**Max Healthcare Institute Limited**
**Consolidated Balance Sheet**

(Rs in Lacs)

| | Notes | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 4 | **53,341** | 48,881 |
| Reserves and surplus | 5 | **58,449** | 34,268 |
| | | **111,790** | 83,149 |
| **Preference shares** | | **213** | - |
| **Minority Interest** | | **665** | - |
| **Non-current liabilities** | | | |
| Long-term borrowings | 6 | **65,726** | 33,167 |
| Long-term provisions | 7 | **973** | 541 |
| Other long term liabilities | 8 | **473** | 199 |
| | | **67,172** | 33,907 |
| **Current liabilities** | | | |
| Short-term borrowings | 9 | **12,066** | 4,617 |
| Trade payables | 10 | | |
| Total outstanding dues of micro enterprises and small enterprises | | **-** | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | **21,703** | 15,513 |
| Other current liabilities | 10 | **7,036** | 7,150 |
| Short-term provisions | 7 | **1,092** | 931 |
| | | **41,897** | 28,211 |
| **TOTAL** | | **221,737** | 145,267 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 11 | **86,812** | 70,536 |
| Intangible assets | 11 | **3,262** | 1,313 |
| Capital work-in- progress | | **1,114** | 689 |
| Intangible assets under development | | **52** | 1,153 |
| Goodwill on Consolidation | | **57,729** | 2,102 |
| Long-term loans and advances | 12 | **40,151** | 27,197 |
| Trade receivables | 13 | **3,648** | 3,903 |
| Other non-current assets | 14 | **65** | 51 |
| | | **192,833** | 106,944 |
| **Current assets** | | | |
| Current investments | 15 | **-** | 14,300 |
| Inventories | 16 | **2,322** | 1,854 |
| Trade receivables | 13 | **20,786** | 17,344 |
| Cash and cash equivalents | 17 | **1,215** | 2,734 |
| Short-term loans and advances | 12 | **3,364** | 1,453 |
| Other current assets | 14 | **1,217** | 638 |
| | | **28,904** | 38,323 |
| **TOTAL** | | **221,737** | 145,267 |
| Significant accounting policies | 3 | | |

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

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

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

Place : Gurgaon
Date : May 4, 2016

**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)
ICAI Membership Number: 087383

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

Place : New Delhi
Date : May 4, 2016

**Max Healthcare Institute Limited**
**Consolidated Statement of Profit and Loss**

| | Notes | For the year ended March 31, 2016 | (Rs in Lacs) For the year ended March 31, 2015 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations (net) | 18 | **144,540** | 113,361 |
| Other income | 19 | **2,978** | 2,727 |
| **Total revenue (I)** | | **147,518** | 116,088 |
| **Expenses** | | | |
| Purchase of pharmacy, drugs, consumables and implants | | **40,128** | 34,930 |
| (Increase) in inventory of pharmacy, drugs and consumables and implants | | **(265)** | (335) |
| Employee benefit expenses | 20 | **30,195** | 23,209 |
| Depreciation and amortisation expense | 21 | **8,662** | 7,838 |
| Finance costs | 22 | **7,306** | 6,116 |
| Other expenses | 23 | **62,921** | 48,035 |
| **Total expenses (II)** | | **148,947** | 119,793 |
| **Loss before tax (I-II)** | | **(1,429)** | (3,705) |
| **Tax expense** | | | |
| Current tax | | **(590)** | - |
| MAT entitlement credit | | **590** | - |
| Tax expense of earlier years | | **(2)** | - |
| **Total tax expense** | | **(2)** | - |
| **Loss after tax** | | **(1,427)** | (3,705) |
| **Minority interest** | | **(50)** | - |
| **Loss for the year (after adjusting minority interest)** | | **(1,377)** | (3,705) |
| **Earnings per equity share [Nominal value of shares Rs.10 each (Previous year Rs. 10 each)]** | 26 | | |
| Basic & Diluted | | **(0.27)** | (0.82) |
| Significant accounting policies | 3 | | |

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

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

**Sd/-**
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(Chief Financial Officer)
ICAI Membership Number: 087383

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

Place : New Delhi
Date : May 4, 2016

**Max Healthcare Institute Limited**
**Consolidated Cash flow statement**

(Rs in Lacs)

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Net Loss before tax** | **(1,429)** | (3,705) |
| **Adjustments:** | | |
| Depreciation and amortisation expense | **8,662** | 7,838 |
| Loss on sale of fixed assets (net) | **12** | 60 |
| Profit on sale of current investments | **(593)** | (202) |
| Provision for doubtful debts and advances | **626** | 699 |
| Provision for wealth tax | **-** | 2 |
| Bad debts/ sundry balances written off | **543** | 2 |
| Foreign exchange fluctuation loss (net) | **14** | 6 |
| Liabilities no longer required written back | **(473)** | (218) |
| Employee stock option expense | **15** | 16 |
| Interest income | **(684)** | (1,416) |
| Interest expense | **6,356** | 5,815 |
| **Operating profit before working capital changes** | **13,049** | 8,897 |
| **Movements for :** | | |
| (Increase) in trade receivables | **(2,646)** | (1,342) |
| (Increase) in inventories | **(247)** | (335) |
| (Increase)/ decrease in loans and advances | **1,643** | (374) |
| (Increase)/ decrease in other assets | **(281)** | 77 |
| Increase/ (decrease) in trade payables | **(1,249)** | 421 |
| Increase/ (decrease) in other liabilities | **(1,754)** | 374 |
| Increase in provisions | **276** | 246 |
| **Cash generated from operations** | **8,791** | 7,964 |
| Taxes paid (net of refunds) | **(3,451)** | (1,584) |
| **Net cash generated by operating activities (A)** | **5,340** | 6,380 |
| **B. Cash flows from investing activities** | | |
| Purchase of fixed assets including intangible assets, CWIP and capital advances | **(4,188)** | (7,185) |
| Proceeds from sale of fixed assets | **103** | 62 |
| Purchase of non-current investments | **(57,196)** | - |
| Redemption/ maturity of bank deposits (having original maturity of more than three months) | **71** | 440 |
| Loans and advances received back from other healthcare providers | **9,272** | - |
| Purchase of investments in mutual funds | **-** | (37,883) |
| Proceeds from redemption of mutual funds | **14,893** | 23,785 |
| Interest received | **661** | 1,425 |
| **Net cash used in investing activities (B)** | **(36,384)** | (19,356) |
| **C. Cash flows from financing activities** | | |
| Proceeds from issuance of equity share capital including securities premium (net of expenses) | **30,018** | 40,902 |
| Redemption of 2% cumulative partially convertible preference shares | **-** | (14,343) |
| Proceeds from long-term borrowings | **10,702** | 6,954 |
| Repayments of long term borrowings | **(11,331)** | (6,612) |
| Proceeds from short-term borrowings | **3,778** | 176 |
| Repayment of short-term borrowings | **(7)** | (6,500) |
| Interest paid | **(6,084)** | (6,049) |
| **Net cash generated by financing activities (C)** | **27,076** | 14,528 |
| **Net (decrease)/ increase in cash & cash equivalents (A + B + C)** | **(3,968)** | 1,552 |
| Total cash and cash equivalents at the beginning of the year | **2,545** | 993 |
| Cash and cash equivalents acquired on account of acquisition | **2,539** | - |
| **Total cash and cash equivalents at the end of the year** | **1,116** | 2,545 |

**Max Healthcare Institute Limited**
**Consolidated Cash flow statement**

(Rs in Lacs)

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| **Components of total cash and cash equivalents:** | | |
| Cash on hand | **136** | 146 |
| Cheques on hand | **101** | 91 |
| Balances with banks | **879** | 2,308 |
| **Total cash and cash equivalents*** | **1,116** | 2,545 |

* Cash and cash equivalents does not includes other bank balances of Rs. 99 lacs (March 31, 2015: Rs. 189 lacs)

Significant accounting policies 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

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

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

Place : Gurgaon
Date : May 4, 2016

**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)
ICAI Membership Number: 087383

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

Place : New Delhi
Date : May 4, 2016

**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 9800 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 the 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 adopted in the preparation of financial statements are consistent with those of previous year except where a newly issued accounting standard is initially adopted or revision in accounting standard require a change in accounting policy hitherto in use.

**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, 2016 | Proportion of ownership as at March 31, 2015 | 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 | | | 112.09% | 125,303 | 424.04% | (5,839) |
| ***Subsidiaries*** | | | | | | | |
| Max Medical Services Limited (MMS) | India | 100% | 100% | -1.35% | (1,504) | -142.85% | 1,967 |
| Hometrail Estate Private Limited (HEPL) | India | 100% | 100% | -1.17% | (1,310) | -151.27% | 2,083 |
| Hometrail Buildtech Private Limited (HBPL) | India | 100% | 100% | -9.17% | (10,246) | 149.24% | (2,055) |
| Alps Hospital Limited (ALPS)* | India | 100% | 100% | 0.63% | 709 | -263.47% | 3,628 |
| Crosslay Remedies Limited** | India | 77.95%*** | - | 0.08% | 94 | -6.90% | 95 |
| Saket City Hospitals Private Limited** | India | 51% | - | -1.12% | (1,256) | 91.21% | (1,256) |
| **Total** | | | | **100%** | **111,790** | **100%** | **(1,377)** |

**Notes:**
* Held through Max Medical Services Limited
**Acquired during the year (refer note 36)
*** % holding on fully diluted basis

**3 Summary of significant accounting policies**

**3.1 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 and appropriate changes are made as management become aware of the change in circumstances surrounding these estimate, 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.

### 3.2 Tangible assets

Tangible 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 sale/disposal/de-capitalisation of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of tangible asset and are recognised in the statement of profit and loss when tangible asset is derecognised.

### 3.3 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 tangible assets:

| **Assets** | **Useful lives estimated by the management (in years)** |
|---|---|
| Building | 5 - 60 years |
| Medical Equipment | 7 - 13 years |
| Lab Equipment | 10 years |
| Electric Installations and Equipment | 5 - 15 years |
| Plant and Equipment | 15 years |
| Office Equipment | 2 - 10 years |
| Computers - Data Processing Units | 3 - 6 years |
| Furniture and Fixtures | 10 years |
| Motor Vehicles | 6 - 8 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 .

### 3.4 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.

Non compete fee paid on acquisition of majority stake is recognized as an intangible asset and amortized on straight line basis over the period as defined in the non compete agreement.

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.

### 3.5 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.

**3.6 Borrowing costs**

Borrowing cost includes interest, 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.

**3.7 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.

**3.8 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.

**3.9 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.

### 3.10 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, are excluded from revenue.

**Income from Services**

Revenue from healthcare services (including drugs, consumables and implants used in delivery of such services) are 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. Revenues from other healthcare service providers and sponsorship and educational income are 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.

**Lease Income**

Lease rental income is recognised as per terms of the lease agreement over the period of lease.

### 3.11 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.

### 3.12 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.

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***

Employees of the Company receives defined incentive, whereby employees render services for a specified period. Long term incentive is measured on accrual basis over the period as per the terms of contract.

**3.13 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.

**3.14 Employee stock compensation cost**

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.

**3.15 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.

**3.16 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.

**3.17 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.

**3.18 Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

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## 4. Share Capital

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| | | (Rs in Lacs) |
| **Authorised shares (Nos.)** | | |
| 925,000,000 (March 31, 2015: 925,000,000) equity shares of Rs.10/- each | **92,500** | 92,500 |
| 125,000,000 (March 31, 2015: 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.)** | | |
| 533,408,098 (March 31, 2015: 488,813,654) equity shares of Rs.10/- each | **53,341** | 48,881 |
| **Total issued, subscribed and fully paid-up share capital** | **53,341** | 48,881 |

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

| *Equity shares* | **As at March 31, 2016** | | As at March 31, 2015 | |
|---|---|---|---|---|
| | **No. of shares** | **Value in Rs Lacs** | No. of shares | Value in Rs Lacs |
| At the beginning of the year | **488,813,654** | **48,881** | 427,282,355 | 42,728 |
| Issued during the year | | | | |
| - Fresh Issue | **44,444,444** | **4,445** | 61,381,299 | 6,138 |
| - ESOP | **150,000** | **15** | 150,000 | 15 |
| **Outstanding at the end of the year** | **533,408,098** | **53,341** | 488,813,654 | 48,881 |

| *Cumulative partially convertible preference shares* | **As at March 31, 2016** | | As at March 31, 2015 | |
|---|---|---|---|---|
| | **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 |
| Redeemed during the year | **-** | **-** | (65,468,747) | (6,547) |
| **Outstanding at the end of the year** | **-** | **-** | - | - |

### 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 Shares held by Max India Limited

Pursuant to the Composite scheme of Arrangement between Max India Limited, Taurus Ventures Limited ("TVL") and Capricorn Ventures Limited, approved by the Hon'ble High Court of Punjab and Haryana at Chandigarh on December 14, 2015, 246,848,537 (Twenty Four Crores Sixty Eight Lacs Forty Eight Thousand Five Hundred Thirty Seven) fully paid up ordinary equity shares of Rs. 10/- each held by earstwhile Max India Limited have been transferred to the Taurus Ventures Limited (renamed as Max India Limited).

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

| **Name of the Shareholder** | **March 31, 2016** | | March 31, 2015 | |
|---|---|---|---|---|
| | **No. of shares** | **% held** | No. of shares | % held |
| **Equity Shares of Rs. 10 each fully paid** | | | | |
| Max India Limited | **246,848,537** | **46.28%** | 224,626,315 | 45.95% |
| Life Healthcare International (Proprietary) Limited | **246,848,537** | **46.28%** | 224,626,315 | 45.95% |
| International Finance Corporation, USA | **36,661,024** | **6.87%** | 36,661,024 | 7.50% |

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

### 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, 2015: 22,955,268) equity shares have been allotted on conversion of 654,687,47 , 2% Cumulative optionally partially convertible preference shares issued to International Finance Corporation, USA (IFC) on July 28, 2007.

In addition, the Company has issued 2,700,000 equity shares (March 31, 2015: 2,850,000) 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, 2016** | As at March 31, 2015 |
| **Capital reserve** | **1** | 1 |
| | **1** | 1 |
| **Securities premium reserve** | | |
| Balance as per the last financial statement | **79,891** | 46,987 |
| Add: premium on issue of equity shares | **25,556** | 35,294 |
| Add: premium on issue of employee stock options exercised | **30** | 30 |
| Add: transferred from employee stock options outstanding | **3** | 3 |
| Less: provision for GIRR on 2% cumulative optionally partially convertible preference shares* | **-** | (1,845) |
| Less: share issue expenses | **(30)** | (578) |
| **Closing balance** | **105,450** | 79,891 |
| **Employee stock options outstanding reserve** | | |
| Balance as per the last financial statement | **7** | 7 |
| Add: compensation for options during the year | **2** | 3 |
| Less: transferred to securities premium on exercise of stock options | **(3)** | (3) |
| **Closing balance** | **6** | 7 |
| **Deficit in the statement of profit and loss** | | |
| Balance as per the last financial statement | **(45,631)** | (41,370) |
| Add: Opening depreciation adjusted from retained earning | **-** | (556) |
| Loss for the year | **(1,377)** | (3,705) |
| **Net deficit in the statement of profit and loss** | **(47,008)** | (45,631) |
| **Total reserves and surplus** | **58,449** | 34,268 |

*During the last financial year, the Company has redeemed the entire 2% Cumulative optionally partiallly convertible preference shares alongwith a 'Guaranteed internal rate of return' (GIRR) of 11.25% which is inclusive of 2% dividend rate and premium on redemption.

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**6. Long-term borrowings**

(Rs in Lacs)

| | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Term loans (secured)** | | | | |
| From financial institutions | **9,925** | 14,513 | **-** | 2,513 |
| From bank | **43,990** | 6,882 | **592** | 370 |
| From non-banking financial company | **9,625** | 10,994 | **1,369** | 1,012 |
| **Deferred payment liabilities (unsecured)** | | | | |
| Deferred payment liabilities | **1,651** | - | **537** | 90 |
| **Finance lease obligation (secured)** | **439** | 666 | **227** | 271 |
| **Vehicle loans (secured)** | **96** | 112 | **68** | 74 |
| | **65,726** | 33,167 | **2,793** | 4,330 |
| **The above amount includes** | | | | |
| Secured borrowings | **64,075** | 33,167 | **2,256** | 4,240 |
| Unsecured borrowings | **1,651** | - | **537** | 90 |
| Amount disclosed under the head "other current liabilities" (note 10) | **-** | - | **(2,793)** | (4,330) |
| | **65,726** | 33,167 | **-** | - |

**6.1 Term loans from financial institutions include :**

(i) Rs. Nil (March 31, 2015: Rs.2,100 lacs) from Export Import Bank of India repayable in 15 half yearly installments from December 20, 2008.

(ii) Rs. 9,925 lacs (March 31, 2015: Rs.14,926 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 shareholding in Alps Hospital Limited, equivalent to 26% of issued Equity capital of Alps Hospital Limited.

(d) The term loan at (i) above was 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.

(iii) Satisfaction of charges of loan from Export Import Bank of India is in process.

**6.2 Term loans from Banks**

(i) Loan of Rs. 6,882 lacs (March 31, 2015: Rs.7,252 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 shareholding in Alps Hospital Limited, equivalent to 26% of issued Equity capital of Alps Hospital Limited.

(ii) Loan of Rs. 1,000 lacs (March 31, 2015: Nil) from Infrastructure Development Finance Company repayable in 52 quarterly installments from April, 2018.

(a) First pari-passu mortgage and charge over the immovable property, both present and future, of the company located at Shalimar Bagh and Saket.

(b) First pari-passu charge on the whole of movable fixed assets, both present and future, (excluding vehicles/ equipment finance loans) including medical equipments, movable plant and machinery, spares etc and intangible asset of the Company and its subsidiary namely Max Medical Services Limited.

(c) Charge on all the entire current assets, both present and future, including book debts,opearting cash flows, receivables, revenue, raw material, stock in trade and inventory of the Company and the Company's wholly owned subsidiary (Max Medical Services Limited) subject to prior charge in favour of working capital lenders restricted to working capital limit of Rs. 7,500 lacs in aggregate.

(d) First pari-passu charge on the whole of movable and intangible fixed assets, both present and future, of the Company's wholly owned subsidiary (Max Medical Services Limited).

(e) Pledge on pari-passu basis of the Company’s 30% shareholding in its subsidiary, namely Max Medical Services Limited.

(f) Charge creation of Infrastructure Development Finance Company Limited is in process as per the terms defined in sanction letter.

(iii) Term loan of Rs. 2,000 Lacs (March 31, 2015 : Rs. Nil) from HDFC Bank Limited repayable in 28 quarterly installments from August 2017 is secured by way of :-

(a) First charge on movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets of ALPS Hospital Limited (ALPS).

(b) First 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 first pari-passu charge in favour of working capital bankers restricted to the present working capital limits of Rs.500 Lacs).

(c) First charge on all intangibles.

(d) Corporate guarantee by the Company.

(iv) Term loan of Rs. 9,468 lacs (March 31, 2015: Nil) from Axis Bank having moratorium period of 2.25 years repayable in 38 quarterly installments from December 2017 is secured by way of first charge on all the movable and immovable fixed Assets, of Crosslay Remedies Limited, both present and future, excluding vehicles specifically charged to other lenders, both present and future and first charge on all the current assets of Crosslay Remedies Limited and collaterally secured by way of Corporate Guarantee of the Company.

One of the newly acquired subsidiary, Crosslay Remedies Limited (CRL), approached Corporate Debt Restructuring (CDR) cell through Punjab National Bank for restructuring of its debts availed from Canara Bank and Punjab National Bank. The final restructuring package was approved by CDR Empowered Group in August 2011. The restructuring package includes moratorium of 20 months starting from February 1, 2011 i.e. effective date of CDR for repayment of loans, reduction in rate of interest, funding of interest of moratorium period, waiver of penal interest, liquidated damages on all loans and increase in working capital limit along with additional term loan. However, during the year CRL has repaid the entire amount of term loans taken from Canara bank and Punjab National Bank covered under the CDR. Now, after the repayments of the abovesaid term loans, CRL is out of CDR Scheme.

(v) Term loan of Rs.12,628 lacs (March 31, 2015: Nil) from Yes Bank Limited repayable in 48 structured quarterly installments from December 2018 is secured by way of:-

(a) First pari passu charge over Max Super Smart Speciality Hospital, all present and future, moveable and immoveable, tangible and intangible fixed assets excluding vehicles and current assets. However, charge creation and registration with ROC is in process.

(b) Pledge of 25.50% share capital of the Max Super Smart Speciality Hospital held by the Company.

(c) Unconditional and Irrevocable corporate guarantee by the Company for the loan period.

(vi) Term loan of Rs.12,604 lacs (March 31, 2015: Nil) from Axis Bank Limited repayable in 52 structured quarterly installments from January 2019 is secured by way of:-

(a) First pari-passu charge over Max Super Smart Speciality Hospital all present and future, moveable and immoveable, tangible and intangible fixed assets excluding vehicles and current assets.

(b) Pledge of 25.50% share capital of the Max Super Smart Speciality Hospital held by the Company.

(c) Further, there is negative lien for 21% shareholding of Max Super Smart Speciality Hospital .

(d) Unconditional and Irrevocable corporate guarantee by the Company for the loan period.

**6.3 Term loan from non-banking financial company**

(a) Loan of Rs. 994 lacs (March 31, 2015: Rs.1,350 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. 10,000 lacs (March 31, 2015: Rs.10,656 lacs) is repayable in 32 quarterly installment commencing from December 2014. The loan obtained from L&T Infrastructure Finance Company Limited is secured by :

(i) Assignment by way of security of all rights, titles, interests, benefits, claims and demands under the concession agreement, project documents and other contracts of Hometrail Estate Private Limited (HEPL) and Hometrail Buildtech Private Limited (HBPL).

(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 of HEPL and HBPL.

(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 of HEPL & HBPL.

(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. 164 lacs (March 31, 2015: Rs.186 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.

## 7. Provisions

**(Rs in Lacs)**

| | Long - term | | Short - term | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Provision for employee benefits** | | | | |
| Provision for leave encashment | **-** | - | **844** | 668 |
| Provision for gratuity(note 27) | **973** | 530 | **202** | 227 |
| Provision for employee stock options(note 28) | **-** | 11 | **46** | 32 |
| **Other provisions** | | | | |
| Provision for income tax(net of advance tax) | **-** | - | **-** | 1 |
| Provision for wealth tax | **-** | - | **-** | 3 |
| | **973** | 541 | **1,092** | 931 |

## 8. Other long term liabilities

| | Long - term | |
|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 |
| Others | | |
| Lease equalisation reserve | 473 | 199 |
| | **473** | **199** |

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## 9. Short term borrowings

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| Cash credit from banks (secured) | **9,566** | 4,617 |
| Short term loan from bank (unsecured) | **2,500** | - |
| | **12,066** | 4,617 |

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.

Loan of Rs. 2,500 lacs (March 31, 2015: Nil) from HDFC Bank Limited with the maximum tenor of 180 days with a put/call option every 30 days after a lock period of 2 months.

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.

Working capital facilities from Axis bank is secured by way of first charge on entire movable / immovable fixed assets of the company both present and future, excluding vehicles specially charged to other lenders, both present and future and first charge on all the current assets of Crosslay Remedies Limited and collaterally secured by way of Corporate Guarantee of the Company.

Cash credit taken by one of its subsidiary, Max Smart Super Speciality Hospital "MSSH", is secured by way of first pari passu charge over MSSH all present and future, moveable and immoveable, tangible and intangible fixed assets excluding vehicles and current assets. Pledge of 25.50% share capital of the MSSH held by the Company, unconditional and Irrevocable corporate guarantee by the Company for the loan period. The charge, however, is yet to be registered with ROC.

## 10. Current liabilities

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **Trade Payables** | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | **21,703** | 15,513 |
| Total outstanding dues of micro enterprises and small enterprises* | **-** | - |
| | **21,703** | 15,513 |
| **Other liabilities** | | |
| Current maturities of long-term borrowings (note 6) | **2,566** | 4,059 |
| Current maturity of finance lease obligation (note 6) | **227** | 271 |
| Interest accrued but not due on borrowings | **282** | 10 |
| Other advances | **20** | 14 |
| Capital creditors | **1,381** | 921 |
| Advance from patients | **732** | 493 |
| Concession fee payable | **395** | 412 |
| Statutory dues | **1,296** | 883 |
| Security deposits | **137** | 87 |
| | **7,036** | 7,150 |
| | **28,739** | 22,663 |

*** 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 such 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, 2015** | **Additions on account of Acquisition** | **Additions** | **Deletions/ Adjustments** | **As at March 31, 2016** | **As at April 01, 2015** | **Additions on account of Acquisition** | **Depreciation to be adjusted from opening Retained Earnings** | **Additions** | **Deletions/ Adjustments** | **As at March 31, 2016** | **As at March 31, 2016** | **As at March 31, 2015** |
| **Tangible Assets** | | | | | | | | | | | | | |
| Leasehold Land | 6,256 | 1,904 | - | - | 8,160 | - | - | - | - | - | - | 8,160 | 6,256 |
| Building | 29,179 | 7,497 | 297 | - | 36,973 | 2,875 | 593 | - | 1,040 | - | 4,508 | 32,465 | 26,304 |
| Leasehold Improvements | 7,595 | - | 123 | - | 7,718 | 2,942 | - | - | 366 | - | 3,308 | 4,410 | 4,653 |
| Medical Equipment | 33,777 | 10,620 | 2,139 | 139 | 46,397 | 12,921 | 2,558 | - | 3,299 | 107 | 18,671 | 27,726 | 20,856 |
| Lab Equipment | 76 | - | - | - | 76 | 54 | - | - | 14 | - | 68 | 8 | 22 |
| Plant and Equipment | 8,287 | 4,000 | 157 | 51 | 12,393 | 2,833 | 1,185 | - | 892 | 52 | 4,858 | 7,535 | 5,454 |
| Office Equipment | 1,364 | 131 | 43 | 12 | 1,526 | 871 | 65 | - | 261 | 12 | 1,185 | 341 | 493 |
| Furniture and Fixture | 3,847 | 1,038 | 101 | 17 | 4,969 | 1,894 | 444 | - | 459 | 11 | 2,786 | 2,183 | 1,953 |
| Motor Vehicles | 832 | 114 | 96 | 130 | 912 | 302 | 34 | - | 121 | 50 | 407 | 505 | 530 |
| Computers and Data Processing Units | 2,262 | 331 | 177 | 10 | 2,760 | 1,688 | 258 | - | 315 | 10 | 2,251 | 509 | 574 |
| Electrical Installations and Equipments | 3,589 | 13 | 170 | 2 | 3,770 | 1,281 | 6 | - | 386 | 1 | 1,672 | 2,098 | 2,308 |
| Other Surgical Instruments | 2,578 | - | 506 | 265 | 2,819 | 1,445 | - | - | 770 | 268 | 1,947 | 872 | 1,133 |
| **Total** | **99,642** | **25,648** | **3,809** | **626** | **128,473** | **29,106** | **5,143** | **-** | **7,923** | **511** | **41,661** | **86,812** | **70,536** |
| Previous Year | 95,875 | - | 4,763 | 996 | 99,642 | 21,987 | - | 553 | 7,440 | 874 | 29,106 | 70,536 | |
| **Intangible Assets** | | | | | | | | | | | | | |
| Computer Software | 3,301 | 302 | 1,331 | - | 4,934 | 1,988 | 210 | - | 607 | - | 2,805 | 2,129 | 1,313 |
| Non Compete Fees | - | - | 1,265 | - | 1,265 | - | | - | 132 | - | 132 | 1,133 | - |
| **TOTAL** | **3,301** | **302** | **2,596** | **-** | **6,199** | **1,988** | **210** | **-** | **739** | **-** | **2,937** | **3,262** | **1,313** |
| Previous Year | 3,101 | - | 200 | - | 3,301 | 1,587 | - | 3 | 398 | - | 1,988 | 1,313 | |

**Notes :-**

**11.1** Land pertaining to hospital situated at West Block, Saket and Shalimar Bagh has been taken from Delhi Development Authority under perpetual lease.

**11.2** Land measuring 3.15 acres each pertaining to hospital situated in Mohali and Bathinda has been provided by Punjab Government on long term lease of 50 years without consideration under "Public Private Partnership" agreement.

**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, 2016** | **March 31, 2015** |
|---|---|---|
| Gross Block | **1,958** | 1,958 |
| Depreciation charge for the year | **187** | 187 |
| Accumulated depreciation | **604** | 417 |
| Net book value | **1,354** | 1,541 |

**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 Limited is secured by second charge on movable fixed assets of Max Medical Limited amounting to Rs 4,391 lacs (March 31, 2015: Rs 5,049 lacs).

**11.7** Term loans availed by the Group aggregating to Rs. 64,507 Lacs (March 31, 2015: Rs. 34,934 Lacs) from financial institutions/banks are secured/ to be secured by first pari-passu charge on movable fixed assets (present and future) of the Group.

**11.8** Non compete fees represents amount paid to erstwhile owners of "Crosslay Remedies Private Limited" as per the terms of share purchase agreement dated May 28, 2015. The non compete fees is amortised over a period of seven years.

**11.9** During the year one of the subsidiary, Hometrail Buildtech Private Limited has charged additional depreciation amounting to Rs. 79 Lacs (March 31, 2015 : Nil) on radiology assets.

**12. Loans and advances**

(Rs in Lacs)

| | Non - Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Capital advances** | | | | |
| Unsecured, considered good | **2,351** | 3,688 | **10** | - |
| Less: Provision for doubtful advances | **(11)** | - | **-** | - |
| | **2,340** | 3,688 | **10** | - |
| **Security deposits** | | | | |
| Unsecured, considered good | **30,707** | 9,003 | **17** | 24 |
| **Advances recoverable in cash or kind** | | | | |
| Unsecured, considered good | **-** | - | **758** | 697 |
| Unsecured, considered doubtful | **-** | - | **2,079** | 8 |
| Less: Provision for doubtful advances | **-** | - | **(2,079)** | (8) |
| **Intercorporate deposits** | | | | |
| Unsecured, considered good | **907** | 10,179 | **-** | - |
| **Other loans and advances** | | | | |
| **(Unsecured, Considered good, unless otherwise stated)** | | | | |
| Tax deducted at source recoverable | **6,120** | 4,301 | **1,229** | 190 |
| Balance with statutory authorities | **57** | - | **164** | - |
| MAT credit entitlement | **-** | - | **592** | - |
| Prepaid expenses | **20** | 26 | **594** | 542 |
| | **40,151** | 27,197 | **3,364** | 1,453 |

**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.

b. The Group has till date recognised Rs. 592 lacs as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above MAT credit entitlement.

c. Vide Termination agreement dated November 27, 2015, one of the subsidiary, Saket City Hospitals Private Limited (SCHPL) has converted the loan amount including interest thereon alongwith trade receivables from Gujarmal Modi Hospital and Research Centre for Medical Sciences (Society) to refundable security deposit. The said security deposit shall be repayable out of the surplus funds available with the society along with the interest agreed (upto 12% per annum).

d. Capital advance of Rs. 10 lacs shown as current are refundable from the vendor with in a year to one of the subsidiary namely Crosslay Remedies Limited.

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## 13. Trade receivables

(Rs in Lacs)

| | Non Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | | | |
| Unsecured, considered good | **-** | - | **1,669** | 3,050 |
| Doubtful | **-** | - | **3,898** | 2,632 |
| | **-** | - | **5,567** | 5,682 |
| Provision for doubtful receivables | - | - | **(3,898)** | (2,632) |
| | **-** | - | **1,669** | 3,050 |
| **Other receivables** | | | | |
| Unsecured, considered good | **3,648** | 3,903 | **19,117** | 14,294 |
| | **3,648** | 3,903 | **19,117** | 14,294 |
| | **3,648** | 3,903 | **20,786** | 17,344 |

As at December 10, 2001 one of the subsidiary, "Max Medical Services Limited (MMS)" 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.913 Lacs (March 31, 2015: 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. Other assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Unsecured, considered good unless otherwise stated** | | | | |
| Other bank balances (note 17) | **65** | 46 | **6** | - |
| Interest accrued on fixed deposits | **-** | 5 | **29** | 1 |
| Unbilled revenue | **-** | - | **1,181** | 622 |
| Unamortized premium on forward contracts | **-** | | **1** | - |
| Receivable under duty credit scheme | **-** | - | **-** | 15 |
| | **65** | 51 | **1,217** | 638 |

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**15. Current investments (valued at lower of cost and market value, unless stated otherwise)**

(Rs in Lacs)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **Investment in mutual funds (valued at lower of cost and market value, unless stated otherwise)** | | |
| Nil (March 31, 2015: 26,696,297) units of Rs.10/- each in ICICI Prudential Ultra Short Term - Direct Plan - Growth | - | 3,700 |
| Nil (March 31, 2015: 88,556) units of Rs.10/- each in IDFC Cash fund -Growth Direct Plan | - | 1,500 |
| Nil (March 31, 2015: 69,038) units of Rs.1000/- each in Kotak Liquid Scheme Plan A - Direct Plan - Growth | - | 1,900 |
| Nil (March 31, 2015: 43,759) units of Rs.1000/- each in Kotak Floater Short Term-Direct Plan Growth | - | 1,000 |
| Nil (March 31, 2015: 111,389) units of Rs.1000/- each in Reliance Liquid Fund - Cash Plan - Direct growth plan | - | 2,500 |
| Nil (March 31, 2015: 167,465) units of Rs.1000/- each in UTI-Floating Rate Fund -STP-Direct Growth Plan | - | 3,700 |
| **Aggregate amount of quoted investments** | - | 14,300 |

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

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| Stock of pharmacy, drugs and consumables and implants | **2,322** | 1,854 |
| | **2,322** | 1,854 |

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**17. Cash and cash equivalents**

(Rs in Lacs)

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2016** | As at March 31, 2015 | **As at March 31, 2016** | As at March 31, 2015 |
| **Cash and cash equivalents** | | | | |
| Balances with banks: | | | | |
| On current accounts | **-** | - | **540** | 1,974 |
| On escrow accounts | **-** | - | **339** | 334 |
| Cheques/drafts on hand | **-** | - | **101** | 91 |
| Cash on hand | **-** | - | **136** | 146 |
| | **-** | - | **1,116** | 2,545 |
| **Other bank balances** | | | | |
| Deposits with remaining maturity for less than 12 months | **-** | - | **-** | 2 |
| Under lien | **1** | 7 | **6** | - |
| Margin money deposits | **64** | 39 | **99** | 187 |
| | **65** | 46 | **105** | 189 |
| Less: transferred to other assets (note 14) | **(65)** | (46) | **(6)** | - |
| | **-** | - | **1,215** | 2,734 |

**Margin money deposits given as security and under lien**

Rs. 83 Lac (March 31, 2015: Rs. 50 Lacs) to secure bank Guarantee issued to customers.
Rs. Nil (March 31, 2015: Rs. 176 Lacs) secured for Bank Guarantee and Foreign letter of credits.
Rs. 9 lac (March 31, 2015: Rs. 4 lac) to secure bank guarantee given to sales tax authorities.
Rs. 3 lacs (March31, 2015: Rs. 3 Lacs) to secure performance bank guarantee in favour of Employee State Insurance Corporation.
Rs. 75 lac (March 31, 2015: Nil) to secure bank guarantee given for EPCG licence for capital goods.

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## 18. Revenue from operations (net)

**(Rs in Lacs)**

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Revenue from healthcare services (net) | **126,828** | 97,714 |
| Sale of products | | |
| Pharmacy and pharmaceuticals supplies | **14,544** | 13,073 |
| Other operating revenue | | |
| - from leasing activities | **2,181** | 1,720 |
| - Sponsorship and educational income | **388** | 366 |
| - Income from laundry services | **141** | 265 |
| - Income from ancillary activities | **272** | 186 |
| - Income from served for India scheme | **186** | 37 |
| | **144,540** | 113,361 |

## 19. Other income

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| **Interest Income on** | | |
| Bank deposits | **17** | 86 |
| Loans to subsidiary companies | **20** | - |
| Loans to other healthcare service providers | **460** | 1,323 |
| Income tax refund | **37** | 7 |
| Others | **150** | - |
| Lease rentals | **19** | - |
| Profit on sale of current investments | **593** | 202 |
| Unclaimed Balances & excess provisions written back | **473** | 218 |
| Income from deferred credit | **913** | 820 |
| Other non-operating income | **296** | 71 |
| | **2,978** | 2,727 |

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**20. Employee benefits expenses**

(Rs in Lacs)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Salaries, wages and bonus | **27,478** | 21,341 |
| Contribution to provident and other funds | **1,096** | 862 |
| Gratuity expense(note 27) | **299** | 191 |
| Employee stock option scheme(note 28) | **15** | 16 |
| Staff welfare expenses | **1,307** | 799 |
| | **30,195** | 23,209 |

**21. Depreciation and amortization expense**

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Depreciation of tangible assets | **7,923** | 7,440 |
| Amortization of intangible assets | **739** | 398 |
| | **8,662** | 7,838 |

**22. Finance costs**

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Interest | **6,356** | 5,815 |
| Bank charges | **325** | 284 |
| Processing fees | **625** | 17 |
| | **7,306** | 6,116 |

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### 23. Other expenses

(Rs in Lacs)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Professional and consultancy fee | **32,769** | 24,905 |
| Outside lab investigation | **864** | 351 |
| Patient catering expenses | **1,696** | 1,378 |
| Rent | **3,268** | 2,634 |
| Insurance | **589** | 391 |
| Rates and taxes | **327** | 279 |
| Facility maintenance expenses | **2,374** | 2,069 |
| Power and fuel | **4,073** | 3,260 |
| Repairs and maintenance: | | |
| - Building | **284** | 247 |
| - Plant and equipments | **1,413** | 1,178 |
| - Others | **1,364** | 1,078 |
| Printing and stationery | **671** | 529 |
| Travelling and conveyance | **1,156** | 940 |
| Communication | **355** | 277 |
| Legal and professional | **4,322** | 2,524 |
| IT support expense | **693** | 556 |
| Watch and ward | **629** | 521 |
| Directors' sitting fee | **59** | 42 |
| Advertisement and publicity | **2,830** | 2,012 |
| Software expenses | **7** | 2 |
| Recruitment expenses | **136** | 291 |
| Concession Fee (note 24) | **1,228** | 1,155 |
| Charity and donation | **2** | 35 |
| Equipment hiring charges | **288** | 262 |
| Provision for doubtful debts | **571** | 695 |
| Provision for wealth tax | **-** | 2 |
| Provision for doubtful advances | **55** | 4 |
| Bad debts written off | **543** | - |
| Debit balances written off | **-** | 2 |
| Net loss on sale/disposal of fixed assets | **12** | 60 |
| Loss on foreign exchange fluctuation | **14** | 6 |
| Premium on forward cover | **7** | - |
| Miscellaneous expenses | **322** | 350 |
| | **62,921** | 48,035 |

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### 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, 2016** | March 31, 2015 |
| **Basic EPS** | | |
| Loss for the year after tax (Rs. in lacs) | **(1,377)** | (3,705) |
| Weighted average number of equity shares outstanding during the year (Nos) | **504,199,036** | 450,202,099 |
| **Basic Earnings Per Share (Rs.)** | **(0.27)** | (0.82) |
| **Dilutive EPS** | | |
| Equivalent weighted average number of employee stock options outstanding | **3,126,446** | 909,236 |
| Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos) | **507,325,482** | 451,111,335 |
| **Diluted Earnings Per Share (Rs.)** | **(0.27)** | (0.82) |

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**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 partially 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 the statement of profit and loss, the funded status and the amount recognised in the balance sheet in respect of the Gratuity Plan.

**Statement of profit and loss**

Net employee benefit expense recognized in employee cost

**(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Current service cost | **213** | 146 |
| Interest cost on benefit obligation | **77** | 58 |
| Expected return on plan assets | **(10)** | (7) |
| Net actuarial( gain) / loss recognized in the year | **19** | (6) |
| **Net benefit expense** | **299** | 191 |
| Actual return on plan assets | **(5)** | (9) |

**Balance sheet**

Benefit asset/ liability

**(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Present Value of defined benefit obligation | **1,266** | 842 |
| Fair value of plan assets | **91** | 85 |
| **Plan asset / (liability)** | **(1,175)** | (757) |

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

**(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Opening defined benefit obligation | **842** | 670 |
| Acquisition adjustment on account of employee transfer from Max India Limited | **23** | 49 |
| Acquisition adjustment on account of acquisition of subsidiaries | **189** | - |
| Interest cost | **77** | 58 |
| Current service cost | **213** | 146 |
| Benefits paid | **(93)** | (77) |
| Actuarial (gains) / losses on obligation | **15** | (4) |
| **Closing defined benefit obligation** | **1,266** | 842 |

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

**(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| **Opening fair value of plan assets** | **85** | 76 |
| Expected return | **10** | 7 |
| Actuarial gains / (losses) | **(4)** | 2 |
| **Closing fair value of plan assets** | **91** | 85 |

The Group expects to contribute Rs. 1,026 lacs to gratuity in next year (March 31,2015: Rs. 251 lacs)

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

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| | **%** | % |
| Life Insurance Corporation of India | **100%** | 100% |
| Max Life Insurance Co. Ltd. | **100%** | 100% |

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

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Discount rate | **7.50% - 7.90 %** | 7.70% - 7.80 % |
| Expected rate of return on assets | **9 % - 23.13 %** | 8.32 % - 23.13 % |
| Retirement age | **60 - 67 Years** | 60 Years |
| Employee turnover | **3.50% - 55.00 %** | 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 two years are as follows: **(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 | March 31, 2014 |
|---|---|---|---|
| Defined benefit obligation | **1,266** | 842 | 670 |
| Plan assets | **91** | 85 | 76 |
| (Deficit) | **(1,175)** | (757) | (594) |
| Experience adjustments on plan liabilities | **(1)** | (20) | (24) |
| Experience adjustments on plan assets | **(4)** | 2 | - |

**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, 2016 as per the actuarial valuation of active members are as follows:

**(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Plan assets at year end at fair value | **6,738** | 5,468 |
| Present value of defined benefit obligation at year end | **6,693** | 5,268 |
| Surplus as per actuarial certificate | **45** | 200 |
| Shortfall recognised in balance sheet | **-** | - |
| Active members as at year end (Nos) | **3,170** | 3,090 |

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

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Discount rate | **7.72%** | 7.93% |
| Withdrawal rate | **5.00%** | 9.01% |
| Yield on existing funds | **9.06%** | 7.93% |
| 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 ESOP 2006 Plan instituted by the Company w.e.f August 10, 2006 was amended by the shareholders of the Company in its meeting held on March 1, 2016 based on the recommendations by the Nomination & Remuneration Committee and Board of Directors of the Company in their respective meeting held on February 3, 2016 and February 4, 2016.

The key features of the Amended ESOP 2006 Scheme is as follows:

1. The total number of options to be granted : Not more than 5% of the aggregate numbers of issued equity shares of the Company at any point of time, in one or more tranches, may be issued as stock options under the Scheme.

2. Identification of classes of employees entitled to participate in the ESOP Scheme :

a) A permanent employee of the company who has been working in India or outside India; or

b) A director of the Company, whether a whole time director or not but excluding an Independent Director; or

c) An employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the Company, if any, but does not include –

• an employee who is a promoter or a person belonging to the promoter group; or

• a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

3. Requirements of vesting and period of vesting (minimum and maximum period of vesting)

• The exact proportion in which the options would vest shall be determined by the NRC, subject to the minimum vesting period of one year and maximum vesting period of 5 years, from the date of grant of options.

• The NRC will decide on the vesting of the options, in full ("Bullet Options") or in a graded manner ("Graded Options') on any date beginning at the end of one year from the date of grant and concluding at the end of five year from the date of grant.

• The NRC, in its discretion, at the time of each grant, may lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance based vesting, and the proportion in which options are granted under the Scheme would vest (subject to the minimum and maximum vesting period as specified above).

4. Exercise Price or formula for arriving at the same
To be determined by the NRC from time to time, in accordance with the provisions of the applicable laws, provided that the exercise price shall not be below the face value of the equity shares of the Company.

5. Exercise period
Exercise Period: The exercise period would commence from the date of vesting and will expire on completion of not more than five (5) years from the date of respective vesting of options, as may be decided by the NRC from time to time.

6. Lock in period, if any:
The shares allotted under ESOP 2006 are subject to lock-in upto the time of listing of shares. The shares are not transferable during the said Lock-in period unless otherwise approved and/or waived (or relaxed with such other terms & conditions imposed, as the case may be) by the NRC after evaluation such matter on a case to case basis.

Further, the shares arising out of the options exercised by the employees may be subject to such restrictions including but not limited to obligations in respect of drag along and right of first refusal and such other terms and conditions, as may be determined by the NRC from time to time.

7. Maximum number of options to be granted per employee and in aggregate.

The maximum number of options to be granted in aggregate shall not exceed 5% of the aggregate of number of issued equity shares of the Company at any point of time. The maximum number of options to be granted per employee shall be as determined by NRC from time to time.

8. The method which the company shall use to value its options.

9. Exit option for Stock options :
The employee may opt to exit from the stock options granted by the Company in full or in parts based on the share valuation price ,i.e., Valuation of shares of the Company done by a Category -I merchant banker and/or valuation of shares of the Company for any investment in the shares of the Company , whichever is later. The difference between the exercise price and the Share price would be paid to such employee as deferred compensation.

10. Exit option for the employees who have been issued shares upon exercise of the Stock options : The employee is having an exit option by way of listing of shares. Prior to listing of shares of the Company and/or upon the occurrence of any strategic event in the nature of a change in management control/ownership, the NRC may , at its sole discretion on case to case basis, endeavor to determine the methodology, price, timelines, restrictions and other relevant matters for offering appropriate exit mechanism to such employees.

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 Company 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, 2016** | | March 31, 2015 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price (Rs.)** | Number of options | Weighted average exercise price (Rs.) |
| Outstanding at the start of the year | **1,613,000** | **48.32** | 1,370,000 | 28.83 |
| Granted during the year | **2,524,340** | **51.69** | 893,000 | 64.60 |
| Forfeited during the year | **-** | **-** | 345,000 | 31.52 |
| Exercised during the year | **200,000** | **28.75** | 305,000 | 27.46 |
| Outstanding at the end of the year | **3,937,340** | **51.48** | 1,613,000 | 48.32 |
| Exercisable at the end of the year | **230,000** | **42.22** | 90,000 | 25.00 |

For options exercised during the year, the weighted average share price at the exercise date was Rs 28.75 per share (31 March 2015: Rs 27.46) per share.
The weighted average fair value of stock options granted during the year was Rs 54.39 (March 31, 2015: Rs 64.60)

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 are as follows:

| | **March 31, 2016** | | March 31, 2015 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average remaining life in years** | Number of options | Weighted average remaining life in years |
| 1-Mar-12 | **220,000** | **5.14** | 270,000 | 1.92 |
| 1-Oct-12 | **300,000** | **5.84** | 450,000 | 2.34 |
| 25-Mar-15 | **893,000** | **7.25** | 893,000 | 4.26 |
| 1-Jul-15 | **1,585,070** | **7.35** | - | - |
| 1-Aug-15 | **508,626** | **7.44** | - | - |
| 25-Aug-15 | **150,646** | **7.50** | - | - |
| 3-Feb-15 | **280,000** | **1.92** | - | - |

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, 2016** | | | | **March 31, 2015** |
|---|---|---|---|---|---|
| | **Inputs used for different grant dates for Black Scholes valuation of options granted** | | | | |
| | **July 1, 2015** | **August 1, 2015** | **August 25, 2015** | **March 1, 2016** | |
| A. Stock Price Now (in Rupees) | **47.65** | **47.65** | **47.65** | **47.65** | 45.17 |
| B. Exercise Price (X) (in Rupees) | **54.40** | **54.40** | **54.40** | **30.00** | 64.60 |
| C. Expected Volatility (Standard Dev - Annual) | **44.93%** | **44.93%** | **44.93%** | **44.93%** | 33.94% |
| D. Historical Volatility | | | | | |
| E. Expected Life of the options granted (Vesting and exercise period) in years | **7.35 Years** | **7.43 Years** | **7.50 Years** | **1.92 Years** | 4.26 Years |
| F. Expected Dividend | **Nil** | **Nil** | **Nil** | **Nil** | Nil |
| G. Average Risk- Free Interest Rate | **7.80%** | **7.80%** | **7.80%** | **7.40%** | 7.80% |
| H. Expected Dividend Rate | **Nil** | **Nil** | **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, 2016** | March 31, 2015 |
| **Net Profit after tax as reported** | **(1,377)** | (3,705) |
| **Add:** Employee stock compensation under intrinsic value method | **15** | 16 |
| **Less:** Employee stock compensation under fair value method | **(265)** | (52) |
| **Proforma profit** | **(1,627)** | (3,741) |
| **Earnings Per Share** | | |
| **Basic** | | |
| - As reported | **(0.27)** | (0.82) |
| **- Proforma** | **(0.32)** | (0.83) |
| **Diluted** | | |
| - As reported | **(0.27)** | (0.82) |
| **- Proforma** | **(0.32)** | (0.83) |

**29. Leases**

**29.1. Finance lease: Company as lessee**

i. The Group has finance lease for certain medical equipments for a period of 5 to 7 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, 2016** | | March 31, 2015 | |
|---|---|---|---|---|
| | **Minimum payments** | **Present value of MLP** | Minimum payments | Present value of MLP |
| Within one year | **276** | **227** | 345 | 271 |
| After one year but not more than five years | **526** | **439** | 651 | 522 |
| More than five years | **-** | **-** | 151 | 143 |
| **Total minimum lease payments** | **802** | **666** | 1,147 | 937 |

**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 17 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, 2016** | March 31, 2015 |
| Not later than one year | **1,469** | 1,385 |
| Later than one year and not later than five year | **6,349** | 7,186 |
| Later than five year | **18,586** | 11,833 |
| **Total** | **26,404** | 20,404 |

**i.** Two subsidiaries of the Company, Hometrail Estate Private Limited and Hometrail Buildtech Private Limited has entered into operating lease agreement for nursing hostel. Lease rentals recognized in the statement of profit and loss for the year is Rs. 131 lacs (March 31, 2015: Rs. 78 lacs). They also recover certain portion of rent from their employees.

ii. One of the subsidiary, Crosslay Remedies Limited has entered into operating lease agreement for office space, accommodation for its employees and medical equipments. Lease rentals recognized in the statement of profit and loss for the year is Rs. 38 lacs.

iii. One of the subsidiary, Saket City Hospitals Private Limited has entered into operating lease agreement for vehicles. Lease rentals recognized in the statement of profit and loss for the year is Rs. 2 lacs. The lease terms are for 1 (one) year and renewable by mutual agreement of both the parties.

**iv.** 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. 1,933 lacs (March 31, 2015: Rs. 1,720 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, 2016** | March 31, 2015 |
|---|---|---|
| Balance at the beginning of the year | **18** | 29 |
| Add: | | |
| Salaries, wages and bonus | **-** | 43 |
| Legal & Professional | **-** | 21 |
| Miscellaneous Expenses | **-** | 5 |
| Power and Fuel Expense | **-** | 18 |
| **Total** | **18** | 116 |
| Less: Capitalised during the year | **7** | 98 |
| **Balance at the end of the year** | **11** | 18 |

**31. Capital and other commitments**

a. Capital commitment

**(Rs. in Lacs)**

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account | **6,831** | 15,343 |
| Less: Capital advances | **2,340** | 3,688 |
| **Balance value of contracts** | **4,491** | 11,655 |

b. Commitments relating to lease arrangements, refer note 29

c. The Company has committed to provide financial support to Hometrail Buildtech Private Limited, Crosslay Remedies Private Limited and Saket City Hospitals Private Limited, subsidiaries of the Company in order to meet its future financial obligation.

d. Commitments relating to remaining capital acquisition of Crosslay Remedies Private Limited and Saket City Hospitals Private Limited , refer note 36

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