short-term borrowings	**(6,500)**	(4,300)
Interest paid	**(6,049)**	(5,782)
Net cash from/ (used in) financing activities (C)	**14,528**	(5,170)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	**1,552**	(923)
Total cash and cash equivalents at the beginning of the year	**993**	1,916
Total cash and cash equivalents at the end of the year	**2,545**	993

Max Healthcare Institute Limited
Consolidated Cash flow statement for the year ended March 31, 2015

Particulars	For the year ended March 31, 2015 Rs. In Lacs	For the year ended March 31, 2014 Rs. In Lacs
Components of total cash and cash equivalents:		
Cash on hand	**146**	140
Cheques on hand	**91**	77
Balances with banks	**2,308**	776
Total cash and cash equivalents	**2,545**	993

Summary of significant accounting policies 3
The accompanying notes are integral part of the financial statements

As per our report of even date

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

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

Place : Gurgaon
Date :

For and on behalf of the board of directors of
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Sd/-
Dr. Pradeep K. Chowbey
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Sd/-
Yogesh Kumar Sareen
(Chief Financial Officer)

Sd/-
Ruchi Mahajan
(Company Secretary)
FCS Number: F5671

Place : New Delhi
Date :

1. Corporate Information

Max Healthcare Institute Limited (the "Group Company" or "MHIL") through its subsidiaries runs a network of healthcare facilities in the National Capital Region and states of Uttrakhand and Punjab comprising of primary care clinics, secondary care hospitals, medical centers and tertiary care hospitals. These healthcare facilities are staffed by more than 7500 fully qualified, dedicated and compassionate medical, para-medical and other members who strive to give their best services to the patients in medical care.

The financial statements of the Group thus include the result of performance of the healthcare facilities which are owned and operated by the standalone entity and its subsidiaries. Further the Group has also entered into long term service contracts with other healthcare service providers and downstream subsidiaries to extend Max Care to communities where MHIL does not have a direct presence and fees charged for such services is reflected in the financial results of the Group.

2. Basis of preparation

2.1 Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements (CFS) comprises the financial statements of Max Healthcare Institute Limited ("the Company") and its subsidiaries (hereinafter referred to as "Group Companies" and together as "Group"). The CFS of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under historical cost convention on an accrual basis in compliance with all material aspects of Accounting Standards (AS) notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

The accounting policies have been consistently applied by the Group, and are consistent with those used in previous year except for the change in accounting policy as specified in note 3.1

2.2 Principles of Consolidation

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and transactions and resulting unrealized profits or losses as per AS-21 "Consolidated Financial Statements" using the uniform accounting policies for like transactions and other similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. The results of the operations of the subsidiaries are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the CFS as Goodwill/ Capital Reserve. The goodwill arising on consolidation is not amortised but tested for impairment on periodic basis.

All subsidiaries follow financial year as accounting year.

The list of subsidiaries companies considered in consolidated financial statements:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at March 31, 2015	Proportion of ownership as at March 31, 2014	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
				As % of consolidated net assets	Amount (in Rs. lakhs)	As % of consolidated profit or loss	Amount (in Rs. lakhs)
Parent							
Max Healthcare Institute Limited	India			117.62%	97,797	193.17%	(7,157)
Subsidiaries							
Max Medical Services Limited (MMS)	India	100%	100%	-3.12%	(2,597)	-39.11%	1,449
Hometrail Estate Private Limited (HEPL)	India	100%	100%	-3.60%	(2,992)	-28.26%	1,047
Hometrail Buildtech Private Limited (HBPL)	India	100%	100%	-9.47%	(7,873)	45.67%	(1,692)
Alps Hospital Limited (ALPS) (i)	India	100%	100%	-1.43%	(1,186)	-71.47%	2,648
Total				**100%**	**83,149**	**100%**	**(3,705)**

Notes:
(i) Held through Max Medical Services Limited

3 Summary of significant accounting policies

3.1 Change in accounting policy

Depreciation on fixed assets
Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted following impact on depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

(a) Useful lives/ depreciation rates

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Group was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, which are equal lives as prescribed under Schedule II. Hence, due to change in accounting policy depreciation expense during the year increased by Rs. 1,816 lacs and Depreciation of the fixed asset which has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 1, 2014, have been adjusted from retained earnings at the beginning of the current period by Rs 556 lacs in financial statements of the Company.

(b) Depreciation on assets costing less than Rs. 5,000

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Group has changed its accounting policy for depreciations of assets costing less than Rs. 5,000/-. As per the revised policy, the Gompany is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000 did not have any material impact on financial statements of the group for the current year.

3.2 Use of estimates

The preparation of consolidated 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.

3.3 Tangible assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts 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 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 the statement of profit and loss for the period during which such expenses are incurred.

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

3.4 Depreciation on tangible 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 Group has used the following rates to provide depreciation on its fixed assets:

Assets	Estimated useful life (in years)
Building	60 years
Fences, Wells & Tubewells	5 years
Medical Equipments	13 years
Lab Equipments	10 years
Electric Installations and Equipments	10 years
Plant and Equipment	15 years
Office Equipment and Computers	5 years
Computers - Servers & Networks	6 years
Computers - End User Devices, i.e., Desktop, Laptop etc.	3 years
Furniture and Fixtures	10 years
Motor Vehicles - Company Cars	8 years
Motor Vehicles - Ambulances	6 years

Leasehold improvements are amortised over shorter of the estimated useful life of asset or respective lease term

The management has estimated, supported by technical assessment as per "pay per use equipment agreement", the useful life of the following classes of asset.
• The useful life of MRI machine is estimated as 7 years which is included in medical equipment .

3.5 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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets comprising of computer softwares and technical know-how are amortized over a period of two to six years based on management's estimate of economic useful life of the individual assets.

Cost of internally generated intangible assets
Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:
(i) the technical feasibility of completing the intangible asset so that it will be available for use.
(ii) its intention to complete the asset
(iii) its ability to use the asset
(iv) how the asset will generate future economic benefits
(v) the availability of adequate resources to complete the development and to use the asset
(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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 recognized in the statement of profit and loss when the asset is derecognized.

3.6 Leases

Where the group is lessee

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

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower. However, if there is no reasonable certainty that the group 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 the 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 group is the lessor

Leases in which the group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. 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 group 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 group 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.

3.7 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

3.8 Impairment of tangible and intangible assets

The Group 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 Group 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 an 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 Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group'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 assets 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 indication exists, the group 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.

3.9 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 proceed is charged or credited to the statement of profit and loss.

3.10 Inventories

Inventory is valued at lower of cost and net realizable value. Cost comprises of purchase price including duties, taxes and other costs incurred in bringing the inventory to its 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.

3.11 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 Group collects sales tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income from Services

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

Interest Income

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

Incentive Income

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

3.12 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 carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed 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.

3.13 Retirement and other employee benefits

Provident fund

Retirement benefit in the form of Provident Fund is a defined benefit obligation as the Group and its employees are contributing to a provident fund trust "Max India Limited Employees Provident Fund Trust" and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

In one of the subsidiary, Max Medical Services Limited, 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

Employee benefit in form of gratuity plan is a defined benefit obligation. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.
The Group has a recognised gratuity trust "Max India Limited Employees Gratuity Fund" which in turn has taken a policy with LIC to cover the gratuity liability of the employees.

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The group 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 Group 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 group 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 the group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Long term incentive plan

Employee benefit in form of long term incentive plan is a other long term employee benefit. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

3.14 Income Taxes

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

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

At each balance sheet date, the group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The group 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 income 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 income 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 taxes relate to the same governing taxation laws.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

3.15 Employee stock option scheme

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

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

3.16 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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.

3.17 Provisions

A provision is recognized when the Group has a present obligation as a result of past event and 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.

3.18 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 Group 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 group does not recognize a contingent liability but discloses its existence in the financial statements.

3.19 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.

4. Share Capital

(Rs in Lacs)

	As at March 31, 2015	As at March 31, 2014
Authorised shares (Nos.)		
925,000,000 (March 31, 2014: 925,000,000) equity shares of Rs.10/- each	**92,500**	92,500
125,000,000 (March 31, 2014: 125,000,000) 2% cumulative preference shares of Rs.10/- each	**12,500**	12,500
	105,000	105,000
Issued, subscribed and fully paid-up (Nos.)		
488,813,654 (March 31, 2014: 427,282,355) equity shares of Rs.10/- each	**48,881**	42,728
Nil (March 31, 2014: 65,468,747) 2% cumulative optionally partially convertible preference shares of Rs.10/- each	**-**	6,547
Total issued, subscribed and fully paid-up share capital	**48,881**	49,275

4.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	March 31, 2015		March 31, 2014	
	No. of shares	**Value in Rs Lacs**	No. of shares	Value in Rs Lacs
At the beginning of the year	**427,282,355**	**42,728**	395,383,345	39,538
Issued during the year				
- Conversion of Preference Share	**-**	**-**	22,955,268	2,296
- Fresh Issue	**61,381,299**	**6,138**	8,293,742	829
- ESOP	**150,000**	**15**	650,000	65
Outstanding at the end of the year	**488,813,654**	**48,881**	427,282,355	42,728

Cumulative partially convertible preference shares	March 31, 2015		March 31, 2014	
	No. of shares	**Value in Rs Lacs**	No. of shares	Value in Rs Lacs
At the beginning of the year	**65,468,747**	**6,547**	125,000,000	12,500
Redeemed during the year	**(65,468,747)**	**(6,547)**	(59,531,253)	(5,953)
Outstanding at the end of the year	**-**	**-**	65,468,747	6,547

4.2 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.

4.3 Terms of conversion/redemption of 2% cumulative optionally partially convertible preference shares

654,687,470 preference shares held as at March 31, 2014 represents 2% Cumulative Optionally Partially Convertible Preference Shares issued to International Finance Corporation, USA (IFC) on July 28, 2007 under a tripartite subscription agreement with Max India Limited (the Holding Company), further amended by conversion and amendment agreement to subscription agreement dated September 30, 2013 as per terms and condition as stated below:-

(i) Dividend @ 2% per annumn cumulative in nature is payable until date of redemption or date of purchase by Max India Limited or conversion into equity shares, whichever is earlier. The earliest date of redemption or purchase is July 28, 2015 except in case of an equity issuance by the Company.

(ii) The preference shares have been issued to generate a 'Guaranteed internal rate of return' (GIRR) of 11.25% which is inclusive of 2% dividend rate and premium on redemption.

(iii) The preference shareholders also have an option to convert a portion of preference shares into equity shares at fair market value, subject to a maximum of 7.5% equity stake in the Company upon such conversion.

(iv) The preference shareholders also have a put option which entitles them a right to exercise the option in respect of said preference shares on Max India Limited or any of its affiliates starting July 28, 2015 or in case of an equity issuance by the company up to the extent of equity issuance by the Company.

During the year, the Group has redeemed the entire 2% cumulative optionally partially convertible preference shares amounting to Rs 14,343 lacs including premium and cumulative dividend totaling to Rs. 7,796 lacs.

4.4 Shares held by holding company

	As at March 31, 2015	(Rs in Lacs) As at March 31, 2014
Max India Limited *		
Nil (March 31, 2014: 281,392,766) equity shares of Rs.10/- each fully paid up	-	28,139
	-	28,139

* During the year, erstwhile holding company Max India Limited (MIL) under corporate action to equalise its equity holding with that of Life Healthcare International (Proprietary) Limited (LH) has diluted its stake in the Company by 13.30% by way of sale of 56,766,451 equity shares to LH. Simultaneously, LH has further subscribed to and has been allotted 56,766,452 fresh equity shares of the company on preferential basis to achieve equal shareholding. Consequently, "MIL" has now become a Joint Venture partner in respect of the Company.

4.5 Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2015		March 31, 2014	
	No. of shares	% held	No. of shares	% held
Equity Shares of Rs. 10 each fully paid				
Max India Limited	**224,626,315**	**45.95%**	281,392,766	65.86%
Life Healthcare International (Proprietary) Limited	**224,626,315**	**45.95%**	111,093,412	26.00%
International Finance Corporation, USA	**36,661,024**	**7.50%**	32,046,177	7.50%
Cumulative Partially Convertible Preference Shares of Rs. 10 each				
International Finance Corporation, USA	-	-	65,468,747	100%

4.6 Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note no. 28

4.7 Aggregate number of Shares issued for Consideration other than cash

22,955,268 (March 31, 2014: 22,955,268) equity shares have been allotted on conversion of 2% cumulative partially convertible preference shares.

In addition, the Company has issued 2,850,000 equity shares (March 31, 2014 2,700,000) during the period of five years immediately preceding the reporting date, on exercise of options granted under the Employee Stock Option Plan 2006 to the permanent employees of the Company wherein part consideration was received in form of employee services.

5. Reserves and surplus

(Rs in Lacs)

	As at March 31, 2015	As at March 31, 2014
Capital reserve	1	1
	1	1
Securities premium reserve		
Balance as per the last financial statement	46,987	36,790
Add: premium on issue of equity shares	35,294	12,575
Add: premium on issue of ESOPs exercised	30	163
Add: transferred from employee stock options outstanding	3	-
Less: provision for GIRR on 2% cumulative partially convertible preference shares	(1,845)	(2,501)
Less: share issue expenses	(578)	(40)
Closing balance	79,891	46,987
Employee stock options outstanding reserve		
Balance as per the last financial statement	7	-
Add: gross compensation for options granted during the year	3	7
Less: transferred to securities premium on exercise of stock options	(3)	-
Closing Balance	7	7
Deficit in the statement of profit and loss		
Balance as per the last financial statement	(41,370)	(34,905)
Add: Opening depreciation adjusted from retained earning (note 11.8)	(556)	-
Loss for the year	(3,705)	(6,465)
Net deficit in the statement of profit and loss	(45,631)	(41,370)
Total reserves and surplus	34,268	5,625

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6. Long-term borrowings

(Rs in Lacs)

	Non-current portion		Current maturities	
	As at March 31, 2015	As at March 31, 2014	**As at March 31, 2015**	As at March 31, 2014
Term loans (secured)				
From financial institutions	**14,513**	16,442	**2,513**	1,422
From bank	**6,882**	5,006	**370**	102
From non-banking financial company	**10,994**	12,071	**1,012**	465
Deferred payment liabilities (unsecured)				
Deferred payment liabilities	**-**	-	**90**	268
Finance lease obligation (secured)	**666**	938	**271**	236
Vehicle loans (secured)	**112**	116	**74**	89
	33,167	34,573	**4,330**	2,582
The above amount includes				
Secured borrowings	**33,167**	34,573	**4,240**	2,314
Unsecured borrowings	**-**	-	**90**	268
Amount disclosed under the head "other current liabilities" (note 10)	**-**	-	**(4,330)**	(2,582)
	33,167	34,573	**-**	-

6.1 Term loans from financial institutions include :

(i) Rs. 2,100 lacs (March 31, 2014: Rs.3,450 lacs) from Export Import Bank of India (EXIM) repayable in 15 half yearly installments from December 20, 2008.

(ii) Rs. 14,926 lacs (March 31, 2014: Rs.14,414 lacs) from Housing Developing Finance Corporation Limited (HDFC) repayable in 36 quarterly installments from February, 2015.

The above loans are secured by following:

(a) First Pari passu charge on the whole of movable fixed assets (excluding vehicles) including medical equipments (except assets having exclusive charge in favour of SREI Equipment Finance Private Limited), movable plant and machinery, spares etc of the Company and its subsidiary namely Max Medical Services Limited.

(b) First Pari passu charge on all book debts, operating cash flows, receivables, revenue of what-so-ever nature and wherever arising of the Company , present and future (subject to a prior charge in favour of working capital lenders restricted to working capital limits of Rs. 7,500 Lacs in aggregate).

(c) Pledge of the Company's 26% shareholding in its subsidiary, namely Max Medical Services Limited and pledge of Max Medical Services Limited's 26% shareholding in Alps Hospital Limited.

(d) The term loan at (i) above is secured by a Corporate guarantee by Max India Limited (the erstwhile holding company).

(e) The term loans at (i) & (ii) above are secured by equitable mortgage of the Company's immovable property at Plot no 1 , Press Enclave Road, Saket, New Delhi. The company has also created charge in favour of Canara Bank, which is acting as a security trustee for term loans referred in (i) & (ii) above.

6.2 Term loans from Banks

Loan of Rs. 7,252 lacs (March 31, 2014: Rs.5,108 lacs) from ICICI Bank Limited repayable in 36 quarterly installments from June 2014 is secured by way of :

(a) Exclusive charge over the immovable property of the company located in Shalimar Bagh, Delhi.

(b) First pari passu charge on the whole of movable fixed assets (excluding vehicles) including medical equipments (except assets having exclusive charge in favour of SREI Equipment Finance Private Limited),movable plant and machinery, spares etc of the Company.

(c) Second pari passu charge on all the entire current assets including book debts, operating cash flows, receivables, revenue subject to prior charge in favour of working capital lenders restricted to working capital limits of Rs. 7500 lacs.

(d) First pari passu charge on the whole of movable fixed assets of the Company's wholly owned subsidiary Max Medical Services Limited.

(e) Pledge of the Company's 26% shareholding in its subsidiary, namely Max Medical Services Limited and pledge of Max Medical Services Limited's 26% shareholding in Alps Hospital Limited.

6.3 Term loan from non-banking financial company

(a) Loan of Rs. 1,350 lacs (March 31, 2014: Rs.1,682 lacs) repayable in 28 quarterly installments from November 2011 is secured by way of exclusive charge over the medical equipment acquired from SREI Equipment Finance Private Limited through this facility.

(b) Term Loan of Rs. 10,656 lacs (March 31, 2014: Rs.10,854 lacs) is repayable in 32 quarterly installment commencing from January 2015. The loan obtained from L&T Infrastructure Finance Company Limited is secured by :

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

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

(iii) First pari-passu charge on all the book debts, operating cash flows, receivables and revenue from the project, all current assets, commissions and revenue, present and future (subject to a prior charge in favour of working capital bankers restricted to the present working capital limits of Rs.1,000 Lacs each in Hometrail Estate Private Limited and Hometrail Buildtech Private Limited, previously Rs.500 Lacs in Hometrail Estate Private Limited).

(iv) First charge on all intangibles.

(v) Corporate guarantee by the Company.

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

6.5 Vehicle Loans of Rs. 186 lacs (March 31, 2014: Rs.205 lacs) are repayable over the period ranging from one to five years and are secured by way of hypothecation of respective vehicles.

6.6 Deferred payment liabilities represent amount payable for the acquisition of capital goods and are repayable over a period of three years.

Max Healthcare Institute Limited

Notes to Consolidated financial statements for the year ended March 31, 2015

7 Provisions

(Rs in Lacs)

	Long - term		Short - term	
	As at March 31, 2015	As at March 31, 2014	**As at March 31, 2015**	As at March 31, 2014
Provision for employee benefits				
Provision for leave encashment	**-**	-	**668**	562
Provision for gratuity(note 27)	**530**	367	**227**	227
Provision for employee stock options(note 28)	**11**	15	**32**	35
Other provisions				
Provision for premium on redemption of cumulative partially convertible preference shares	**-**	5,951	**-**	-
Provision for income tax(net of advance tax)	**-**	-	**1**	1
Provision for wealth tax	**-**	-	**3**	3
	541	6,333	**931**	828

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8. Other long term liabilities

		(Rs in Lacs)
	As at March 31, 2015	As at March 31, 2014
Trade Payables	**-**	1,501
Others		
Lease equalisation reserve	**199**	156
	199	1,657

9. Short term borrowings

	As at March 31, 2015	As at March 31, 2014
Cash credit from banks (secured)	**4,617**	4,441
Short term loan from bank (unsecured)	**-**	5,700
Inter corporate deposits payable on demand (unsecured)	**-**	800
	4,617	10,941

Cash credit taken by the Company and one of its subsidiary, Alps hospital limited, is secured by way of prior pari – passu charge on stocks, book debts and other current assets, present and future of the Company prior to charge in favour of term lenders of the company. The cash credits are repayable on demand.

Cash Credit taken by Hometrail Estate Private Limited and Hometrail Buildtech Private Limited from bank is secured by:

1) First charge by way of hypothecation of the Hometrail Estate Private Limited and Hometrail Buildtech Private Limited entire current assets (present and future) except escrow account with the Government of Punjab.

2) Second charge on entire movable fixed assets (excluding vehicles) both present and future.

10. Current liabilities

	As at March 31, 2015	As at March 31, 2014
Trade Payables dues to other than micro and small enterprises	**15,513**	13,851
Trade Payables dues to micro and small enterprises*	**-**	-
	15,513	13,851
Other liabilities		
Current maturities of long-term borrowings (note 6)	**4,059**	2,346
Current maturity of finance lease obligation (note 6)	**271**	236
Interest accrued but not due on borrowings	**10**	244
Other advances	**14**	-
Capital creditors	**921**	552
Advance from patients	**493**	375
Concession fee payable	**412**	308
Statutory dues	**883**	754
Security deposits	**87**	78
	7,150	4,893
	22,663	18,744

*** Details of dues to micro and small enterprises as per MSMED Act, 2006**

As per the Act, the Group is required to identify the Micro and small suppliers and pay them interest on overdue amounts beyond the specified period irrespective of the terms agreed with the suppliers. Based on the information available with the Group, none of the creditors have confirmed the applicability of the Act on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

11. Fixed assets

(Rs in Lakhs)

Particulars	Gross Block				Depreciation/amortisation					Net Block	
	As at April 01, 2014	Additions	Deletions/ Adjustments	As at March 31, 2015	As at April 01, 2014	Depreciation to be adjusted from opening retained earnings	Additions	Deletions/ Adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets											
Leasehold Land	6,256	-	-	6,256	-	-	-	-	-	6,256	6,256
Building	27,985	1,194	-	29,179	1,936	4	935	-	2,875	26,304	26,049
Leasehold improvements	7,534	61	-	7,595	2,592	32	318	-	2,942	4,653	4,942
Medical equipments	32,115	2,069	407	33,777	10,418	14	2,874	385	12,921	20,856	21,697
Lab equipments	76	-	-	76	39	-	15	-	54	22	37
Plant and Equipment	8,160	139	12	8,287	2,112	-	732	11	2,833	5,454	6,048
Office Equipment	1,360	85	81	1,364	395	234	316	74	871	493	965
Furniture and Fixture	3,821	93	67	3,847	1,402	67	483	58	1,894	1,953	2,419
Motor Vehicles	803	152	123	832	218	15	110	41	302	530	585
Computers & Data Processing Units	2,083	198	19	2,262	1,101	80	526	19	1,688	574	982
Electrical Installations & Equipments	3,473	122	6	3,589	767	107	412	5	1,281	2,308	2,706
Other Surgical Instruments	2,209	650	281	2,578	1,007	-	719	281	1,445	1,133	1,202
Total	**95,875**	**4,763**	**996**	**99,642**	**21,987**	**553**	**7,440**	**874**	**29,106**	**70,536**	**73,888**
Previous Year	94,161	3,801	2,087	95,875	18,784	-	5,145	1,942	21,987	73,888	
Intangible Assets											
Computer Software	3,101	200	-	3,301	1,587	3	398	-	1,988	1,313	1,514
TOTAL	**3,101**	**200**	**-**	**3,301**	**1,587**	**3**	**398**	**-**	**1,988**	**1,313**	**1,514**
Previous Year	3,044	86	29	3,101	1,215	-	401	29	1,587	1,514	

11. Fixed assets

Notes :-

11.1 Land pertaining to hospital situated in Noida, Pitampura, Panchsheel and Shalimar Bagh is under perpetual lease

11.2 Land measuring 3.15 acres pertaining to hospital situated in Mohali & Bathinda has been provided by Punjab Government on long term lease of 50 years without consideration.

11.3 The Group has in its favour a sub lease for plot measuring 1.23 acres of land in Gurgaon for an initial period of 97 years, which can be further renewed for two terms of 97 years each.

11.4 Medical Equipment includes medical equipment taken on finance lease:

	March 31, 2015	March 31, 2014
Gross Block	**1,958**	1,958
Depreciation charge for the year	**187**	108
Accumulated depreciation	**417**	231
Net book value	**1,541**	1,727

11.5 One of the company's subsidiary, Max Medical Services Limited have given all its tangible and intangible assets to their healthcare service provider on operating lease.

11.6 Letter of credit facility of Rs. 200 lacs sanctioned to Max Medical Services Limited by Yes Bank Ltd. is secured by second charge on movable fixed assets of Max Medical Limited amounting to Rs 5,049 lacs (March 31, 2014: Rs 6214 lacs).

11.7 Term loans availed by the Company aggregating to Rs. 24,277 Lacs (March 2014 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 one of the subsidiary company, Max Medical Services Limited.

11.8 Note on depreciation to be adjusted from opening retained earnings
Due to application of Schedule II to the Companies Act, 2013, if a tangible asset has zero remaining useful life on the date of Schedule II becoming effective i.e. April 1, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of tangible asset whose remaining useful life is not NIL as on April 1, 2014, is depreciated over its remaining useful life.

12. Loans and advances

(Rs in Lacs)

	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	**As at March 31, 2015**	As at March 31, 2014
Capital advances				
Unsecured, considered good	**3,688**	1,491	**-**	-
Security deposits				
Unsecured, considered good	**9,003**	8,878	**24**	16
Advances recoverable in cash or kind				
Unsecured, considered good	**-**	-	**705**	650
Intercorporate deposits				
Unsecured, considered good	**10,179**	10,179	**-**	-
Other loans and advances				
(Unsecured, Considered good, unless otherwise stated)				
Tax deducted at source recoverable	**4,301**	918	**182**	1,989
Prepaid expenses	**26**	74	**542**	304
	27,197	21,540	**1,453**	2,959

Notes:

a. Performance Guarantee of Rs. 783 lacs had been deposited by one of the subsidiary, Max Medical Services limited, with other healthcare service provider, in earlier years, as per the agreement.

13. Trade receivables

(Rs in Lacs)

	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	**As at March 31, 2015**	As at March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**-**	-	**3,050**	3,131
Doubtful	**-**	-	**2,632**	1,937
	-	-	**5,682**	5,068
Provision for doubtful receivables	-	-	**(2,632)**	(1,937)
	-	-	**3,050**	3,131
Other receivables				
Unsecured, considered good	**3,903**	4,159	**14,294**	13,312
	3,903	4,159	**14,294**	13,312
	3,903	4,159	**17,344**	16,443

As at December 10, 2001 one of the subsidiary, "Max Medical Services Limited" 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 installments over 26.5 years from the handover date. Further, "MMS" 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 installments 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.820 Lacs (Previous year Rs. 713 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.

14. Current investments

(Rs in Lacs)

	As at March 31, 2015	As at March 31, 2014
Investment in mutual funds (valued at lower of cost and market value, unless stated otherwise)		
26,696,297 (March 31, 2014: Nil) units of Rs.10/- each in ICICI Prudential Ultra Short Term - Direct Plan - Growth	**3,700**	-
88,556 (March 31, 2014: Nil) units of Rs.10/- each in IDFC Cash fund -Growth Direct Plan	**1,500**	-
69,038 (March 31, 2014: Nil) units of Rs.1000/- each in Kotak Liquid Scheme Plan A - Direct Plan - Growth	**1,900**	-
43,759 (March 31, 2014: Nil) units of Rs.1000/- each in Kotak Floater Short Term-Direct Plan Growth	**1,000**	-
111,389 (March 31, 2014: Nil) units of Rs.1000/- each in Reliance Liquid Fund - Cash Plan - Direct growth plan	**2,500**	-
167,465 (March 31, 2014: Nil) units of Rs.1000/- each in UTI-Floating Rate Fund -STP-Direct Growth Plan	**3,700**	-
	14,300	-

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

	As at March 31, 2015	As at March 31, 2014
Stock of pharmacy, drugs and consumables and implants	**1,854**	1,519
	1,854	1,519

16. Cash and bank balances

(Rs in Lacs)

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	**As at March 31, 2015**	As at March 31, 2014
Cash and cash equivalents				
Balances with banks:				
On current accounts	**-**	-	**1,974**	489
On escrow accounts	**-**	-	**334**	287
Cheques/drafts on hand	**-**	-	**91**	77
Cash on hand	**-**	-	**146**	140
	-	-	**2,545**	993
Other bank balances				
Deposits with original maturity for more than 12 months	**-**	-	**2**	-
Under lien	**7**	8	**-**	-
Margin money deposits	**39**	35	**187**	632
	46	43	**189**	632
Less: transferred to other assets (note 17)	**(46)**	(43)	**-**	-
	-	-	**2,734**	1,625

Margin money deposits given as security and under lien

Rs. 50 Lac (March 31 2014: Rs. 48 Lacs) to secure bank Guarantee issued to customers.
Rs. 176 Lac (March 31 2014: Rs. 101 Lacs) secured for Bank Guarantee and Foreign letter of credits.
Rs. 4 lac (March 31, 2014: Rs. 4 lac) to secure bank guarantee given to sales tax authorities.
Rs. Nil (March 31, 2014: Rs. 398 lacs) to secure Debt service reserve account requirement of L and T Infrastructure Finance Company Limited.
Rs. Nil (March 31, 2014: Rs. 122 lacs) to secure performance bank guarantee in favour of Government of Punjab.
Rs. 3 lacs (March31, 2014: Rs. 2 Lacs) to secure performance bank guarantee in favour of Employee State Insurance Corporation.

17. Other assets

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	**As at March 31, 2015**	As at March 31, 2014
Unsecured, considered good unless otherwise stated				
Other bank balances (note 16)	**46**	43	**-**	-
Interest accrued on fixed deposits	**5**	-	**1**	15
Unbilled revenue	**-**	-	**622**	584
Receivable under duty credit scheme	**-**	-	**15**	130
	51	43	**638**	729

18. Revenue from operations

(Rs in Lacs)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from healthcare services (net)	**97,714**	75,978
Sale of products		
Pharmacy and pharmaceuticals supplies	**13,073**	16,338
Other operating revenue		
- from leasing activities	**1,720**	1,441
- Sponsorship and educational income	**366**	372
- Income from laundry services	**265**	162
- Income from ancillary activities	**186**	155
- Income from served for india scheme	**37**	-
	113,361	94,446

19. Other income

	For the year ended Mar 31, 2015	For the year ended Mar 31, 2014
Interest Income on		
Bank deposits	**86**	71
Loans to other healthcare service providers	**1,323**	1,390
Income tax refund	**7**	62
Profit on sale of current investments	**202**	1
Profit on sale of non-current investments	**-**	-
Profit on foreign exchange fluctuation	**-**	-
Liabilities no longer required written back	**218**	61
Income from deferred credit	**820**	713
Other non-operating income	**71**	50
	2,727	2,348

20. Employee benefit expenses

(Rs in Lacs)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, wages and bonus	**21,341**	17,230
Contribution to provident and other funds	**862**	768
Gratuity expense(note 27)	**191**	179
Employee stock option scheme(note 28)	**16**	46
Staff welfare expenses	**799**	658
	23,209	18,881

21. Depreciation and amortization expense

	For the year ended March 31, 2015	For the year ended March 31, 2014
Depreciation of tangible assets	**7,440**	5,145
Amortization of intangible assets	**398**	401
	7,838	5,546

22. Finance costs

	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest	**5,815**	5,780
Bank charges	**301**	445
	6,116	6,225

Max Healthcare Institute Limited

Notes to Consolidated financial statements for the year ended March 31, 2015

23. Other expenses

(Rs in Lacs)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Professional and consultancy fee	**24,905**	20,701
Outside lab investigation	**351**	255
Patient catering expenses	**1,378**	1,139
Rent	**2,634**	2,290
Insurance	**391**	393
Rates and taxes	**279**	385
Facility maintenance expenses	**2,043**	1,857
Power and fuel	**3,260**	2,963
Repairs and maintenance:		
Building	**247**	268
Plant and equipments	**1,178**	1,028
Others	**1,078**	902
Printing and stationery	**529**	498
Travelling and conveyance	**940**	941
Communication	**277**	294
Legal and professional	**2,524**	1,697
IT support expense	**582**	430
Watch and ward	**521**	427
Directors' fee	**42**	12
Advertisement and publicity	**2,012**	1,322
Software expenses	**2**	21
Recruitment expenses	**291**	63
Concession Fee (note 24)	**1,155**	767
Charity and donation	**35**	25
Equipment hiring charges	**262**	169
Provision for doubtful debts	**695**	319
Provision for wealth tax	**2**	2
Provision for doubtful advances	**4**	-
Debit balances written off	**2**	-
Net loss on sale/disposal of fixed assets	**60**	56
Loss on foreign exchange fluctuation	**6**	183
Miscellaneous expenses	**350**	364
	48,035	39,771

24. Note on Concessional Fee

The Group had entered into a triplicate long term concessional agreement dated February 20, 2009 with the Government of Punjab. As per the terms of concessional agreement, two subsidiaries of the group i.e. Hometrail Estate Private Limited & Hometrail Estate Build tech Limited have to build and operate Hospitals for a initial term of 50 years on public-private-partnership (PPP) mode. Both subsidiaries are obliged to pay concessional fee to Government of Punjab as per terms of arrangement.

25. Segment reporting

As the Group's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'. Although one of the group subsidiary "Max Medical Services Limited" is reporting segment information but for the group as a whole it does not meet the criteria to report segment information as per Accounting Standard 17 on 'Segment Reporting'.

26. Earning per share(EPS)

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

(Rs. in Lacs)

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
Basic EPS		
Loss after tax (Rs. in lacs)	**(3,705)**	(6,465)
Weighted average number of equity shares outstanding during the year (Nos)	**450,202,099**	411,302,475
Basic Earnings Per Share (Rs.)	**(0.82)**	(1.57)
Dilutive EPS		
Equivalent weighted average number of employee stock options outstanding	**909,236**	1,717,808
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	**451,111,335**	413,020,283
Diluted Earnings Per Share (Rs.) *	**(0.82)**	(1.57)
Equivalent number of equity shares that can be issued in lieu of 2% cumulative convertible preference shares	**-**	26,623,061
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)	**451,111,335**	439,643,344
Diluted Earnings Per Share (Rs.) *	**(0.82)**	(1.47)

*The conversion effect of potential equity shares are anti-dilutive in nature, hence the effect of potential equity shares are ignored in calculating dilutive earnings per share.

27.1. Gratuity

The Group has a defined benefit gratuity plan. Under Gratuity Plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with Life Insurance Company of India in the form of a qualifying insurance policy.

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, 2015	March 31, 2014
Current service cost	**146**	129
Interest cost on benefit obligation	**58**	47
Expected return on plan assets	**(7)**	(6)
Net actuarial(gain) / loss recognized in the year	**(6)**	9
Past service cost	**-**	-
Net benefit expense	**191**	179
Actual return on plan assets	**(9)**	(7)

Balance sheet

Benefit asset/ liability

(Rs. in Lacs)

	Gratuity	
	March 31, 2015	March 31, 2014
Present Value of defined benefit obligation	**842**	670
Fair value of plan assets	**85**	76
Plan asset / (liability)	**(757)**	(594)

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

(Rs. in Lacs)

	Gratuity	
	March 31, 2015	March 31, 2014
Opening defined benefit obligation	**670**	594
Acquisition adjustment (Employees transferred from holding company)	**49**	
Interest cost	**58**	47
Past Service Cost	**-**	-
Current service cost	**146**	129
Benefits paid	**(77)**	(109)
Actuarial (gains) / losses on obligation	**(4)**	9
Closing defined benefit obligation	**842**	670

Changes in the fair value of plan assets are as follows:

(Rs. in Lacs)

	Gratuity	
	March 31, 2015	March 31, 2014
Opening fair value of plan assets	**76**	71
Expected return	**7**	6
Benefits paid	**-**	(1)
Actuarial gains / (losses)	**2**	-
Closing fair value of plan assets	**85**	76

The Company expects to contribute Rs. 244 lacs to gratuity in next year (March 31,2014 :Rs. 244 lacs)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	March 31, 2015	March 31, 2014
	%	%
Life Insurance Corporation of India	**75%**	77%
Max Life Insurance Co. Ltd.	**100%**	23%

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

	Gratuity	
	March 31, 2015	March 31, 2014
Discount rate	**7.70% - 7.80 %**	8.70 % - 9.10 %
Expected rate of return on assets	**8.32 % - 23.13 %**	9.15 % - 10.75 %
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.

Amounts for the current and previous year are as follows: (Rs. in Lacs)

	March 31, 2015	March 31, 2014
Defined benefit obligation	**842**	670
Plan assets	**85**	76
Surplus / (deficit)	**(757)**	(594)
Experience adjustments on plan liabilities	**(20)**	(24)
Experience adjustments on plan assets	**2**	0

27.2. Provident Fund

The Company is participating in a provident fund trust "Max India Limited Employees Provident Trust Fund" which is a common fund for Max India Limited and its affiliates, which is managed by Max India Limited, Joint Venture Partner . The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan as per AS-15 (Revised).

The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation for "Max India Limited Employees Provident Trust Fund" which is a common fund for Max India Limited and its affiliates based on assumptions provided below.

The details of fund and plan asset position as at March 31, 2015 as per the actuarial valuation of active members are as follows:

(Rs. in Lacs)

	March 31, 2015	March 31, 2014
Plan assets at year end at fair value	**28,398**	22,261
Present value of defined benefit obligation at year end	**27,360**	22,025
Surplus as per actuarial certificate	**1,038**	238
Shortfall recognised in balance sheet	**-**	(2)
Active members as at year end (Nos)	**13,663**	18,618

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

	March 31, 2015	March 31, 2014
Discount rate	**7.93%**	8.80%
Withdrawal rate	**9.01%**	8.92%
Yield on existing funds	**7.93%**	8.80%
Expected guaranteed interest rate	**8.75%**	8.75%

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28. Employee Stock Option Plan

Employee Stock Option Plan – 2006 ("the 2006 Plan"):
The Group has instituted the 2006 Plan, which was approved by the Board of Directors on July 31, 2006 and subsequently by the shareholders on August 10, 2006. The 2006 Plan provides for grant of stock options aggregating not more than 5% of number of issued equity shares of the Group to eligible employees of the Company. The 2006 Plan is administered by the Remuneration Committee appointed by the Board of Directors. Vesting period ranges from one to five years and options can be exercised after one year from vesting date.

The 2006 Plan gives an option to the employee to purchase the share at a price determine by remuneration committee subject to minimum par value of shares (Rs. 10/-). However employees have a right to choose to settle in cash at a value calculated as a difference between Fair Market value of Shares and Exercise Price of Share. The Group have valued Employee Stock Option outstanding as at year end based on trend of last two years w.r.t. exercise of option in favour of Cash Settlement or Equity Settlement.

The details of activity under the Scheme are summarized below:

Particulars	**March 31, 2015**		March 31, 2014	
	Number of options	**Weighted Average exercise price (Rs.)**	Number of options	Weighted Average exercise price (Rs.)
Outstanding at the start of the year	**1,370,000**	**28.83**	1,275,000	19.12
Granted during the Year	**893,000**	**64.60**	900,000	31.67
Forfeited during the year	**345,000**	**31.52**	-	-
Exercised during the year	**305,000**	**27.46**	805,000	16.61
Outstanding at the end of the year	**1,613,000**	**48.32**	1,370,000	28.83
Exercisable at the end of the year	**90,000**	**25.00**	155,000	25.00

For options exercised during the year, the weighted average share price at the exercise date was Rs 27.46 per share (31 March 2014: Rs 35.45) per share.
The weighted average fair value of stock options granted during the year was Rs 64.60 (March 31, 2014: Rs 31.67)

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2015 are as follows:

	March 31, 2015		March 31, 2014	
	Number of options	**Weighted average remaining life in years**	Number of options	Weighted average remaining life in years
7-Dec-09			-	-
1-Mar-12	**270,000**	**1.92**	620,000	2.35
1-Oct-12	**450,000**	**2.34**	600,000	2.84
22-Jul-13	**-**	**-**	150,000	3.31
25-Mar-14	**893,000**	**4.26**	-	-

Stock compensation expense under the Fair Value method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions.

Black Scholes Option Pricing model

Particulars	**March 31, 2015**	**March 31, 2014**	
	March 25, 2015	**April 01, 2013**	**July 22, 2013**
A. Stock Price Now (in Rupees)	**45.17**	37.36	37.36
B. Exercise Price (X) (in Rupees)	**64.60**	30.00	40.00
C. Expected Volatility (Standard Dev - Annual)	**33.94%**	29.05%	29.05%
D. Historical Volatility			
E. Expected Life of the options granted (Vesting and exercise period) in years	**4.26 Years**	2.84 Years	3.31 Years
F. Expected Dividend	**Nil**	Nil	Nil
G. Average Risk- Free Interest Rate	**7.80%**	8.73%	8.79%
H. Expected Dividend Rate	**Nil**	Nil	Nil

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of options is indicative of future trends, which may also not necessarily be the actual outcome.

The company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
Net Profit after tax as reported	**(3,705)**	(6,465)
Add: Employee stock compensation under intrinsic value method	**16**	46
Less: Employee stock compensation under fair value method	**(52)**	(108)
Proforma profit	**(3,741)**	(6,527)
Earnings Per Share		
Basic		
- As reported	**(0.82)**	(1.57)
- Proforma	**(0.83)**	(1.59)
Diluted		
- As reported	**(0.82)**	(1.57)
- Proforma	**(0.83)**	(1.58)

29. Leases

29.1. Finance lease: Company as lessee

i. The Group has finance lease for certain medical equipments for a period of 5 years. Upon the expiry of terms, the absolute and unencumbered ownership of the equipment shall vest with the Company at the guaranteed residual value.

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

(Rs. in Lacs)

Particulars	**March 31, 2015** Minimum payments	**March 31, 2015** Present value of MLP	March 31, 2014 Minimum payments	March 31, 2014 Present value of MLP
Within one year	**345**	**271**	334	237
After one year but not more than five years	**651**	**522**	870	687
More than five years	**151**	**143**	277	251
Total minimum lease payments	**1,147**	**937**	1,482	1,174

29.2. Operating lease: Company as lessee

i. The Group has entered into operating lease agreements for hospitals, premises office spaces and accommodation for its employees under operating lease agreements. The leases have an average life between 3 to 30 years.

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

(Rs. in Lacs)

Particulars	**As at March 31, 2015**	As at March 31, 2014
Not later than one year	**1,385**	1,307
Later than one year and not later than five year	**7,186**	6,947
Later than five year	**11,833**	13,282
Total	**20,404**	21,536

i. Two subsidiaries of the Company, Hometrail Estate Private Limited and Hometrail Estate Buildtech Limited has entered into operating lease agreement for nursing hostel, rent paid is Rs. 52 lacs (March 31, 2014 is Rs. 30 lacs). They also recover certain portion of rent from their employees.

ii. One of the subsidiary, Max Medical Services Limited, 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. As per the terms, lease rentals are based on a fixed percentage of the turnover of the healthcare service provider and are due to the subsidiary on a monthly basis. The lease is entirely contingent on turnover, hence cannot be quantified for any future periods. The subsidiary recognized income from lease rentals for the current year is Rs. 1,720 lacs (March 31, 2014: Rs. 1,441 lacs). Under the terms of the lease, the company is responsible for:

- **(a)** Acquisition of equipment including its repair and servicing;
- **(b)** Ensuring adequate insurance coverage for the assets; and
- **(c)** Replacement of any existing equipment with suitable equipment

30. Capitalisation of Expenditure

During the year Group has capitalised the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

(Rs. in Lacs)

Particulars	March 31, 2015	March 31, 2014
Opening Balances	**29**	47
Add:		
Salaries, wages and bonus	**43**	82
Legal & Professional	**21**	2
Miscellaneous Expenses	**5**	-
Power and Fuel Expense	**18**	-
Total	**116**	131
Less: Capitalised during the year	**98**	102
Preoperative expenses pending capitalisation	**18**	29

31. Capital and other commitments

a. Capital commitment

(Rs. in Lacs)

	March 31, 2015	March 31, 2014
Estimated amount of contracts remaining to be executed on capital account	**15,343**	2,579
Less: Capital advances	**3,688**	1,491
Balance value of contracts	**11,655**	1,088

b. Commitments relating to lease arrangements, refer note 29

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32. Related party disclosures

Names of related parties where control exist irrespective of whether transactions have occurred or not	
Holding Company	Max India Limited (till 10th November 2014)
Names of other related parties with whom transactions have taken place during the year	
Investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture	Max India Limited (after November 10, 2014) Life Healthcare International Proprietary Limited (after November 10, 2014)
Fellow Subsidiaries	Max Life Insurance Company Limited (till 10th November 2014) Pharmax Corporation Limited (till 10th November 2014) Max Neeman Medical International Limited (till 10th November 2014) Max Speciality Films Limited (till 10th November 2014) Max Bupa Health Insurance Company Limited (till 10th November 2014)
Key Management Personnel	Mr. Analjit Singh, Non Executive Chairman (till May 27, 2014) Mr. Rajit Mehta, Deputy Managing Director Dr. Pradeep Kumar Chowbey, Executive Vice Chairman Mr. Ajay Bakshi, CEO & Managing Director (till April 26, 2014) Dr. R.P. Soonawala, CEO & Managing Director (till May 21, 2013)
Relatives of key management personnel	Ms. Piya Singh (Daughter of Mr. Analjit Singh) (till May 27, 2014)
Enterprises owned or significantly influenced by key management personnel or their relatives	New Delhi House Services Limited (till May 27, 2014) Malsi Estates Limited (till May 27, 2014) Max India Foundation (till May 27, 2014)
Employee benefit funds	Max India Ltd. Employees Provident Fund Trust, Max Healthcare Institute Ltd. Superannuation Fund.
Additional related parties as per Companies Act, 2013	
Key Management Personnel	Mr. Yogesh Kumar Sareen, Chief financial officer Ms. Ruchi Mahajan, Company secretary

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32.a. Transactions with related parties during the year **(Rs. in Lacs)**

Particulars	Total	
	For the year ended March 31,2015	For the year ended March 31,2014
Purchase of fixed assets		
Max India Limited (Investor which have significant influence)	**-**	1
Max Life Insurance Company Limited (owned/significantly influences by KMP/ their relatives)	**30**	-
Loans and advances taken		
Max India Limited (Investor which have significant influence)	**1,500**	-
Repayment of loans and advances given		
Max India Limited (Investor which have significant influence)	**3,977**	-
Interest Expenses		
Max India Limited (Investor which have significant influence)	**227**	96
Healthcare Services rendered		
Max India Limited (Investor which have significant influence)	**0**	2
Max Bupa Health Insurance Company Limited (Fellow Subsidiary till 10.11.2014)	**253**	561
Max Speciality Films Limited (Fellow Subsidiary till 10.11.2014)	**-**	2
Max Neeman Medical International Limited (Fellow Subsidiary till 10.11.2014)	**1**	12
Max Life Insurance Company Limited (owned/significantly influences by KMP/ their relatives)	**-**	4
Max India Foundation (owned/significantly influences by KMP/ their relatives till 10.11.2014)	**13**	114
Income from Rent		
Max India Limited (Investor which have significant influence)	**2**	2
Services received		
Max India Limited (Investor which have significant influence)	**15**	19
Max Life Insurance Company Limited (owned/significantly influences by KMP/ their relatives)	**42**	94
Pharmax Corporation Limited (Fellow Subsidiary till 10.11.2014)	**82**	208
Max Bupa Health Insurance Company Limited (Fellow Subsidiary till 10.11.2014)	**-**	195
New Delhi House Services Limited (owned/significantly influences by KMP/ their relatives till 10.11.2014)	**31**	209

32.a. Transactions with related parties during the year **(Rs. in Lacs)**

Particulars	Total	
	For the year ended March 31,2015	For the year ended March 31,2014
Rent paid		
Malsi Estates Limited (owned/significantly influences by KMP/ their relatives till 10.11.2014)	**132**	797
Pharmax Corporation Limited (owned/significantly influences by KMP/ their relatives till 10.11.2014)	**117**	164
Investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture		
Life Healthcare Group (PTY) Ltd	**-**	51
Salary		
Ms. Piya Singh (Relatives of Key Management Personnel)	**1**	8
Director's remuneration		
Dr. Pradeep Chowbey (Key Management Personnel)	**72**	95
Mr. Rajit Mehta (Key Management Personnel)	**319**	-
Dr. R.P. Soonawala (Key Management Personnel)	**-**	11
Dr. S.K.S Marya (Key Management Personnel)	**-**	544
Dr. Ajay Bakshi (Key Management Personnel)	**108**	205
Employee Benefit Funds		
Co's contribution to superannuation fund	**-**	1
Company's contribution to PF trust	**351**	360
Charity and donation		
Max India Foundation (Enterprise over which key management personnel have significant influence)	**-**	25

32.b. Balance outstanding at the year end		(Rs. in Lacs)
Particulars	**Total**	
	As at March 31,2015	As at March 31,2014
Intercorporate deposits repayable on demand (Unsecured)		
Max India Limited (Investor which have significant influence)	**-**	800
Interest accrued but not due on borrowings		
Max India Limited (Investor which have significant influence)	**-**	176
Corporate Guarantee given by holding company		
Max India Limited (Investor which have significant influence)	**2,100**	3,450
Security Deposit		
Pharmax Corporation Limited (Fellow Subsidiary till 10.11.2014)	**-**	64
Trade payable		
Max India Limited (Investor which have significant influence)	**(3)**	(1,502)
Max Life Insurance Company Limited (owned/significantly influences by KMP/ their relatives)	**-**	(31)
Malsi Estates Limited (owned/significantly influences by KMP/ their relatives till 10.11.2014)	**-**	(170)
Security Deposit-Mr. Sandeep Dogra (Whole Time Director in Hometrail Estate Private limited)	**(6)**	-
Trade Receivables		
Max Neeman Medical International Limited (Fellow Subsidiary till 10.11.2014)	**-**	1
Max India Limited (Investor which have significant influence)	**1**	1
Max Bupa Health Insurance Company Limited (Fellow Subsidiary till 10.11.2014)	**-**	32
Max Life Insurance Company Limited (owned/significantly influences by KMP/ their relatives)	**-**	1
Max Speciality Films Limited (Fellow Subsidiary till 10.11.2014)	**-**	1
Max India Foundation (owned/significantly influences by KMP/ their relatives till 10.11.2014)	**-**	15

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33. Contingent Liabilities

(Rs. in Lacs)

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Corporate guarantee given to financial institutions / banks in respect of financial assistance availed by the subsidiaries of the Company and other healthcare service providers. (Refer note (a))		
	- L & T Infrastructure Finance Company Limited	**10,656**	10,853
	- Export-Import Bank of India	**1,510**	1,840
	- Housing Development Finance Corporation Limited	**2,100**	2,900
	- Indusind Bank Limited	**3,792**	5,833
	- Yes Bank Ltd.	**4,838**	4,478
	- Government of Punjab	**58**	-
(ii)	Claims against the Company not acknowledged as debts		
	- Civil Cases (refer note b below)	**3,686**	2,318
	- DVAT cases	**255**	219
	- Income Tax cases (refer note c below)	**28**	47
(iii)	a) Arrears of dividend on 2% cumulative partially convertible preference shares	**-**	878
	b) Corporate Dividend tax thereon	**-**	149

Note:

a. Guarantees given by the Company to the lenders on behalf of wholly owned subsidiaries and other healthcare services provider is not considered as prejudicial to the interest of the Company as it provides opportunities for growth and increase in operations.

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

c. Income Tax Cases

Assessment year	Disallowances which were pending - as at March 31, 2015 (Rs. In lacs)	Disallowances as per Assessment Order which were pending before CIT(A)- as at March 31, 2014 (Rs. In lacs)	Demand(if any) (Rs. In Lacs)	
			As at March 31, 2015	As at March 31, 2014
2003-04*	**1,154**	1,158	**-**	-
2004-05*	**641**	641	**-**	-
2005-06*	**628**	628	**-**	-
2006-07*	**462**	462	**-**	-
2007-08*	**917**	917	**-**	-
2008-09*	**249**	239	**-**	-
2009-10*	**211**	211	**-**	-
2010-11*	**410**	410	**-**	-
2011-12*	**997**	997	**-**	-
2012-13**	**1,646**	-	**-**	-
2010-11	**-**	-	**-**	8
2011-12	**-**	-	**-**	11
2012-13	**-**	-	**28**	28
	7,315	5,663	**28**	47

Note: -

(a) 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 these proceedings will not have a material adverse effect on the company's financial position and results of operations.

* The Company has received the grounds of appeal filed by the department before ITAT for the period A/Y 2003-04 to 2011-12 amounting to Rs 4,339 lacs against the order of the CIT (A) of deleting all the disallowances made by the Assessing officer.

* The Company is in the process of filing an appeal before the ITAT against the disallowances confirmed by the CIT (A) amounting to Rs 274 lacs.

* One of the subsidiary, Max Medical Services limited has received the grounds of appeal filed by the department before ITAT for the period A/Y 2010-11 and 2011-12 amounting to Rs 609 lacs against the order of the CIT (A) of deleting all the disallowances made by the Assessing officer.

* Income tax cases amounting to Rs 450 lacs is pending before CIT (A) in one of the subsidiary, Alps hospital limited.

** 2012-13 Appeal is to be filed in CIT (A).

34. Deferred Tax Asset/ (Liability)

The Company follows Accounting Standard (AS-22) “Accounting for taxes on Income”, as notified by Companies Accounting Standards Rules, 2006. Due to losses, the Company has deferred tax asset with loss and unabsorbed depreciation as a major component. However, deferred tax asset has been 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.

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

(Rs. in Lacs)

	March 31, 2015			March 31, 2014		
	Foreign Currency	**TT Sell Rate**	**Indian Rupees**	Foreign Currency	TT Sell Rate	Indian Rupees
Import capital creditors (EUR)	**0.13**	68.98	**8.65**	0.18	82.58	14.85
Import capital creditors (USD)	**3.88**	63.63	**247.03**	7.18	60.10	431.81
Import capital creditors (YEN)	**1.32**	0.53	**0.70**	1.32	0.59	0.78
Import capital creditors (GBP)	**-**	94.50	**-**	0.56	99.85	56.39
Import trade payable (EUR)	**0.02**	68.98	**1.38**	0.02	82.58	1.66
Import trade payable (USD)	**1.40**	63.63	**89.08**	2.74	60.10	164.55

36. Previous Year figures

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

As per our report of even date

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

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

Place : Gurgaon
Date : May 14, 2014

For and on behalf of the Board of Directors of
Max Healthcare Institute Limited

Sd/-
Dr. Pradeep K. Chowbey
(Whole Time Director)
DIN: 01141637

Sd/-
Rajit Mehta
(Managing Director & Chief Executive Officer
DIN: 01604819

Sd/-
Yogesh Kumar Sareen
(Chief Financial Officer)

Sd/-
Ruchi Mahajan
(Company Secretary)
FCS Number: F5671

Place : New Delhi
Date : May 14, 2015