

# B S R & Associates LLP

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

**To the Members of Krishna Institute of Medical Sciences Limited**

### **Report on the Audit of the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Krishna Institute of Medical Sciences Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

**Krishna Institute of Medical Sciences Limited**

**Independent Auditor's Report on the standalone Ind AS financial statements (continued)**

**Auditor's Responsibility (continued)**

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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**Krishna Institute of Medical Sciences Limited**

**Independent Auditor's Report on the standalone Ind AS financial statements (continued)**

**Report on Other Legal and Regulatory Requirements (continued)**

- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 2.25 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been disclosed.

for **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No.: 116231 W/ W-100024

*Vikash Somani*

**Vikash Somani**

*Partner*

Membership No.: 061272

Place: Hyderabad

Date: 31 August 2018

**Krishna Institute of Medical Sciences Limited**

**Annexure A to the Independent Auditor's Report on the Standalone Ind AS financial statements**

With reference to the Annexure-A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of Independent Auditor's report to the Members of Krishna Institute of Medical Sciences Limited, ('the Company') on the Ind AS financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. In accordance with the aforesaid programme, Management has verified certain assets during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (Freehold Land, Leasehold Land and Buildings), as disclosed in the note 2.1 to the standalone Ind AS financial statements, are held in the name of the Company.
- (ii) The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has granted unsecured loans, to four companies and one other party covered in the register maintained under Section 189 of the Act. The Company has not granted loans to firms or Limited Liability Partnership covered in the register mentioned under Section 189 of the Act.
  - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
  - (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the same is not due as on balance sheet date.
  - (c) In respect of the aforesaid loans, there are no amounts which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loan given, investments made, securities and guarantees provided by it.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of medical and healthcare services pursuant to the rules prescribed by the Central Government of India for the maintenance of cost records under Section 148 (1) of the Act, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

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**Krishna Institute of Medical Sciences Limited****Annexure A to the Independent Auditor's Report on the Standalone Ind AS Financial Statements**  
(continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including, Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, Service tax, Duty of Customs, Value added tax, Luxury tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Duty of Excise and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Luxury tax, Service Tax, Value Added Tax, Duty of Custom, Income tax, Goods and Service tax and any other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of Duty of Excise, Sales tax and Cess.

- (b) According to the information and explanations given to us, there are no dues of Income tax and Duty of Customs which have not been deposited with the appropriate authorities on account of any dispute. However, the following dues of Value added tax, Luxury tax and Service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount disputed (INR)	Amount paid under protest (INR)	Period to which the amount relates	Forum where dispute is pending
A.P tax on Luxuries Act, 1987	Luxury tax*	2,456,788	1,217,544	2004-05	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
A.P tax on Luxuries Act, 1987	Luxury tax*	5,643,701	2,792,246	2005-06	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
A.P tax on Luxuries Act, 1987	Luxury tax*	8,039,979	3,983,690	2006-07	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
A.P tax on Luxuries Act, 1987	Luxury tax*	11,775,377	6,623,650	2007-08	Sales Tax Appellate Tribunal, Hyderabad
A.P tax on Luxuries Act, 1987	Luxury tax*	14,101,865	7,050,932	2008-09	Sales Tax Appellate Tribunal, Hyderabad



**Krishna Institute of Medical Sciences Limited****Annexure A to the Independent Auditor's Report on the Standalone Ind AS Financial Statements**  
(continued)

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount disputed (INR)</b>	<b>Amount paid under protest (INR)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
A.P tax on Luxuries Act, 1987	Penalty on Luxury tax*	14,101,865	-	2008-09	Appellate Deputy Commissioner, Hyderabad
A.P tax on Luxuries Act, 1987	Luxury tax*	13,536,581	6,768,291	2009-10	Appellate Deputy Commissioner, Hyderabad
A.P tax on Luxuries Act, 1987	Luxury tax*	12,609,050	-	2010-11	Appellate Deputy Commissioner, Hyderabad
AP VAT Act, 2005	Value added tax	1,758,116	1,098,823	November 2009 to February 2013	Appellate Deputy Commissioner, Hyderabad
Finance Act, 1994	Service tax and penalty*	13,504,926	2,414,634	July 2010 to December 2010	CESTAT, Bangalore
Finance Act, 1994	Service tax and penalty*	18,090,740	6,485,294	July 2010 to April 2011	CESTAT, Bangalore

\* Interest will be levied separately as applicable.

As explained to us, the Company did not have any dues on account of Duty of Excise, Sales tax and Cess.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution. The Company did not have any dues to Government, nor has it issued any debentures as at the balance sheet date.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.



**Krishna Institute of Medical Sciences Limited**

**Annexure A to the Independent Auditor's Report on the Standalone Ind AS financial statements**  
(continued)

- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company. Accordingly, the provisions of paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3 (xvi) of the Order is not applicable to the Company.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/W-100024

*Vikash somani*

**Vikash Somani**

*Partner*

Membership Number: 061272

Place: Hyderabad

Date: 31 August 2018

**Krishna Institute of Medical Sciences Limited**

**Annexure B to the Independent Auditor's Report on the standalone Ind AS financial statements**

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

We have audited the internal financial controls over financial reporting of Krishna Institute of Medical Sciences Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

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**Krishna Institute of Medical Sciences Limited**

**Annexure B to Independent Auditor's Report on the standalone Ind AS financial statements**  
(continued)

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/ W-100024

  
**Vikash Somani**

*Partner*

Membership No.: 061272

Place: Hyderabad

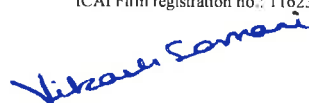
Date: 31 August 2018

**Krishna Institute of Medical Sciences Limited**  
**Standalone balance sheet**

		INR in millions		
	Note	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2.1 (a)	5,743.61	5,024.85	4,999.98
Capital work-in-progress	2.1 (a)	-	635.48	23.08
Intangible assets	2.1 (b)	13.33	14.46	12.74
Financial assets				
(i) Investments	2.2	314.90	230.08	183.97
(ii) Loans	2.3(a)	20.28	18.43	18.70
(iii) Other financial assets	2.4 (a)	11.26	11.36	7.70
Non-current tax assets (net)	2.9 (a)	200.21	-	-
Other non-current assets	2.5	88.80	133.27	98.82
<b>Total non-current assets</b>		<b>6,392.39</b>	<b>6,067.93</b>	<b>5,344.99</b>
<b>Current assets</b>				
Inventories	2.6	162.83	153.02	112.68
Financial assets				
(i) Trade receivables	2.7	960.10	760.71	556.81
(ii) Cash and cash equivalents	2.8 (a)	85.02	80.04	31.22
(iii) Bank balances other than (ii) above	2.8 (b)	3.26	0.80	36.20
(iv) Loans	2.3(b)	150.98	72.42	30.73
(iv) Other financial assets	2.4(b)	125.65	125.89	64.67
Current tax assets (net)	2.9 (b)	-	145.75	144.46
Other current assets	2.10	13.81	26.71	43.87
<b>Total current assets</b>		<b>1,501.65</b>	<b>1,365.34</b>	<b>1,020.64</b>
<b>Total assets</b>		<b>7,894.04</b>	<b>7,433.27</b>	<b>6,365.63</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	2.11	501.50	501.50	489.29
Other equity		(2,492.08)	(1,697.60)	(1,274.57)
<b>Total equity</b>		<b>(1,990.58)</b>	<b>(1,196.10)</b>	<b>(785.28)</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
(i) Borrowings	2.12	2,140.33	1,975.32	4,774.47
(ii) Other financial liabilities	2.13 (a)	0.09	0.09	349.92
Provisions	2.14	86.92	65.66	50.91
Other liabilities	2.18 (a)	9.42	6.77	0.81
Deferred tax liabilities (net)	2.37	471.08	387.88	333.74
<b>Total non-current liabilities</b>		<b>2,707.84</b>	<b>2,435.72</b>	<b>5,509.85</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	2.15	265.71	104.49	150.12
(ii) Trade payables	2.16	787.85	737.52	633.33
(iii) Other financial liabilities	2.13 (b)	6,000.65	5,222.37	732.50
Provisions	2.17	6.41	25.90	26.59
Other current liabilities	2.18 (b)	116.16	103.37	98.52
<b>Total current liabilities</b>		<b>7,176.78</b>	<b>6,193.65</b>	<b>1,641.06</b>
<b>Total liabilities</b>		<b>9,884.62</b>	<b>8,629.37</b>	<b>7,150.91</b>
<b>Total equity and liabilities</b>		<b>7,894.04</b>	<b>7,433.27</b>	<b>6,365.63</b>

Significant accounting policies 1.3  
Notes to the standalone financial statements 2  
The accompanying notes form an integral part of the standalone financial statements.  
As per our Report on standalone financial statements of even date attached

for **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm registration no.: 116231W/W-100024



**Vikash Somani**  
Partner  
Membership no.: 061272

for and on behalf of the Board of Directors of **Krishna Institute of Medical Sciences Limited**  
CIN: U55101TG1973PLC040558



**B. Krishnaiah**  
Chairman  
DIN: 00025094



**Dr. B. Bhaskar Rao**  
Managing Director  
DIN: 00008985



**Vikas Maheshwari**  
Chief Financial Officer



**Uma Shankar Mantha**  
Company Secretary

Place: Hyderabad  
Date: 31 August 2018

Place: Hyderabad  
Date: 31 August 2018

**Krishna Institute of Medical Sciences Limited**  
**Standalone statement of profit and loss**

		<i>INR in millions</i>	
	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue</b>			
Revenue from operations	2.19	6,282.39	5,357.34
Other income	2.20	31.13	32.43
<b>Total revenue</b>		<b>6,313.52</b>	<b>5,389.77</b>
<b>Expenses</b>			
Medical consumables and pharmacy items consumed	2.21	1,521.02	1,300.79
Employee benefit expense	2.22	1,149.55	917.32
Finance costs	2.23	827.88	774.46
Depreciation and amortisation expense	2.1	381.07	345.86
Other expenses	2.24	3,001.81	2,599.98
<b>Total expenses</b>		<b>6,881.33</b>	<b>5,938.41</b>
<b>Loss before tax</b>		<b>(567.81)</b>	<b>(548.64)</b>
<b>Tax expense</b>			
- Current tax	2.37	167.95	118.37
- Deferred tax charge	2.37	73.47	52.12
- Tax pertaining to earlier years	2.37	3.36	0.69
<b>Total tax expense</b>		<b>244.78</b>	<b>171.18</b>
<b>Loss for the year (A)</b>		<b>(812.59)</b>	<b>(719.82)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit and loss</b>			
- Re-measurement of defined benefit plans		27.84	5.83
- Income tax relating to these items		(9.73)	(2.02)
<b>Other comprehensive income, net of tax (B)</b>		<b>18.11</b>	<b>3.81</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>(794.48)</b>	<b>(716.01)</b>
Earning per share (face value of share INR 10 each)	2.30		
- Basic		(16.20)	(14.63)
- Diluted		(16.20)	(14.63)
Significant accounting policies	1.3		
Notes to the standalone financial statements	2		

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

As per our Report on standalone financial statements of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration no.: 116231W/W-100024

for and on behalf of the Board of Directors of **Krishna Institute of Medical Sciences Limited**

CIN: U55101TG1973PLC040558

  
**Vikash Somani**

Partner

Membership no.: 061272



**B Krishnaiah**

Chairman

DIN:00025094



**Dr. B Bhaskar Rao**

Managing Director

DIN:00008985



**Vikas Maheshwari**

Chief Financial Officer



**Uma Shankar Mantha**

Company Secretary

Place: Hyderabad

Date: 31 August 2018

Place: Hyderabad

Date: 31 August 2018

**Krishna Institute of Medical Sciences Limited**  
**Standalone statement of changes in equity**

INR in millions

INR in millions

Particulars	Equity share capital	Other equity			Total of other equity
		Reserve and surplus			
		Securities premium	Adjustment reserve	Retained earnings	
Balance as at 1 April 2017	501.50	292.98	57.64	(2,048.22)	(1,697.60)
Profit for the year	-	-	-	(812.59)	(812.59)
Issue of shares	-	-	-	-	-
Remeasurement of net defined benefit liability (net of tax)	-	-	-	18.11	18.11
<b>Balance as at 31 March 2018</b>	<b>501.50</b>	<b>292.98</b>	<b>57.64</b>	<b>(2,842.70)</b>	<b>(2,492.08)</b>

INR in millions

Particulars	Equity share capital	Other equity			Total of other equity
		Reserve and surplus			
		Securities premium	Adjustment reserve	Retained earnings	
Balance as at 1 April 2016	489.29	-	57.64	(1,332.21)	(1,274.57)
Profit for the year	-	-	-	(719.82)	(719.82)
Issue of shares	12.21	292.98	-	-	292.98
Remeasurement of net defined benefit liability (net of tax)	-	-	-	3.81	3.81
Balance as at 31 March 2017	501.50	292.98	57.64	(2,048.22)	(1,697.60)

**Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Adjustment reserve**

During the year ended 31 March 2014, pursuant to the Scheme of Arrangement approved by Honourable High Court of Andhra Pradesh, the Company has allotted 306,069 Equity Shares of INR 10 each to the Share holders of the transferor Company against 4,455,000 equity shares of INR 10 each outstanding in the transferor Company in the ratio of 9 equity shares of INR 10 each for every 131 equity shares of INR 10 each of the Transferor Company. The difference of INR 41.49 millions on account of the above share swap has been added to the adjustment reserve of the Company as per the Scheme.

Pursuant to the Scheme of Arrangement approved by the High Court, the Company allotted 969,231 equity shares of INR 10 each to the shareholders of the Demerged Company against 2,100,000 equity shares of INR 10 each outstanding in the Demerged Company in the ratio of 6 equity shares of INR 10 each for every 13 equity shares of INR 10 each of the Demerged Company. The difference between the consideration payable and the value of net assets taken over as per the Scheme amounting to INR 16.15 millions has been added to the adjustment reserve of the Company as per the Scheme.

The accompanying notes form an integral part of the standalone financial statements.

As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration no.: 116231W/W-100024

*Vikash Somani*

**Vikash Somani**

Partner

Membership no.: 061272

for and on behalf of the Board of Directors of **Krishna Institute of Medical Sciences Limited**

CIN: U55101TG1973PLC040558

*B. Krishnaiah*

**B Krishnaiah**

Chairman

DIN:00025094

*Vikas Maheshwari*

**Vikas Maheshwari**

Chief Financial Officer

*Dr. B. Bhaskar Rao*

**Dr. B. Bhaskar Rao**

Managing Director

DIN:00008985

*Uma Shankar Mantha*

**Uma Shankar Mantha**

Company Secretary

Place: Hyderabad

Date: 31 August 2018

Place: Hyderabad

Date: 31 August 2018

**Krishna Institute of Medical Sciences Limited**  
**Standalone statement of cash flows**

	INR in millions	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>I. Cash flows from operating activities:</b>		
Net loss before tax	(567.81)	(548.64)
Adjustments for operating activities:		
Depreciation and amortisation	381.07	345.86
Profit on sale of property, plant and equipment	-	(0.60)
Provision for doubtful trade receivables	(13.21)	56.41
Trade receivables written off	-	6.11
Fair value of guarantee given to the subsidiary	(1.71)	(1.23)
Lease income	(2.42)	(1.17)
Interest income on fixed deposits and loans to related parties	(11.59)	(7.15)
Interest on income-tax refund	(0.85)	(5.92)
Changes in fair value of financial instrument	702.87	556.42
Finance costs	827.88	774.46
<b>Operating cash flows before working capital changes</b>	<b>1,314.23</b>	<b>1,174.55</b>
<b>Adjustments for:</b>		
Increase in trade receivables	(186.18)	(266.42)
Increase in inventories	(9.81)	(40.34)
Increase in loans and other assets	(64.50)	(85.82)
Increase in liabilities and provisions	103.86	127.76
<b>Cash generated from operations</b>	<b>1,157.60</b>	<b>909.72</b>
Income taxes paid, net of refund	(215.18)	(112.41)
<b>Net cash provided by operating activities (A)</b>	<b>942.42</b>	<b>797.31</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(462.93)	(1,002.99)
Proceeds from sale of property, plant and equipment	16.17	0.83
Investment in subsidiary and associates	(80.00)	(37.81)
Redemption of bank deposits (having original maturity of more than three months)	-	33.50
Bank deposits (having maturity of more than three months)	(2.01)	(2.82)
Lease income received	2.42	1.17
Interest received	6.01	7.50
<b>Net cash used in investing activities (B)</b>	<b>(520.34)</b>	<b>(1,000.62)</b>
<b>III. Cash flows from financing activities*</b>		
Repayment of long-term borrowings	(1,873.57)	(582.67)
Proceeds from long-term borrowings	1,583.47	886.54
Proceeds/ (repayment) from short-term borrowings (net)	161.22	(45.63)
Payment of finance lease obligations	(3.63)	(3.70)
Proceeds from issue of shares	-	305.19
Finance costs paid	(284.59)	(307.60)
<b>Net cash provided by/ (used in) financing activities (C)</b>	<b>(417.10)</b>	<b>252.13</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>4.98</b>	<b>48.82</b>
Cash and cash equivalents at the beginning of the year	80.04	31.22
<b>Cash and cash equivalents at the end of the year [refer note 2.8 (a)]</b>	<b>85.02</b>	<b>80.04</b>
<b>Note:</b>		
<b>Components of cash and cash equivalents</b>		
Cash on hand	7.11	7.87
Balances with banks		
- On current accounts	77.91	72.17
<b>Total</b>	<b>85.02</b>	<b>80.04</b>

\* The changes in liabilities arising from financing activities are only due to changes arising from cash flows during the current as well as previous year

The notes referred to above form an integral part of the standalone financial statements.

As per our Report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024

for and on behalf of the Board of Directors of **Krishna Institute of Medical Sciences Limited**

CIN: U55101TG1973PLC040558

**Vikash Somani**

Partner

Membership no.: 061272

**B. Krishnaiah**

Chairman

DIN:00025094

**Dr. B. Bhaskar Rao**

Managing director

DIN:00008985

**Vikas Maheshwari**

Chief Financial Officer

**Uma Shankar Mantha**

Company Secretary

Place: Hyderabad  
Date: 31 August 2018

Place: Hyderabad  
Date: 31 August 2018



## **Krishna Institute of Medical Sciences Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2018**

#### **1.1 Company Overview**

Krishna Institute of Medical Sciences Limited ('the Company') was originally incorporated on 26 July 1973 under the name "Jagjit Singh and Sons Private Limited" which was subsequently changed to "Krishna Institute of Medical Sciences Private Limited" on 2 January 2004. The Company was converted into a public limited company under the Companies Act, 1956 on 29 January 2004 and consequently, the name was changed to "Krishna Institute of Medical Sciences Limited". The Company is primarily engaged in the business of rendering medical and healthcare services.

#### **1.2 Basis of preparation of standalone financial statements**

##### **a) Statement of compliance:**

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The Company's standalone financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act. ("Previous GAAP")

As these are the first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 2.39.

As at 31 March 2018, the current liabilities of the Company exceeded its current assets by INR 5,675.10 million. The Company has however earned net cash from operating activities of INR 942.40 million for the year ended 31 March 2018.

Subsequent to the year end, the Company has entered into a securities subscription and purchase agreement along with General Atlantic Singapore KH Pte Ltd ("new investors"), India Investor Fund ("old investor") and existing shareholders through which new investors have purchased few shares from the existing shareholders and entire shares from the old investors. The terms of the contract with the new investors would result in de-recognition of the existing liability (INR 5,604.94 millions as at 31 March 2018) and recognition of the same in equity share capital and securities premium.

Further, the new investors has also infused an amount of INR 880 millions in the form of equity share capital having face value of INR 10 at the premium of INR 297.16 in the Company.

Management is also confident that based on its past records of its ability to honour the payment of interest and repayment of principal, it will be able to maintain the short-term borrowings at the current levels and in addition to the support from its shareholders.

Accordingly, Management considers it appropriate to prepare their accounts on a going concern basis.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 31 August 2018.



**Krishna Institute of Medical Sciences Limited****Notes to the standalone financial statements for the year ended 31 March 2018** (continued)**b) Functional and presentation currency:**

These standalone financial statements are presented in Indian Rupees INR, which is also the Company's functional currency. All amounts are in Indian Rupees millions, rounded off to two decimals, except share data and per share data, unless otherwise stated.

**c) Basis of measurement:**

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**d) Use of estimates and judgements:**

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**e) Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

Note 2.27 – leases: whether an arrangement contains an lease and

Note 2.27 – lease classification

**f) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 2.37 – Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used
- Note 2.28 - Measurement of defined benefit obligations, key actuarial assumptions
- Note 2.25 - Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 2.36 (B) (ii) - Impairment test of financial assets



**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018** (continued)

**g) Current–non-current classification**

All assets and liabilities are classified into current and non-current.

**Assets**

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

**Operating cycle**

Company has ascertained its operating cycle as twelve months that is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

**h) Measurement of fair values:**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

Note 2.36 – financial instruments

**1.3 Significant accounting policies**

**a) Financial instruments**

**i. Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification and subsequent measurement**

**Financial asset**

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVTPL

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



**Krishna Institute of Medical Sciences Limited****Notes to the standalone financial statements for the year ended 31 March 2018 (continued)****Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on Derecognition is recognised in profit and loss.

**Financial liabilities: Classification, subsequent measurement and gains and losses**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**iii. Derecognition****Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.





**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

**b) Inventories**

The inventories comprising of medical consumables and pharmacy items are valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The Company follows the weighted average method for determining the cost of such inventories. The comparison of cost and net realisable is made on an item by item basis.

**c) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**d) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**e) Revenue recognition**

Income from hospital services is recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered, to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered. Revenue is recognised net of discounts and concessions given to the patients.

Revenue from sale of pharmacy and sale of food and beverages is recognised when all significant risk and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from admission fees, tuition fees and other fees for academic courses are recognised on the due date for the receipt of fees and apportioned over the academic term on a time proportion basis. Fee waivers, discounts, rebates provided to students are reduced from fee received. Application procession fees are recognised as revenue on receipt of the fees.

Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method.

**f) Property, plant and equipment**

**Recognition and measurement**

Items of property, plant and equipment are measured at cost, which include capitalised borrowing costs, less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located.



## **Krishna Institute of Medical Sciences Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

The cost of self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other cost directly attributable to bringing the item to working conditions for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit and loss.

#### **Transition to Ind AS**

On the transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as deemed cost of such property, plant and equipment (refer note 2.1).

#### **Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with expenditure will flow to the Company.

#### **Depreciation and amortisation**

The Company provides depreciation under straight line method on Property, Plant and Equipment, other than leasehold land and assets costing less than INR 5,000, based on the useful life specified in schedule II of the Companies Act, 2013, as in the opinion of the Management, the same reflects the estimated useful life. Depreciation is calculated on pro-rata basis from the date on which the assets are ready for use or till the date the assets are sold or disposed off.

Leasehold land is in the nature of perpetual lease without any limited useful life and hence is not amortised. Assets costing less than INR 5,000 based on internal assessment and materiality the Management has estimated that the same shall be depreciated in the period of purchase.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted appropriately.

The cost and related accumulated depreciation are de-recognised from the standalone financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

#### **g) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight-line basis, from the date that they are available for use, based on the expected pattern of economic benefits of assets.

#### **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss as incurred.



**Krishna Institute of Medical Sciences Limited****Notes to the standalone financial statements for the year ended 31 March 2018** (continued)**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**Amortisation**

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Software	3-6 years

**h) Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**i) Employee benefits****Short term employee benefits**

Short term employee benefits are measured on an undiscounted basis and are expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g., under short term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee, and the amount of obligation can be estimated reliably.

**Post-employment benefits****Defined contribution plans**

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.



## **Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

### **Defined benefit plans**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value. The calculation of Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The gratuity scheme is administered by third party. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes to the defined benefit liability (asset) as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. The Company recognises gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

### **Compensated Absences**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

### **j) Leases**

#### **Determining whether an arrangement contains a lease**

At the inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on the reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for the other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.





**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018** (continued)

**Finance leases**

Lease of Property, plant and equipment that transfer to the Company and associate substantially all the risks and rewards of ownership are classified as finance lease. The leased asset are measured initially at an amount equal to lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Operating leases**

Asset held under lease that do not transfer to the Company and associate substantially all the risks and rewards of ownership ( i.e. operating lease ) are not recognised in the balance Sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

**k) Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

**l) Income tax**

The Income-tax expense comprises current tax and deferred tax. It is recognised in profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

**Current income tax**

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the assets and settle the liability on a net basis or simultaneously.





**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**m) Foreign exchange transactions and translations**

Transactions in foreign currencies are recorded at prevailing rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit and loss.

**n) Impairment**

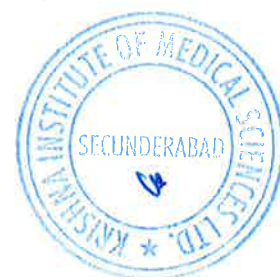
**i. Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;



**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

**Measurement of expected credit losses**

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

**Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018** (continued)

**ii. Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

**o) Provisions and contingent liabilities**

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Contingent liabilities**

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Onerous contracts**

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

**p) Investments**

Investments are classified as current investments, if the Management does not intend to hold the investments for more than one year. Investments other than current investments are classified as long-term investments.

Non-current investments are carried at cost. Provision is made, wherever necessary, for any diminution, other than temporary, in the value of investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.



**Krishna Institute of Medical Sciences Limited**

**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

**q) Recent accounting pronouncements:**

**Standards issued but not effective on Balance sheet date:**

*Ind AS 115, Revenue from Contracts with Customers*

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

*Ind AS 21, The effect of changes in foreign exchange rates*

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of transactions, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Based on preliminary evaluation considering known and estimable information, the management believes that the standard will not have a significant impact on the Company's financial statement in the period of its initial application.

*Ind AS 40, Investment property*

The amendment explains that the transfer to, or from, investment property is made when there is an actual change of use, that is the asset meets or ceases to meet the definition of investment property and there is evidence of change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. Since the Company does not have any investment property in its books of account, the Company has concluded that there will be no impact of this amendment on its financial statements.





**Krishna Institute of Medical Sciences Limited**
**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**
**2.1 (a) Property, plant and equipment ("PPE") and capital work in progress**
*INR in millions*

Particulars	Freehold land	Leasehold land	Buildings	Medical and surgical equipment	Plant and equipment	Office equipment	Electrical equipment	Computers	Furniture and fixtures	Vehicles	Total of property, plant and equipment	Capital work-in-progress
<b>Cost or deemed cost (gross carrying amount) (Refer note A below)</b>												
Balance as at 1 April 2016	10.94	151.82	2,776.77	1,514.67	109.95	18.74	241.55	15.82	146.54	13.18	4,999.98	23.08
Additions	6.86	-	140.47	152.47	0.09	2.91	22.02	10.32	27.95	4.83	367.92	752.87
Disposals	-	-	-	-	-	-	(0.07)	-	-	(0.20)	(0.27)	-
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	(140.47)
<b>Balance as at 31 March 2017</b>	<b>17.80</b>	<b>151.82</b>	<b>2,917.24</b>	<b>1,667.14</b>	<b>110.04</b>	<b>21.65</b>	<b>263.50</b>	<b>26.14</b>	<b>174.49</b>	<b>17.81</b>	<b>5,367.63</b>	<b>635.48</b>
<b>Balance as at 1 April 2017</b>	<b>17.80</b>	<b>151.82</b>	<b>2,917.24</b>	<b>1,667.14</b>	<b>110.04</b>	<b>21.65</b>	<b>263.50</b>	<b>26.14</b>	<b>174.49</b>	<b>17.81</b>	<b>5,367.63</b>	<b>635.48</b>
Additions	65.62	-	514.30	414.90	11.85	9.26	35.59	18.75	28.86	12.69	1,111.82	149.77
Disposals	-	-	-	(19.16)	-	-	-	-	-	-	(19.16)	-
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	785.25
<b>Balance as at 31 March 2018</b>	<b>83.42</b>	<b>151.82</b>	<b>3,431.54</b>	<b>2,062.88</b>	<b>121.89</b>	<b>30.91</b>	<b>299.09</b>	<b>44.89</b>	<b>203.35</b>	<b>30.50</b>	<b>6,460.29</b>	<b>-</b>
<b>Accumulated depreciation</b>												
Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	49.04	193.28	9.71	8.01	43.37	10.26	26.12	3.03	342.82	-
Disposals	-	-	-	-	-	-	-	-	-	(0.04)	(0.04)	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>49.04</b>	<b>193.28</b>	<b>9.71</b>	<b>8.01</b>	<b>43.37</b>	<b>10.26</b>	<b>26.12</b>	<b>2.99</b>	<b>342.78</b>	<b>-</b>
<b>Balance as at 1 April 2017</b>	<b>-</b>	<b>-</b>	<b>49.04</b>	<b>193.28</b>	<b>9.71</b>	<b>8.01</b>	<b>43.37</b>	<b>10.26</b>	<b>26.12</b>	<b>2.99</b>	<b>342.78</b>	<b>-</b>
Depreciation charge for the year	-	-	57.63	214.86	10.45	9.34	42.60	12.09	25.71	4.20	376.88	-
Disposals	-	-	-	(2.98)	-	-	-	-	-	-	(2.98)	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>106.67</b>	<b>405.16</b>	<b>20.16</b>	<b>17.35</b>	<b>85.97</b>	<b>22.35</b>	<b>51.83</b>	<b>7.19</b>	<b>716.68</b>	<b>-</b>
<b>Carrying amounts (net)</b>												
<b>At 1 April 2016</b>	<b>10.94</b>	<b>151.82</b>	<b>2,776.77</b>	<b>1,514.67</b>	<b>109.95</b>	<b>18.74</b>	<b>241.55</b>	<b>15.82</b>	<b>146.54</b>	<b>13.18</b>	<b>4,999.98</b>	<b>23.08</b>
<b>At 31 March 2017</b>	<b>17.80</b>	<b>151.82</b>	<b>2,868.20</b>	<b>1,473.86</b>	<b>100.33</b>	<b>13.64</b>	<b>220.13</b>	<b>15.88</b>	<b>148.37</b>	<b>14.82</b>	<b>5,024.85</b>	<b>635.48</b>
<b>At 31 March 2018</b>	<b>83.42</b>	<b>151.82</b>	<b>3,324.87</b>	<b>1,657.72</b>	<b>101.73</b>	<b>13.56</b>	<b>213.12</b>	<b>22.54</b>	<b>151.52</b>	<b>23.31</b>	<b>5,743.61</b>	<b>-</b>

**Notes:**

- Leasehold land is in the nature of perpetual lease and is not amortised.
- Buildings amounting to gross block INR 49.63 millions (31 March 2017: INR 49.63 millions; 1 April 2016: INR 49.63 millions) and net block INR 34.91 millions (31 March 2017: INR 35.60 millions; 1 April 2016: INR 36.28 millions) are constructed on the land taken on lease from promoters for a period of 30 years without making any upfront payment and renewable at the option of the Company.
- During the year, foreign exchange fluctuation loss amounting to INR: Nil (31 March 2017: Nil; 1 April 2016: INR 0.21 millions) has been capitalised to the Medical and surgical equipment pursuant to notification no. G.S.R 225(E) dated 31 March 2009. The notification was valid upto 31 March 2011 and subsequently was extended upto 31 March 2020 based on notification no. G.S.R 914(E) dated 29 December 2011.
- Refer note 2.26 for incidental expenditure incurred during the construction period.
- Refer note 2.38 for details of assets pledged as security.
- Refer note 2.27 for assets taken on finance lease.
- During the year 2016 - 17, INR 527.80 millions was paid via slump sale agreement dated 25 October 2016 for the purchase of business undertaking from Ongole Aarogya Hospitals Private Limited and was included in the capital work in progress. The same has been capitalised in the current year.





**Krishna Institute of Medical Sciences Limited**

Notes to the standalone financial statements for the year ended 31 March 2018 (continued)

2.1 (b) Intangible assets		INR in millions
Particulars		Software
Cost or deemed cost (gross carrying amount) (Refer note A below)		
Balance as at 1 April 2016		12.74
Additions		4.76
Disposals		-
Balance as at 31 March 2017		17.50
Balance as at 1 April 2017		17.50
Additions		3.06
Disposals		-
Balance as at 31 March 2018		20.56
Accumulated depreciation		
Balance as at 1 April 2016		-
Depreciation charge for the year		3.04
Disposals		-
Balance as at 31 March 2017		3.04
Balance as at 1 April 2017		3.04
Depreciation charge for the year		4.19
Disposals		-
Balance as at 31 March 2018		7.23
Carrying amounts (net)		
At 1 April 2016		12.74
At 31 March 2017		14.46
At 31 March 2018		13.33

(A) Details of gross block and accumulated depreciation as per previous GAAP as at 01 April 2016 is as follows:

INR in millions					
Description	Gross block	Accumulated depreciation and amortisation	Net block	Ind AS adjustments	Deemed cost as per PPE schedule
<b>Tangible, owned</b>					
Freehold land	10.94	-	10.94	-	10.94
Leasehold land	151.82	-	151.82	-	151.82
Buildings	2,972.89	196.13	2,776.76	-	2,776.76
Medical and surgical equipment	2,456.26	975.54	1,480.72	33.95	1,514.67
Plant and equipment	139.95	30.00	109.95	-	109.95
Office equipment	34.37	15.63	18.74	-	18.74
Electrical equipment	422.56	181.01	241.55	-	241.55
Computers	88.73	72.91	15.82	-	15.82
Furniture and fixtures	247.90	101.36	146.54	-	146.54
Vehicles	31.25	18.07	13.18	-	13.18
<b>Total tangible assets (a)</b>	<b>6,556.67</b>	<b>1,590.65</b>	<b>4,966.02</b>	<b>33.95</b>	<b>4,999.97</b>
<b>Intangibles, owned</b>					
Computer software	15.99	3.25	12.74	-	12.74
<b>Total intangible assets (b)</b>	<b>15.99</b>	<b>3.25</b>	<b>12.74</b>	<b>-</b>	<b>12.74</b>
<b>Grand total (a) + (b)</b>	<b>6,572.66</b>	<b>1,593.90</b>	<b>4,978.76</b>	<b>33.95</b>	<b>5,012.71</b>



		INR in millions		
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>2.2 Non current investments</b>				
<i>(Unquoted, trade investment)</i>				
<b>Investment in subsidiaries - valued at cost</b>				
1,172,281 (31 March 2017: 1,172,281, 1 April 2016: 1,172,281) equity shares of INR 10 each fully paid - up held in Arunodaya Hospitals Private Limited	63.34	63.34	63.34	
10,000 (31 March 2017 :10,000, 1 April 2016 : 9,980) equity shares of INR 10 each fully paid - up held in KIMS Hospitals Private Limited	0.10	0.10	0.10	
10,000 (31 March 2017 :10,000, 1 April 2016 : 9,998) equity shares of INR 10 each fully paid - up held in KIMS Swastha Private Limited	0.10	0.10	0.10	
10,000 (31 March 2017 :10,000, 1 April 2016: Nil) equity shares of INR 10 each fully paid - up held in KIMS Cuddles Private Limited	0.10	0.10		
9,990 (31 March 2017 : 9,990, 1 April 2016: Nil) equity shares of INR 10 each fully paid - up held in KIMS Sahariah Healthcare Private Limited	0.10	0.10		
10,000 (31 March 2017 : 9,999, 1 April 2016: Nil) equity shares of INR 10 each fully paid - up held in KIMS Hospital (Bhubaneswar) Private Limited	0.10	0.10		
12,338,155 equity shares of INR 10 each fully paid - up held in KIMS Hospital Enterprises Private Limited (31 March 2017: 10,737,530 ; 1 April 2016: 9,799,600) equity shares of INR 10 each fully paid - up	251.06	-	-	
<b>Investment in Associate - valued at cost</b>				
12,338,155 equity shares of INR 10 each fully paid - up held in KIMS Hospital Enterprises Private Limited (31 March 2017: 10,737,530 ; 1 April 2016: 9,799,600) equity shares of INR 10 each fully paid - up	-	166.24	120.43	
<b>Total</b>		<b>314.90</b>	<b>230.08</b>	<b>183.97</b>
Aggregate amount of unquoted investments	314.90	230.08	183.97	
Aggregate provision for impairment in value of investments	-	-	-	
<b>2.3 Loans</b>				
<i>(Unsecured, considered good)</i>				
<b>(a) Non-current</b>				
Security deposits	20.28	18.43	18.70	
<b>Total</b>	<b>20.28</b>	<b>18.43</b>	<b>18.70</b>	
<b>(b) Current</b>				
<b>-To parties other than related parties</b>				
Security deposits	4.64	4.86	5.31	
<b>-To related parties (refer note 2.29 and 2.33)</b>				
Loans to related parties	146.34	67.56	25.42	
	<b>150.98</b>	<b>72.42</b>	<b>30.73</b>	
<b>2.4 Other financial assets</b>				
<i>(Unsecured, considered good)</i>				
<b>(a) Non-current</b>				
Bank deposits (due to mature after 12 months of reporting date*)	8.90	9.36	4.63	
Interest accrued but not due on bank deposits	2.36	2.00	3.07	
<b>Total</b>	<b>11.26</b>	<b>11.36</b>	<b>7.70</b>	
* The above deposits are restrictive in nature as it pertains to bank guarantee.				
<b>(b) Current</b>				
<b>-To parties other than related parties</b>				
Unbilled revenue	54.06	66.62	60.48	
Other receivables	-	1.06	-	
Other advances (refer note 2.29 )	61.78	53.60	0.30	
Interest accrued but not due on bank deposits	0.30	0.38	3.89	
<b>-To related parties (refer note 2.29)</b>				
Interest accrued but not due on loans	9.51	4.23	-	
<b>Total</b>	<b>125.65</b>	<b>125.89</b>	<b>64.67</b>	
<b>2.5 Other non-current assets</b>				
<i>(Unsecured, considered good)</i>				
Capital advances	46.87	93.78	60.38	
Statutory dues paid under protest	39.49	39.49	38.44	
Prepaid expenses	2.44	-	-	
<b>Total</b>	<b>88.80</b>	<b>133.27</b>	<b>98.82</b>	
<b>2.6 Inventories*</b>				
<i>(Valued at lower of cost or net realisable value)</i>				
Medical consumables and pharmacy items	162.83	153.02	112.68	
<b>Total</b>	<b>162.83</b>	<b>153.02</b>	<b>112.68</b>	

\*Refer note 2.38 for details of assets pledged as security



	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>2.7 Trade receivables</b>			
(Unsecured)			
Considered good*	960.10	760.71	556.81
Considered doubtful	142.20	155.41	99.00
<b>Total receivables</b>	<b>1,102.30</b>	<b>916.12</b>	<b>655.81</b>
Less : Allowance for doubtful debts, net	(142.20)	(155.41)	(99.00)
<b>Net trade receivables</b>	<b>960.10</b>	<b>760.71</b>	<b>556.81</b>

\* The above includes trade receivables from related parties amounting to INR 2.21 millions (31 March 2017: INR 2.21 millions; 1 April 2016: INR 2.21 millions) respectively. (refer note 2.29)

\*\*Refer note 2.38 for details of assets pledged as security.

## 2.8 Cash and bank balances

### a) Cash and cash equivalents

Cash on hand	7.11	7.87	13.69
Balances with banks			
- On current accounts	77.91	72.17	17.53
	<b>85.02</b>	<b>80.04</b>	<b>31.22</b>

### b) Other bank balances\*

	3.26	0.80	36.20
	<b>3.26</b>	<b>0.80</b>	<b>36.20</b>
<b>Total</b>	<b>88.28</b>	<b>80.84</b>	<b>67.42</b>

\* The above deposits are restrictive in nature as it pertains to bank guarantee. There guarantees are maturing within 12 months of the reporting date.

### Disclosure on Specified Bank Notes (SBNs):

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	36.73	3.89	40.62
Add: permitted receipts	7.91	94.30	102.21
Less: permitted payments	-	9.53	9.53
Less: amounts deposited in banks	44.64	70.49	115.13
Closing cash in hand as on 30 December 2016	-	18.17	18.17

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

## 2.9 Tax assets (net)

### a) Non-current

Advance tax [net of provision for taxation]	200.21	-	-
	<b>200.21</b>	<b>-</b>	<b>-</b>

### b) Current

Advance tax [net of provision for taxation]	-	145.75	144.46
<b>Total</b>	<b>-</b>	<b>145.75</b>	<b>144.46</b>

## 2.10 Other current assets

(Unsecured, considered good)

Advance to suppliers	3.11	12.98	14.40
Prepaid expenses	6.81	7.33	8.84
Staff advances	3.89	6.40	20.63
<b>Total</b>	<b>13.81</b>	<b>26.71</b>	<b>43.87</b>



2.11 Equity share capital

Authorised

95,000,000 (31 March 2017: 95,000,000; 1 April 2016: 71,000,000) equity shares of INR 10 each

Issued, subscribed and paid-up\*

50,149,732 (31 March 2017: 50,149,732; 1 April 2016: 48,928,992) equity shares of INR 10 each fully paid-up

\* excludes 21,474,864 equity shares of INR 10 each fully paid-up which are classified as financial liability

INR in millions		
As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
950.00	950.00	710.00
<b>950.00</b>	<b>950.00</b>	<b>710.00</b>
501.50	501.50	489.29
<b>501.50</b>	<b>501.50</b>	<b>489.29</b>

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year*	50,149,732	501.50	48,928,992	489.29
Shares issued during the year	-	-	1,220,740	12.21
<b>Shares outstanding at the end of the year*</b>	<b>50,149,732</b>	<b>501.50</b>	<b>50,149,732</b>	<b>501.50</b>

\* excludes 21,474,864 equity shares of INR 10 each fully paid-up which are classified as financial liability

(b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

In the event of occurrence of any liquidation event, the total proceeds from such liquidation event remaining after discharging or making provision for discharging the liabilities of the Company as required under applicable law, shall be distributed to shareholders of the Company (excluding equity shares already classified as liability), an amount equal to the Pro Rata amount that the certain shareholders of the Company receives on a fully diluted basis. To the extent that there are assets available for distribution after payment of the Liquidation Preference Amount to the certain shareholders and the amounts to the Promoters and other shareholders, all shareholders (including shares classified as liability) will share pro rata, on a fully diluted basis, in the distribution of such remaining assets.

(c) Particulars of shareholders holding more than 5% equity shares

Name of shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% of holding	Number of shares	% of holding
Dr. B Bhaskar Rao	19,756,664	39.40	19,756,664	39.40
B. Seenarath	5,330,408	10.63	5,330,408	10.63
BRM Hospitals Private Limited	4,800,632	9.57	4,800,632	9.57

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

Particulars	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Equity shares of INR 10 each, fully paid up, allotted on 27 June 2013 pursuant to the scheme of arrangement	-	-	-	-	1,275,300
Equity shares of INR 10 each, fully paid up allotted as bonus shares by capitalisation of securities premium	-	-	61,603,374	2,933,494	510,078

(e) The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

(f) Subsequent to the year end, the Company has entered into a securities subscription and purchase agreement alongwith General Atlantic Singapore KH Pte Ltd ("new investors"), India Investor Fund ("old investor") and existing shareholders through which new investors have purchased few shares from the existing shareholders and entire shares from the old investors. The terms of the contract with the new investors would result in de-recognition of the existing liability by INR 5,604.94 millions as at 31 March 2018) and recognition of the same in total equity.

Further, the new investors has also infused an amount of INR 880 millions in the form of equity share capital having face value of INR 10 at the premium of INR 297.16 in the Company.



2.12 Long term borrowings

INR in millions

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Non- current	Current*	Non- current	Current*	Non- current	Current*
<b>Secured</b>						
<b>Term loans from banks</b>						
- Andhra Bank term loan - 1 (refer note i)	-	-	-	145.64	148.79	149.36
- Andhra Bank term loan - 2 (refer note ii)	78.88	79.36	157.27	78.07	234.60	78.92
- Andhra Bank term loan - 3 (refer note iii)	-	6.38	1.54	81.74	87.65	81.31
- Andhra Bank term loan - 4 (refer note iv)	73.18	29.52	103.87	29.40	-	-
- Andhra Bank term loan - 5 (refer note v)	479.70	12.13	413.59	-	-	-
- HDFC Bank equipment loan (refer note vi)	65.00	-	-	-	14.47	27.56
- HDFC Bank vehicle loans (refer note vii)	0.24	0.52	1.70	1.09	0.47	0.34
- Syndicate Bank - 1 (refer note viii)	-	-	683.44	135.89	819.33	108.20
- Syndicate Bank - 2 (refer note ix)	-	-	134.42	33.38	129.63	33.55
- Syndicate Bank - 3 (refer note x)	-	-	19.82	40.97	58.16	41.18
- IDFC Infrastructure Finance Limited (refer note xi)	1,210.28	44.06	-	-	-	-
- Vijaya Bank - 1 (refer note xii)	-	-	57.87	19.19	77.03	18.90
- Vijaya Bank - 2 (refer note xiii)	-	-	50.82	16.86	67.66	16.58
- ICICI Bank (refer note xiv)	-	-	164.80	28.81	-	-
- Federal bank (refer note xv)	182.00	-	-	-	-	-
<b>Total loans from banks (A)</b>	<b>2,089.28</b>	<b>171.97</b>	<b>1,789.14</b>	<b>611.04</b>	<b>1,637.79</b>	<b>555.90</b>
<b>Term loans from other parties</b>						
- Siemens Financial Services Private Limited [refer note xvi]	16.75	47.45	64.40	62.88	12.16	29.77
- India Infoline Finance Limited [refer note xvii]	-	-	-	-	-	1.83
- GE Capital Services India [refer note xviii]	-	-	-	1.16	1.16	14.07
- SREI Equipment Finance Private Limited [refer note xix]	-	-	-	-	-	0.22
- De Lage London Finance Service [refer note xx]	9.92	0.50	42.84	5.04	-	-
- Toyota Finance [refer note xxi]	-	-	0.09	0.38	0.47	0.34
<b>Total loans from other parties (B)</b>	<b>26.67</b>	<b>47.95</b>	<b>107.33</b>	<b>69.46</b>	<b>13.79</b>	<b>46.23</b>
<b>Unsecured</b>						
Deferred payment liability [refer note xxii (a) and xxii (b)]	-	25.00	47.61	14.46	63.86	13.10
Finance lease obligation [refer note xxiii]	24.38	10.52	31.24	7.30	37.31	4.93
Liability component of financial instrument [refer note xxiv]	-	3,995.81	-	3,474.62	3,021.72	-
<b>Total unsecured loans (C)</b>	<b>24.38</b>	<b>4,031.33</b>	<b>78.85</b>	<b>3,496.38</b>	<b>3,122.89</b>	<b>18.03</b>
<b>Total (A) + (B) + (C)</b>	<b>2,140.33</b>	<b>4,251.25</b>	<b>1,975.32</b>	<b>4,176.88</b>	<b>4,774.47</b>	<b>620.16</b>

Notes:

\*Refer current maturities of long term debts under note 2.13 (b) Other financial liabilities

- i Andhra Bank term loan - 1 was secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it was secured by pledge of Rs. 1.08 lakh shares of promoter directors of total face value ('FV') of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan was further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B.Seenaiah and D.Anitha. Further, the loan was secured by property belonging to Dr. B. Bhaskar Rao. Loan was repayable in 22 quarterly instalments from December 2012 to March 2018 and carried an interest rate of 1Y MCLR + 0.45% + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% + 0.50% (TP); 1 April 2016: Base rate + 1.50% (spread) + 0.50% (TP). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 145.64 millions; 1 April 2016: INR 298.15 millions). This loan has been repaid in full.
- ii Andhra Bank term loan - 2 is secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it is secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan is further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B.Seenaiah and D.Anitha. Further, the loan is secured by property belonging to Dr. B. Bhaskar Rao. This loan is repayable in 22 quarterly equal instalments from December 2014 to March 2020 and carries interest rate of 1Y MCLR + 0.45% + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% (spread) + 0.50% (TP) and 1 April 2016: Base rate + 1.50% (spread) + 0.50% (TP). Outstanding amount as on 31 March 2018 is INR 158.24 millions (31 March 2017: INR 235.34 millions; 1 April 2016: INR 313.52 millions)
- iii Andhra Bank term loan - 3 is secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it is secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan is further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B.Seenaiah and D.Anitha. Further, the loan is secured by property belonging to Dr. B. Bhaskar Rao. Loan is repayable in 29 monthly equal instalments from December 2015 to April 2018 and carries interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% (spread) + 0.50% (TP) and 1 April 2016: Base rate + 2% (spread). Outstanding amount as on 31 March 2018 is INR 6.38 millions (31 March 2017: INR 83.28 millions; 1 April 2016: INR 168.96 millions)
- iv Andhra Bank term loan - 4 is secured by second pari passu charge on other unencumbered movable and immovable fixed assets of the Company both present and future along with other term lenders except Rajahmundry unit fixed assets. Further, it is secured by personal guarantee of Dr. B. Bhaskar Rao, Mr. B. Krishnaiah, Mr. B. Seenaiah and D. Anitha and pledge of 14.1 millions shares of promoter directors. The loan is also secured by second pari passu charge on the commercial land and building situated at Nellore belonging to the Company, second charge on land and building and all other fixed assets purchased for Ongole unit in slump sale and other assets purchased out of term loan. This loan is repayable in 20 quarterly equal instalments from December 2016 to September 2021 and carries interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% (spread) + 0.50% (TP); 1 April 2016: Nil). Outstanding amount as on 31 March 2018 is INR 102.70 millions (31 March 2017: INR 133.27 millions; 1 April 2016: INR Nil).



**2.12 Long term borrowings (continued)**

- v Andhra Bank term loan - 5 is secured by exclusive charge on land and building and all other assets purchased for Ongole unit in slump sale and other assets purchased out of term loan and second charge on the current assets (existing and future) pertaining to Ongole unit. Further, it is secured by personal guarantee of Dr. B. Bhaskar Rao, Mr. B. Krishnaiah, Mr. B. Seenaiah and D. Anitha and pledge of 14.1 millions shares of promoter directors. This loan is repayable in 40 quarterly unequal instalments from March 2019 to December 2028 and carries interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017 : 1Y MCLR + 0.45% (spread) + 0.50% (TP); 1 April 2016: Nil). Outstanding amount as on 31 March 2018 is INR 491.84 millions (31 March 2017: INR 413.59 millions; 1 April 2016: INR Nil).
- vi (a) Term loans from HDFC bank consists of 1 loan (31 March 2017: Nil; 1 April 2016: Nil) secured by way of first and exclusive charge on the medical equipment out of sanctioned facility, carrying an interest rate of 9.5% fixed p.a. (31 March 2017: Nil; 1 April 2016: Nil). This loan is repayable in 84 unequal monthly from July 2017 to June 2024. Outstanding amount as on 31 March 2018 is INR 65 millions (31 March 2017: INR Nil; 1 April 2016: INR Nil).
- (b) Term loans from HDFC bank consists of Nil loans (31 March 2017: Nil; 1 April 2016: 5 loans) secured by way of hypothecation of medical, surgical equipment and vehicles procured from the said loans and first charge on Company's stock, book debts and carried interest ranging from 9.75% to 13.10% per annum (31 March 2017: ranging from 9.75% to 13.10% per annum; 1 April 2016: ranging from 9.75% to 13.10% per annum). These loans were repayable in equal monthly instalments starting from March 2011 to October 2017. Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR Nil; 1 April 2016: INR 42.03 millions). This loan has been repaid in full.
- vii Term loans from HDFC bank consists of 1 loan (31 March 2017: 2 loans; 1 April 2016: 1 loan) secured by first exclusive hypothecation charge on the vehicles acquired from the said loans and carries interest rate ranging from 9.75% to 12.51% (31 March 2017: ranging from 9.75% to 12.51%; 1 April 2016 : ranging from 9.75% to 12.51%). These loans are repayable in equal monthly instalments starting from August 2016 to August 2019. Outstanding amount as on 31 March 2018 is INR 0.75 millions (31 March 2017: INR 2.80 millions ; 1 April 2016: INR 0.81 millions).
- viii Syndicate Bank term loan - 1 was secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it was secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan was further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B. Seenaiah and D. Anitha. Further, the loan was secured by property belonging to Dr. B. Bhaskar Rao. Loan was repayable in 30 unequal quarterly instalments from December 2015 to March 2023 and carried an interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017 : 1Y MCLR + 0.45% (spread) + 0.50% (TP); 1 April 2016 : Base rate + 1.75%). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 819.33 millions ; 1 April 2016: INR 927.53 millions). This loan has been refinanced in full.
- ix Syndicate Bank term loan - 2 was secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it was secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan was further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B. Seenaiah and D. Anitha. Further, the loan was secured by property belonging to Dr. B. Bhaskar Rao. Loan was repayable in 26 unequal quarterly instalments from December 2015 to March 2022 and carried an interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% (spread) + 0.50% (TP); 1 April 2016: Base rate + 1.75%). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 167.79 millions ; 1 April 2016: INR 163.18 millions). This loan has been refinanced in full.
- x Syndicate bank term loan - 3 was secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it was secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan was further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B. Seenaiah and D. Anitha. Further, the loan was secured by property belonging to Dr. B. Bhaskar Rao. Loan was repayable in 29 monthly equal instalments from April 2016 to August 2018 and carried interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017 : 1Y MCLR + 0.45% (spread) + 0.50% (TP) and 1 April 2016: Base rate + 3.25%). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 60.79 millions; 1 April 2016: 99.34 millions). This loan has been refinanced in full.
- xi Term loan from IDFC Infrastructure Finance Limited is secured by a first pari-passu mortgage and charge of immovable properties of the Secunderabad hospital and Nellore hospital building. Also secured by a first pari-passu charge by way of hypothecation of Secunderabad hospital and Nellore Hospital movable properties including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature excluding the equipment's which are purchased by Company out of medical equipment loans and a second pari-passu mortgage and charge of immovable properties of the Ongole hospital. Also includes a second pari-passu charge by way of hypothecation of Ongole hospital movable properties including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature excluding the equipment's which are purchased by Company out of medical equipment loans; a second charge on the entire cash flows, receivables, book debts and revenues of the Company, of whatsoever nature and wherever arising; subject to the prior charge of the working capital lenders. Also secured by personal guarantee of Dr. Bhaskar Rao. The loan is repayable in 72 equal monthly instalments and carries an interest rate of 9% per annum. (31 March 2017: Nil, 1 April 2016: Nil). Outstanding amount as on 31 March 2018 is INR 1,254.33 millions (31 March 2017: INR Nil ; 1 April 2016: Nil).
- xii Vijaya Bank term loan - 1 was secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it was secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan was further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B. Seenaiah and D. Anitha. Further, the loan was secured by property belonging to Dr. B. Bhaskar Rao. This loan was repayable in 22 quarterly equal instalments from January 2016 to April 2021 and carried interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% (spread) + 0.50% (TP); 1 April 2016 : Base Rate + 2.25% (spread)). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 77.06 millions ; 1 April 2016: 95.93 millions). This loan has been refinanced in full.



**2.12 Long term borrowings (continued)**

- xiii Vijaya Bank term loan - 2 was secured by Pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajahmundry unit property and Pari Passu second charge on entire fixed assets (existing and future) of the Company. Further, it was secured by pledge of Rs. 1.08 lakh shares of promoter directors of total FV of Rs. 10.80 lakhs and 20% of shares of the Company held by the Dr. B. Bhaskar Rao and/or directors of the Company. The loan was further secured by personal guarantee of B. Krishnaiah, Dr. B. Bhaskar Rao, B. Seenaiah and D. Anitha. Further, the loan was secured by property belonging to Dr. B. Bhaskar Rao. This loan was repayable in 22 quarterly equal instalments from January 2016 to April 2021 and carried interest rate of 1Y MCLR + 0.45% (spread) + 0.50% (TP) (31 March 2017: 1Y MCLR + 0.45% (spread) + 0.50% (TP); 1 April 2016 : Base Rate + 2.25% (spread)). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 67.67 millions ; 1 April 2016: 84.24 millions). This loan has been refinanced in full.
- xiv ICICI bank corporate term loan was secured by current assets, both present and future of Rajahmundry hospital and collateral security by way of exclusive charge on commercial property of Rajahmundry hospital. Also secured by personal guarantee of Dr. B. Bhaskar Rao. Loan was repayable in 60 monthly equal instalments from July 2017 to June 2022 and carried interest rate of MCLR + 1.80% (spread) (31 March 2017 : MCLR + 1.80% (spread) ; 1 April 2016: MCLR + 1.80% (spread)). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 193.61 millions ; 1 April 2016: Nil). This loan has been refinanced in full.
- xv Federal Bank term loan is secured by exclusive charge on existing hospital at Rajahmundry and pledge of minimum 51% shareholding of the Company in KIMS Hospital Private Limited, a subsidiary of the Company. Also secured by personal guarantee of Dr. B. Bhaskar Rao. The loan is repayable in 66 equal monthly instalments and carries an interest rate of 9.5% per annum. (31 March 2017: Nil, 1 April 2016: Nil). Outstanding amount as on 31 March 2018 is INR 182 millions (31 March 2017: INR Nil ; 1 April 2016: Nil).
- xvi Term loan - Siemens Financial Services Private Limited consists of 3 loans (31 March 2017: 6 loans; 1 April 2016: 4 loans) secured by way of hypothecation of medical and surgical equipment procured from the said loan and personal guarantee of Dr. B Bhaskar Rao. The loans are repayable in unequal monthly instalments from January 2012 to July 2019 and carries interests rate ranging from 11% to 13.50% per annum. ( 31 March 2017 : interests rate ranging from 11 % to 13.50% per annum and 1 April 2016 : interest rate ranging from 13% to 13.50% per annum). Outstanding amount as on 31 March 2018 is INR 64.20 millions (31 March 2017: INR 127.27 millions ; 1 April 2016: 41.92 millions).
- Corporate security given by KIMS Hospital Enterprises Private Limited in respect of the loans amounting to INR Nil (31 March 17 : INR 4.02 millions ; 1 April 2016
- xvii Term loan - India Infoline Finance Limited consists of Nil loans (31 March 2017: Nil, 1 April 2016: 1 loan) and is secured by way of hypothecation of medical and surgical equipment procured from the said loan and personal guarantee of Managing Director. The loans are repayable in equated monthly instalments from November 2012 to August 2016 and carries interest rate of Nil. (31 March 2017: Nil, 1 April 2016: 13.25% p.a). This loan has been repaid in full.
- xviii Term loan - GE Capital Services India consists of Nil loans (31 March 2017: 2 loans; 1 April 2016: 2 loans) and was secured by way of hypothecation of medical and surgical equipment procured from the said loans and personal guarantee of Dr. B Bhaskar Rao and Rajeswari Bollineni. The loans were repayable in equal monthly instalments from May 2013 to April 2017 and carried interest rate ranging from 11% to 13.05% per annum. ( 31 March 2017 : ranging from 11 % to 13.05% per annum and 1 April 2016 : ranging from 10% to 13.05% per annum). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 1.16 millions ; 1 April 2016: 15.23 millions). This loan has been repaid in full.
- xix Term loan - SREI Equipment Finance Private Limited consisted of loans secured by way of hypothecation of medical and surgical equipment procured from the said loans. The loans were repayable in 8 Quarterly unequal instalments from October 2011 to July 2013 and 36 monthly instalments of INR 1.21 millions from August 2013 to July 2016 and carries Nil interest rate. ( 31 March 2017: Nil ; 1 April 2016 : ranging from 13% to 16% per annum). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR Nil ; 1 April 2016: 0.22 millions). This loan has been repaid in full.
- xx Term loan - De Lage Landen Financial Services India Private Limited consists of 1 loan (31 March 2017: 3 loans; 1 April 2016: 1 Nil) secured by way of first and exclusive charge on all assets procured through the facility. Further, the loan is secured by collateral security of medical and surgical equipment procured from the said loans and personal guarantee of Dr. B Bhaskar Rao. The loans are repayable in 42 monthly unequal instalments, inclusive of 6 months moratorium, from September 2016 to February 2020 and carries fixed interest rate of 11.25% per annum. ( 31 March 2017: 11.25%; 1 April 2016: Nil). Outstanding amount as on 31 March 2018 is INR 10.42 millions (31 March 2017: INR 47.88 millions ; 1 April 2016: Nil). The loans outstanding on 31 March 2017 have been refinanced in full and an additional loan has been taken from DLL during the current period.
- xxi Term loan - Toyota Financials Services India Limited consisted of 1 loan secured by way of hypothecation of vehicle procured from the said loans. The loan was repayable in 36 monthly equal instalments from July 2015 to June 2018 and carried fixed interest rate of 9.75% per annum. ( 31 March 2017: 9.75% and 1 April 2016 : 9.75%). Outstanding amount as on 31 March 2018 is INR Nil (31 March 2017: INR 0.47 millions ; 1 April 2016: INR 0.81 millions). This loan has been repaid in full.
- xxii (a) Deferred payment liability includes payable in respect of civil works and for purchase of medical equipment to Philips India Limited. The amount was payable in 78 unequal monthly instalments and 36 equal monthly instalments respectively commencing from October 2014. The facility carried an interest rate of 12% per annum. ( 31 March 2017: 12% per annum and 1 April 2016: 12% per annum). This loan has been refinanced in full.
- xxii (b) Deferred payment liability also includes relates to payable in respect of purchase of equipment from Vattikutti Technologies Private Limited. The amount is payable in 2 equal yearly instalments starting from January 2018. The facility does not carry any interest.
- xxiii Finance lease obligations pertain to medical equipments taken on finance lease. The lease term of such medical equipments is 5 to 6 years with equated monthly payments. The same carries an interest rate ranging from 17.18% to 44.44% per annum (31 March 2017: 17.18% to 44.44% per annum; 1 April 2016: 17.18% to 44.44% per annum). Outstanding amount as on 31 March 2018 INR 34.90 million (31 March 2017: INR 38.54 million; 1 April 2016: 42.24 million)



2.12 Long term borrowings (continued)

xxiii Finance lease obligations

Finance lease obligations are payable as follows

	31 March 2018			31 March 2017			1 April 2016		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Within less than one year	22.65	12.13	10.52	20.32	13.02	7.30	19.03	14.10	4.93
Between one and five years	38.48	14.38	24.10	51.66	20.52	31.14	67.48	31.23	36.25
After more than five years	0.38	0.11	0.27	0.14	0.04	0.10	1.38	0.13	1.05
Total	61.51	26.62	34.89	72.12	33.58	38.54	87.89	45.46	42.23

Certain items of medical equipments have been obtained on finance lease basis. The legal title to these items vests with their lessor. The lease term of such medical equipments ranges from 5 years to 6 years with equated monthly payments beginning from the month subsequent to the commencement of lease. The legal title of medical equipments will be transferred to the Company at the end of the lease term of the respective agreements at nominal values. The said lease arrangement does not contain any contingent rent.

xxiv Liability component of financial instrument is repayable on 30 June 2018 (31 March 2017 and 01 April 2016: 30 September 2017) which carries IRR at 15% per annum

xxv Aggregate amount of secured loans (including current maturities of long term borrowings) guaranteed by Directors and others INR 2,270.10 millions (31 March 2017: INR 2,573.69 millions; 1 April 2016: INR 2,210.05 millions)

xxvi Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 2.36



INR in millions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>2.13 Other financial liabilities</b>			
(a) Non-current			
Security deposits	0.09	0.09	0.09
Derivatives	-	-	349.83
<b>Total</b>	<b>0.09</b>	<b>0.09</b>	<b>349.92</b>

## (b) Current

**-To parties other than related parties**

Current maturity of long term debts (refer note 2.12)	4,251.25	4,176.86	620.16
Capital creditors	21.27	38.52	8.93
Employee benefits payable	108.34	84.43	68.30
Interest accrued but not due on borrowings	2.63	6.97	12.10
Bank overdrafts	-	-	4.49
Security and caution deposit	8.04	6.85	5.46
Retention money	-	2.29	5.48
Derivatives	1,609.12	906.25	-

**-To related parties (refer note 2.29)**

Payable for purchase of shares	-	0.20	-
Reimbursement of claims payables	-	-	7.58

<b>Total</b>	<b>6,000.65</b>	<b>5,222.37</b>	<b>732.50</b>
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The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 2.36

**2.14 Long-term provisions****Provision for employee benefits**

Gratuity [refer note 2.28]	57.18	65.66	50.91
Compensated absences	29.74	-	-
<b>Total</b>	<b>86.92</b>	<b>65.66</b>	<b>50.91</b>

**2.15 Short-term borrowings****Secured**

Working capital loans from banks [refer note i]	265.71	101.75	147.38
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**Unsecured**

Loans from related parties [refer note ii]	-	2.74	2.74
- Directors	-	-	-

<b>Total</b>	<b>265.71</b>	<b>104.49</b>	<b>150.12</b>
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**Notes****i** Working capital loans consists of loans from :

a) Andhra bank - Loan is secured by pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajamundry unit property and pari passu second charge on entire fixed assets (existing and future) of the Company. Further, it is secured by personal guarantee of the managing director and pledge of 20% of shares of the Company held by the managing director and other director. The loan is further secured by personal guarantee of Sri B. Krishnaiah, Dr. B. Bhaskar Rao, Sri B. Seenaiiah and D. Anitha. Further, the loan is secured by property belonging to Dr. B. Bhaskar Rao. Loan is repayable on demand and carries interest rate of 1Y MCLR+0.95% (31 March 2017: 1Y MCLR+0.95% and 1 April 2016 : 12% to 13.75% per annum.)

b) Syndicate bank - Loan is secured by pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajamundry unit property and pari passu second charge on entire fixed assets (existing and future) of the Company. Further, it is secured by personal guarantee of the managing director and pledge of 20% of shares of the Company held by the managing director and other director. The loan is further secured by personal guarantee of Sri B. Krishnaiah, Dr. B. Bhaskar Rao, Sri B. Seenaiiah and D. Anitha. Further, the loan is secured by property belonging to Dr. B. Bhaskar Rao. Loan is repayable on demand and carries interest rate Base rate + 1.75% i.e., 12%.

(31 March 2017: Base rate + 1.75% i.e., 12% and 1 April 2016: Base rate + 1.75% i.e 12%.)

c) Vijaya bank - Loan is secured by pari passu first charge on entire movable and immovable assets (existing and future assets) of the Company by way of hypothecation excluding the assets specifically charged to the equipment financiers and Rajamundry unit property and pari passu second charge on entire fixed assets (existing and future) of the Company. Further, it is secured by personal guarantee of the managing director and pledge of 20% of shares of the Company held by the managing director and other director. The loan is further secured by personal guarantee of Sri B. Krishnaiah, Dr. B. Bhaskar Rao, Sri B. Seenaiiah and D. Anitha. Further, the loan is secured by property belonging to Dr. B. Bhaskar Rao. Loan is repayable on demand and carries interest rate Base rate + 2.15% i.e., 11.80%. (31 March 2017: Base rate + 2.15% i.e 11.80%. and 1 April 2016: Base rate + 2.15% i.e 11.80%.)

b) Federal bank- Loan is secured by primary exclusive charge on current assets of Rajamundry hospital, both current and future and collateral security by exclusive charge on existing hospital at Rajamundry and pledge of minimum 51% shareholding of the Company in KIMS Hospital Private Limited, a subsidiary of the Company. Also secured by personal guarantee of Dr. B. Bhaskar Rao. Loan is repayable on demand and carries interest rate of 9.35% p.a. (31 March 2018: Nil and 1 April 2016: Nil)

**ii** Loan from directors of INR 2.74 millions was interest free and was repayable on demand.

<b>iii</b> Aggregate amount of secured loans guaranteed by directors and others	265.71	101.75	147.38
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**iv** Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 2.36**2.16 Trade payables**

Trade payables			
- total outstanding dues of micro enterprises and small enterprises (refer note 2.32)	-	-	0.02
- total outstanding dues of creditors other than micro enterprises and small enterprises	787.85	737.52	633.31
<b>Total</b>	<b>787.85</b>	<b>737.52</b>	<b>633.33</b>

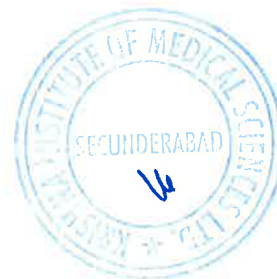
The above includes payable to related parties. For details refer note 2.29

All trade payables are 'current.' The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 2.36





	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>2.17 Short term provisions</b>			
<b>Provision for employee benefits</b>			
Gratuity [refer note 2.28]		2.95	3.80
Compensated absences	6.41	22.95	22.79
<b>Total</b>	<b>6.41</b>	<b>25.90</b>	<b>26.59</b>
<b>2.18 Other liabilities</b>			
<b>(a) Non-current</b>			
Financial guarantee liability (refer note 2.36)	9.42	6.77	0.81
<b>Total</b>	<b>9.42</b>	<b>6.77</b>	<b>0.81</b>
<b>(b) Current</b>			
Statutory dues payable	50.64	50.91	38.16
Advance received from patients	42.24	35.99	51.46
Financial guarantee liability (refer note 2.36)	2.00	1.55	0.43
Other liabilities	21.28	14.92	8.47
<b>Total</b>	<b>116.16</b>	<b>103.37</b>	<b>98.52</b>





	INR in millions	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.19 Revenue from operations</b>		
<b>A Income from medical and healthcare services</b>		
Income from hospital services	3,994.31	3,334.88
Income from pharmacy	2,146.69	1,909.79
<b>Total</b>	<b>6,141.00</b>	<b>5,244.67</b>
<b>B Other operating income</b>		
Income from academic courses	46.09	45.30
Income from sale of food and beverages	89.69	67.09
Other hospital income	5.61	0.28
<b>Total</b>	<b>141.39</b>	<b>112.67</b>
<b>Total revenue from operations (A+B)</b>	<b>6,282.39</b>	<b>5,357.34</b>
<b>2.20 Other income</b>		
Interest income on:		
- fixed deposits	1.56	2.92
- income tax refunds	0.85	5.92
- loans to related parties (refer note 2.29)	10.03	4.23
Lease income	2.42	1.17
Profit on sale of property, plant and equipment	-	0.60
Commission earned on gurantee given to related party	1.71	1.23
Miscellaneous income	14.56	16.36
<b>Total</b>	<b>31.13</b>	<b>32.43</b>



	INR in millions	
	For the year ended 31 March 2018	For the year ended 31 March 2017

**2.21 Medical consumables and pharmacy items consumed**

Opening stock	153.02	112.68
Add: Purchases during the year	1,530.83	1,341.13
Less: Closing stock	162.83	153.02
<b>Total</b>	<b>1,521.02</b>	<b>1,300.79</b>

**2.22 Employee benefit expenses\***

Salaries, wages and bonus	1,054.97	840.13
Contribution to provident and other funds (refer note no 2.28)	83.14	69.67
Staff welfare expenses	11.44	7.52
<b>Total</b>	<b>1,149.55</b>	<b>917.32</b>

\*Net of amount capitalised (refer note 2.26)

**2.23 Finance cost**

Interest expense on		
- term loans	255.39	285.14
- other loans	16.55	9.12
- finance lease obligations	14.52	14.60
- liability component of financial instruments	521.19	452.90
Other borrowing costs	20.23	12.70
<b>Total</b>	<b>827.88</b>	<b>774.46</b>

**2.24 Other expenses\***

Consultancy charges	1,276.83	1,119.79
House keeping expenses	212.46	169.34
Power and fuel	157.50	134.02
Catering and patient welfare expenses	91.59	85.12
Rent (refer note 2.27)	51.10	34.04
Tests and investigations	15.08	10.61
Academic courses expenses	1.30	0.69
Repairs and maintenance:		
- Medical equipment	150.49	115.68
- Hospital building and others	72.42	76.58
Printing and stationery	24.54	22.42
Legal and professional charges (refer note below)	23.88	13.15
Rates and taxes	60.50	37.75
Loss on fair value changes in financial instrument	702.87	556.42
Trade receivables written off	-	6.11
Travelling and conveyance	23.15	22.60
Advertisement and publicity	54.33	50.20
Medical camps and marketing expenses	4.60	5.49
Repairs and maintenance - others	0.39	0.11
Communication expenses	8.56	7.69
Provision for doubtful trade receivables	(13.21)	56.41
Insurance	2.96	4.06
Subscriptions and membership fees	4.91	5.38
Donations	0.61	10.41
Bank charges	49.43	17.87
Contributions towards Corporate Social Responsibility ('CSR') (refer note 2.34)	6.71	4.92
Miscellaneous expenses	18.81	33.12
<b>Total</b>	<b>3,001.81</b>	<b>2,599.98</b>

\* Net of amount capitalised (refer note 2.26)

**Note:****Payment to auditors [excluding service tax / Goods and service tax ('GST')] included in legal and professional charges above**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fee	2.80	2.80
Out of pocket expenses	0.13	0.12

The Company has paid INR 8.32 millions (31 March 2017: INR 5.97 millions) excluding service tax/GST in addition to the above towards service received for Initial Public Offering (IPO). However the same have not been charged off to the standalone statement of profit and loss and is disclosed in "Other advances" under "Other current financial assets" as it is to be recovered from shareholders in proportion of shares being offered.

2.25 Contingent liabilities and commitments

(a) Contingent liabilities

INR in millions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
i) Guarantee issued by the Company on behalf of a related entity	400.00	310.00	110.00
Value of loan availed outstanding as at year end against aforesaid guarantee	392.16	266.17	96.98
ii) Other claims	23.76	23.76	23.76

(b) Commitments

INR in millions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	169.63	160.40	16.77

(c) Pending litigations

INR in millions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Claims against the company not acknowledged as debts in respect of:			
i) Luxury tax matters in dispute, pending appeals filed by the Company [paid in protest and disclosed under other non current assets INR 28.44 millions (31 March 2017: INR 28.44 millions; 1 April 2016: INR 28.44 millions)]	82.27	82.27	82.27
ii) Medical claims (gross, excluding interest/costs)	75.53	68.15	52.47
iii) Service tax matters in dispute, pending appeals filed by the Company [paid in protest and disclosed under other non current assets INR 9.95 millions; (31 March 2017 : INR 9.95 millions; 1 April 2016: INR 8.90 millions)]	31.60	59.60	31.60
iv) VAT matters in dispute, pending appeals filed by the Company [paid in protest and disclosed under other non current assets INR 1.10 millions (31 March 2017: INR 1.10 millions; 1 April 2016: INR 1.10 millions)]	1.76	1.76	1.76
v) The Company has obtained a stay from High Court for the state of Andhra Pradesh, dated 11 November 2014, directing the local authorities not to proceed with the acquisition of part of the building in Nellore for the purpose of road widening. No provision in respect thereof has been made in the standalone financials statements.			

Notes:

- Pending resolution of the respective proceedings, it is not practicable for the Company and its associate to estimate the timings of the cash flow, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable in its consolidated financial statements. The Company does not expect the outcome of these proceeding to have a materially adverse effect on its financial position.



**2.26 Incidental expenditure during the construction period**

During the year, the Company has capitalised the following expenses of revenue nature to the cost of property, plant and equipment, as they are attributable expenses. Consequently amounts disclosed under the respective notes as mentioned below are net of amounts capitalised by the Company.

Particulars	INR in millions	
	As at 31 March 2018	As at 31 March 2017
<b>Finance costs (refer note 2.23)</b>		
Interest on term loan and processing charges	-	-
<b>Total (A)</b>	-	-
<b>Other expenses (refer note 2.24)</b>		
Rates and taxes	1.33	1.05
Travelling and other expenses	3.27	2.98
Power and fuel	0.12	1.91
<b>Total (B)</b>	<b>4.72</b>	<b>5.94</b>
<b>Employee benefit expenses (C) (refer note 2.22)</b>	<b>15.22</b>	<b>13.78</b>
<b>Grand total (A+B+C)</b>	<b>19.94</b>	<b>19.72</b>

**2.27 Lease*****Operating lease in the capacity of lessee***

The Company has taken offices, residential premises and medical equipment under cancellable operating leases. The Company intends to renew such lease in the normal course of business. Total rental expenses under cancellable operating lease amounted to INR 51.10 millions (31 March 2017: INR 34.04 millions). The same are grouped under other expenses in the standalone statement of profit and loss.

***Finance lease in capacity of lessee***

Medical equipment includes the following amounts where the Company is a lessee under a finance lease:

Particulars	As at		
	31 March 2018	31 March 2017	1 April 2016
Cost/Deemed cost	48.00	44.40	33.95
Accumulated depreciation	(26.10)	(17.41)	-
Net carrying amount	21.90	26.99	33.95

The lease term in respect of assets acquired under finance leases generally expire within 5 years. Under the term of leases, the Company has the option to acquire the leased assets at nominal value at the expiry of the leases.



## 2.28 Employee benefits

### Defined benefit plan

The Company operates post-employment defined benefit plan that provides for gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous services, to receive one-half month's salary for each year of completed services at the time of retirement/exit. The gratuity fund is administered by trust formed for this purpose and is managed by Life Insurance Corporation of India. The Company's obligation in respect of gratuity plan, which is a defined benefit plan is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company accrues gratuity as per the provisions of the payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to INR 2 millions.

**A Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at the balance sheet date:**

Particulars	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Defined benefit obligations liability	75.05	85.30	73.68
Plan assets	17.87	16.69	18.97
Net defined benefit liability	57.18	68.61	54.71
<b>Total employee benefit liability</b>	<b>57.18</b>	<b>68.61</b>	<b>54.71</b>
Non-current	57.18	65.66	50.91
Current	-	2.95	3.80

### B Reconciliation of net defined benefit (assets)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (assets) liability and its components.

#### i) Reconciliation of present value of defined benefit obligation

Particulars	INR in millions	
	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation as at 1 April	85.30	73.68
Benefits paid	(3.28)	(3.93)
Current service cost	13.54	15.75
Post service cost	1.51	-
Interest cost	6.25	5.82
Actuarial (gains)/losses recognised in other comprehensive income	-	-
- Changes in demographic assumptions	(0.68)	-
- Changes in financial assumptions	(2.72)	-
- experience adjustments	(24.86)	(6.02)
- due to other reason	-	-
<b>Defined benefit obligation as at the balance sheet date</b>	<b>75.06</b>	<b>85.30</b>

#### ii) Reconciliation to fair value of plan assets

Particulars	INR in millions	
	As at 31 March 2018	As at 31 March 2017
Plan assets at beginning of the year	16.69	18.97
Contributions paid into the plan	3.63	0.43
Interest income	1.26	1.42
Benefits paid	(3.28)	(3.93)
Return on plan assets	(0.42)	(0.19)
<b>Plan assets at end of the year</b>	<b>17.88</b>	<b>16.70</b>
<b>Net defined benefit liability</b>	<b>57.18</b>	<b>68.61</b>





C i) Expenses recognised in statement of profit and loss

Particulars	INR in millions	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	13.54	15.75
Past service cost	1.51	-
Interest on net defined liability/ (asset)	4.99	4.40
<b>Net gratuity cost, included in 'employee benefits'</b>	<b>20.04</b>	<b>20.15</b>

C ii) Remeasurements recognised in other comprehensive income

Particulars	INR in millions	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening amount recognised in OCI outside profit and loss account	5.83	-
Actuarial (gain) / loss on defined benefit obligation	28.26	6.02
Actual return on plan assets less interest on plan assets	(0.42)	(0.19)
<b>Closing amount recognised in OCI outside profit and loss account</b>	<b>33.67</b>	<b>5.83</b>

D Plan assets

Plan assets comprises of the following:

Particulars	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fund managed by Insurer	17.88	16.70	18.97

E Defined benefit obligation

i) Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Principal actuarial assumptions	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Attrition rate	Refer note below	3.50%	3.50%
Discount rate	7.55%	7.47%	7.90%
Salary escalation rate	6.00%	6.00%	6.00%
Mortality rate	100.00%	100.00%	100.00%
Estimated rate of return on planned assets	7.55%	8.25%	9.00%

Attrition rate for 31 March 2018:

Age (Years)	Rates (p.a.)
21-30	24%
31-40	6%
41-50	0.80%
51 & Above	0.40%

Maturity profile of defined benefit obligation

Particulars	INR
	INR in millions
1st following year	5.20
Year 2 to 5	20.79
Year 6 to 9	17.94
For 10 years and above	173.53

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions would have affected the defined benefit obligation by the amounts shown below:

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(7.80)	9.26	(7.27)	8.51
Future salary increase (1% movement)	9.09	(7.93)	18.42	(14.98)
Attrition rate (1% movement)	0.86	(0.80)	7.75	(8.67)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does not provide an approximation of the sensitivity of the assumption shown.

F Defined contribution plan

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
Amount recognised in the statement of profit and loss towards				
i) Provident fund	40.65		34.69	
ii) Employee state insurance	22.45		14.82	



2.29 Related party disclosures

(a) Parties where control exists or where significant influence exists and with whom transactions have taken place during the current year or previous year

Nature of relationship	Name of related parties
Subsidiaries	Arunodaya Hospitals Private Limited KIMS Hospitals Private Limited KIMS Swastha Private Limited (incorporated on 06 October 2015) KIMS Cuddles Private Limited (incorporated on 26 June 2016) KIMS Sahariah Healthcare Private Limited (incorporated on 24 August 2016) KIMS Hospital Enterprises Private Limited (w.e.f. 30 March 2018) KIMS Hospital (Bhubaneswar) Private Limited (incorporated on 20 March 2017)
Associates	KIMS Hospital Enterprises Private Limited (Until 29 March 2018)
Key Management personnel (KMP)	B Krishnaiah - Chairman Dr. B Bhaskar Rao - Managing Director and Chief Executive Officer (CEO) K. Govindrajan - Chief Financial Officer (Till 30 April 2017) Uma Shankar Mantha (Company secretary) (w.e.f. 23 December 2015) Vikas Maheswari - Chief Financial Officer (w.e.f. 01 May 2017) Mrs. Dandamudi Anitha - Whole-Time Director
Firm in which the director is interested	B. Nagabhushan & Co.
Relative of KMP	Mr B Abhinay - Son of Managing Director and CEO Dr. Raavi Sweetha - Daughter in law of Managing Director and CEO
Enterprises under control or joint control of KMP and other relative	Sri Viswa Medicare Limited (Formerly known as Reliance Medicare Limited) Bollineni Ramanaiah Memorial Hospitals Private Limited KIMS Foundation and Research Centre Bollineni Krishniah Charitable Trust
Enterprise having significant influence over the company	India Advantage Fund S31

(b) Transactions with related parties

INR in millions

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
i. Professional services rendered to		
Sri Viswa Medicare Limited (Formerly known as Reliance Medicare Limited)	-	0.01
ii. Loans and advances to related parties		
KIMS Hospitals Private Limited	89.04	55.00
KIMS Cuddles Private Limited	-	3.28
KIMS Swastha Private Limited	0.28	8.00
Arunodaya Hospitals Private Limited	-	1.50
KIMS Hospital Enterprises Private Limited	6.00	4.96
KIMS Foundation and Research Centre	0.60	0.11
iii. Interest income on advances given		
KIMS Hospitals Private Limited	9.02	3.18
KIMS Cuddles Private Limited	0.25	0.10
KIMS Swastha Private Limited	0.49	0.25
KIMS Hospital Enterprises Private Limited	0.27	0.71
iv. Professional fee to KMP		
Dr. B Bhaskar Rao	18.00	24.20
v. Rent to KMP		
Dr. B Bhaskar Rao	0.10	0.10
vi. Managerial remuneration to KMP**		
Dr. B Bhaskar Rao	24.00	9.00
Mrs Dandamudi Anitha	3.00	3.00
Vikas Maheswari	5.74	-
K. Govindrajan	-	3.91
Uma Shankar Mantha	1.68	1.46
vii. Salary to relative of KMP		
Mr B Abhinay	2.10	2.07
viii. Refund of advance given		
KIMS Hospitals Private Limited	-	25.00
Arunodaya Hospitals Private Limited	-	1.50
KIMS Cuddles Private Limited	3.18	0.10
KIMS Swastha Private Limited	-	2.00
KIMS Foundation and Research Centre	3.00	2.10
KIMS Hospital Enterprises Private Limited	10.96	-
ix. Interest income received from related parties		
KIMS Hospitals Private Limited	3.18	-
KIMS Cuddles Private Limited	0.10	-
KIMS Swastha Private Limited	0.25	-
KIMS Hospital Enterprises Private Limited	0.71	-
x. Security deposit for the appointment of independent directors		
Dr. B Bhaskar Rao	-	0.20
xi. Refund of security deposit		
Dr. B Bhaskar Rao	-	0.20
xii. Expenditure towards CSR		
KIMS Foundation and Research Centre	6.51	3.42
xiii. Professional services rendered by		
B. Nagabhushan & Co.	-	0.35
xiv. Purchase of pharmacy items from		
KIMS Hospital Enterprises Private Limited	1.76	0.55
xv. Sale of pharmacy items		
KIMS Hospital Enterprises Private Limited	11.16	7.90
xvi. Investment in associates		
KIMS Hospital Enterprises Private Limited	80.00	37.51



(b) Transactions with related parties (continued)

INR in millions

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>xvii. Investment in subsidiaries</b>		
KIMS Hospitals Private Limited	-	0.00
KIMS Cuddles Private Limited	-	0.10
KIMS Swastha Private Limited	-	0.00
Arunodaya Hospitals Private Limited	-	-
KIMS Sahariah Healthcare Private Limited	-	0.10
KIMS Hospital (Bhubaneswar) Private Limited	0.00	0.10
KIMS Hospital Enterprises Private Limited	80.00	-
<b>xviii. Reimbursement of claims</b>		
Bollineni Krishnaiah Charitable Trust	0.38	1.98
KIMS Hospital Enterprises Private Limited	9.40	19.08
<b>xix. Professional fee relative of KMP</b>		
Dr. Raavi Sweetha	0.36	0.96
<b>xx. Guarantee closed during the year</b>		
KIMS Hospital Enterprises Private Limited	310.00	-
<b>xxi. Guarantee given on behalf of</b>		
KIMS Hospital Enterprises Private Limited	400.00	200.00
<b>xxii. Intercompany deposit taken from</b>		
Arunodaya Hospitals Private Limited	15.00	-
<b>xxiii. Repayment of intercompany deposit</b>		
Arunodaya Hospitals Private Limited	15.00	-
<b>xxiv. Interest expenses on intercompany deposit</b>		
Arunodaya Hospitals Private Limited	0.36	-
<b>xxv. Repayment of rent payable</b>		
Dr. B Bhaskar Rao	0.60	-
<b>xxvi. Repayment of unsecured loan</b>		
Dr. B Bhaskar Rao	2.74	-
<b>xxvii. Sale of medical equipment</b>		
KIMS Hospital Enterprises Private Limited	16.17	-
<b>xxviii. Commission income on guarantees given to</b>		
KIMS Hospital Enterprises Private Limited	1.71	1.23
<b>xxix. Interest expense</b>		
India Advantage Fund	521.19	452.90
<b>xxx. Fair value changes in financial instrument</b>		
India Advantage Fund	702.87	556.42
<b>xxxi. Other advances include expenses of INR 61.78 millions (31 March 2018: INR 15.34 millions; 1 April 2016: Nil) incurred by the Company towards Initial Public Offering (IPO) of the equity shares held by shareholders as well as the Company. Portion of these expenses are recoverable from shareholders in proportionate to share that will be offered to public in offering.</b>		

(c) The balances receivables from and payable to related parties

INR in millions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>i. Trade receivables</b>			
Sri Viswa Medicare Limited (formerly known as Reliance Medicare Limited)	2.21	2.21	2.21
<b>ii. Loans and advances to related parties</b>			
KIMS Hospitals Private Limited	128.64	39.60	9.60
KIMS Cuddles Private Limited	-	3.18	-
KIMS Swastha Private Limited	6.28	6.00	-
KIMS Hospital Enterprises Private Limited	-	4.96	-
KIMS Foundation and Research Centre	11.43	13.83	15.82
<b>iii. Interest accrued but not due</b>			
KIMS Hospitals Private Limited	9.02	3.18	-
KIMS Cuddles Private Limited	-	0.10	-
KIMS Swastha Private Limited	0.49	0.25	-
KIMS Hospital Enterprises Private Limited	-	0.71	-
<b>Payable to related parties</b>			
<b>iv. Trade payable</b>			
Dr. B Bhaskar Rao	1.40	1.85	0.40
Bollineni Krishnaiah Charitable Trust	-	0.14	-
Dr. Raavi Sweetha	-	0.11	-
<b>v. Employee benefits payable</b>			
Mr. B. Abhinav	0.16	0.02	0.16
Vikas Maheshwari	0.42	-	-
K. Govindraj	-	0.20	0.20
Uma Shankar Maniha	0.10	0.08	0.06
Mrs. Dandamudi Anitha	0.14	0.23	-
<b>vi. Reimbursement of claims payable</b>			
KIMS Hospital Enterprises Private Limited	-	-	7.58
<b>vii. Guarantee given on behalf of</b>			
KIMS Hospital Enterprises Private Limited	400.00	310.00	110.00
<b>viii. Guarantee received from</b>			
KIMS Hospital Enterprises Private Limited	-	53.26	-
<b>ix. Short term borrowing</b>			
Dr. B Bhaskar Rao	-	2.74	2.74
<b>x. Financial guarantee liability</b>			
KIMS Hospital Enterprises Private Limited	11.42	8.32	1.24
<b>xi. Liability for financial instrument</b>			
India Advantage Fund	5,604.93	4,380.87	3,371.55



(d) For certain loan availed by the Company, Directors of the Company have given personal guarantee. Refer note 2.12 and 2.15 for details on the same.

\*\* The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment along with other employees of the Company. The proportionate amount of gratuity and leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are determined on an actuarial basis for the Company as a whole.

**Terms and conditions:**

All transactions with these related parties are priced on an arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash within a range of 30-120 days of the transaction date. None of the balances are secured.



**Krishna Institute of Medical Sciences Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**

**2.30 Earnings per share (EPS)**

*INR in millions*

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Earnings</b>		
Net loss for the year attributable to equity shareholders	(812.59)	(719.82)
<b>Shares</b>		
Number shares at the beginning of the year	50,149,732	48,928,992
Add: Equity shares issued during the year	-	1,220,740
Bonus shares issued	-	-
Total number of equity shares outstanding at the end of the year	50,149,732	50,149,732
Weighted average number of equity shares outstanding during the year before considering bonus issue	50,149,732	50,149,732
Weighted average number of equity shares outstanding during the year -Basic-after considering bonus issue	50,149,732	49,186,572
Weighted average number of equity shares outstanding during the year -diluted	50,149,732	49,186,572
Earnings per share of par value INR 10-Basic (INR)	(16.20)	(14.63)
Earnings per share of par value INR 10-Diluted (INR)	(16.20)	(14.63)

There are no potentially dilutive equity shares.





**2.31 Segment information**

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the standalone financial statements.

Further the business operation of the Company are concentrated in India, and hence, the Company is considered to operate only in one geographical segment.

**2.32 Due to Micro and Small Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (The MSMED Act) is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
The amounts remaining unpaid to micro and small supplies as at end of the year			
- Principal			0.02
- Interest			
The amount of interest paid by the buyer as per the MSMED Act			
The amount of payments made to micro and small suppliers beyond the appointed day during the year;			
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;			
The amount of interest accrued and remaining unpaid at the end of each accounting year			
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED act			



2.33 Investments, loans, guarantees and security:

(a) The Company has made investment in the following Companies:

Entity	INR in millions			
	As at 31 March 2017	Allotment / purchases during the year	Sold during the year	As at 31 March 2018
Investment in equity instruments				
KIMS Hospitals Enterprises Private Limited*	155.88	80.00	-	235.88
KIMS Hospital (Bhubaneswar) Private Limited**	0.10	0.00	-	0.10

\*KIMS Hospital Enterprises Private Limited has become subsidiary with effect from 30 March 2018

Entity	INR in millions			
	As at 1 April 2016	Allotment / purchases during the year	Sold during the year	As at 31 March 2017
Investment in equity instruments				
KIMS Hospital Private Limited **	0.10	0.00	-	0.10
KIMS Cuddles Private Limited	-	0.10	-	0.10
KIMS Swastha Private Limited**	0.10	0.00	-	0.10
KIMS Hospitals Enterprises Private Limited	118.37	37.51	-	155.88
KIMS Sahariah Healthcare Private Limited	-	0.10	-	0.10
KIMS Hospital (Bhubaneswar) Private Limited	-	0.10	-	0.10

\*\* below rounding off norm adopted by the Company

(b) The Company has given unsecured loans to its following subsidiaries/associate:

Entity	Purpose of loans	INR in millions			
		As at 31 March 2017	Given during the year	Repaid during the year	As at 31 March 2018
KIMS Hospital Private Limited	Financial assistance	39.60	89.04	-	128.64
KIMS Cuddles Private Limited	Financial assistance	3.18	-	3.18	-
KIMS Swastha Private Limited	Financial assistance	6.00	0.28	-	6.28
KIMS Hospitals Enterprises Private Limited	Financial assistance	4.96	6.00	10.96	-
KIMS Foundation Research & Centre	Financial assistance	13.83	0.60	3.00	11.43

Entity	Purpose of loans	INR in millions			
		As at 1 April 2016	Given during the year	Repaid during the year	As at 31 March 2017
KIMS Hospital Private Limited	Financial assistance	9.60	55.00	(25.00)	39.60
KIMS Cuddles Private Limited	Financial assistance	3.28	-	(0.10)	3.18
KIMS Swastha Private Limited	Financial assistance	8.00	-	(2.00)	6.00
Arunodaya Hospitals Private Limited	Financial assistance	-	15.00	(15.00)	-
KIMS Hospitals Enterprises Private Limited	Financial assistance	(7.58)	12.54	-	4.96
KIMS Foundation Research & Centre	Financial assistance	15.82	0.11	(2.10)	13.83

(c) Details of guarantee provided

The Company has provided guarantee of INR 400 millions (31 March 2017: 310 millions and 1 April 2016: 110 millions) for loan availed by KIMS Hospital Enterprises Private Limited for purchase of medical equipments and cash credit against which movement of loan outstanding is as follows:

Particulars	INR in millions	
	For the year ended 31 March 2018	
Guarantee provided outstanding as at the beginning of the financial year	310.00	
Guarantee provided during the financial year	400.00	
Guarantee provided settled/expired during the financial year	(310.00)	
Guarantee provided outstanding as at the end of the financial year	400.00	

Particulars	INR in millions	
	For the year ended 31 March 2017	
Guarantee provided outstanding as at the beginning of the financial year	110.00	
Guarantee provided during the financial year	200.00	
Guarantee provided settled/expired during the financial year	-	
Guarantee provided outstanding as at the end of the financial year	310.00	



2.34 Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013 and activities approved by the CSR committee:

Particulars	INR in millions	
	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Gross amount required to be spent by the Company during the year	6.71	4.75
b) Amount spent during the year	-	-
(i) Construction/acquisition of any assets	-	-
(ii) On purpose other than (i) above:	-	-
Promoting preventive healthcare*	6.71	4.92
<b>Total</b>	<b>6.71</b>	<b>4.92</b>

\* The above amounts include INR 6.51 millions (31 March 2017: INR 3.42 millions) Spent by way of contribution to KIMS Foundation and Research Centre, a registered trust where KMP have significant influence.



**2.35 Capital management**

The Company's policy is to maintain a stable capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the 'adjusted net debt' to 'adjusted equity' ratio.

For this purpose, adjusted net debt is defined as total liabilities, including interest bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio as of 31 March 2018, 31 March 2017 and 1 April 2016 was as follows:

Particulars	INR in millions		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	9,884.62	8,629.37	7,150.91
Less: Cash and cash equivalents	85.02	80.04	31.22
<b>Adjusted net debt</b>	<b>9,799.60</b>	<b>8,549.33</b>	<b>7,119.69</b>
<b>Total equity</b>	<b>(1,990.58)</b>	<b>(1,196.10)</b>	<b>(785.28)</b>
<b>Adjusted net debt to equity ratio</b>	<b>(4.92)</b>	<b>(7.15)</b>	<b>(9.07)</b>



2.36 Financial instruments : Fair value and risk management  
A. Accounting classification and fair values

INR in millions

As at 31 March 2018	Other financial assets – amortised cost	Other financial liabilities – FVTPL	Other financial liabilities – amortised cost	Total carrying amount	Fair value level
Financial assets measured at fair value	-	-	-	-	-
Financial liabilities measured at fair value	-	1,609.12	-	1,609.12	Level 3
Other financial liabilities	-	-	-	-	-
Financial assets not measured at fair value (Refer note below)	-	-	-	-	-
Trade receivables	960.10	-	-	960.10	-
Investments	314.90	-	-	314.90	-
Cash and cash equivalents	85.02	-	-	85.02	-
Bank balances other than above	3.26	-	-	3.26	-
Loans	171.26	-	-	171.26	-
Other financial assets	136.91	-	-	136.91	-
<b>Total</b>	<b>1,671.45</b>	<b>-</b>	<b>-</b>	<b>1,671.45</b>	<b>-</b>
Financial liabilities not measured at fair value (Refer note below)	-	-	-	-	-
Long-term borrowings (excluding current maturities) and short term borrowings	-	-	2,406.04	2,406.04	-
Trade payables	-	-	787.85	787.85	-
Other financial liabilities	-	-	4,391.62	4,391.62	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,585.51</b>	<b>7,585.51</b>	<b>-</b>

INR in millions

As at 31 March 2017	Other financial assets – amortised cost	Other financial liabilities – FVTPL	Other financial liabilities – amortised cost	Total carrying amount	Fair value level
Financial assets measured at fair value	-	-	-	-	-
Financial liabilities measured at fair value	-	906.25	-	906.25	Level 3
Other financial liabilities	-	-	-	-	-
Financial assets not measured at fair value (Refer note below)	-	-	-	-	-
Trade receivables	760.71	-	-	760.71	-
Investments	230.08	-	-	230.08	-
Cash and cash equivalents	80.04	-	-	80.04	-
Bank balances other than above	0.80	-	-	0.80	-
Loans	90.85	-	-	90.85	-
Other financial assets	137.25	-	-	137.25	-
<b>Total</b>	<b>1,299.73</b>	<b>-</b>	<b>-</b>	<b>1,299.73</b>	<b>-</b>
Financial liabilities not measured at fair value (Refer note below)	-	-	-	-	-
Long-term borrowings (excluding current maturities) and short term borrowings	-	-	2,079.81	2,079.81	-
Trade payables	-	-	737.52	737.52	-
Other financial liabilities	-	-	4,316.21	4,316.21	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,133.54</b>	<b>7,133.54</b>	<b>-</b>





2.36 Financial instruments : Fair value and risk management (continued)

A. Accounting classification and fair values (continued)

As at 1 April 2016					INR in millions
	Other financial assets – amortised cost	Other financial liabilities – FVTPL	Other financial liabilities – amortised cost	Total carrying amount	Fair value level
Financial assets measured at fair value	-	-	-	-	-
Financial liabilities measured at fair value	-	349.83	-	349.83	Level 3
Other financial liabilities	-	-	-	-	-
Financial assets not measured at fair value (Refer note below)	-	-	-	-	-
Trade receivables	556.81	-	-	556.81	-
Investments	183.97	-	-	183.97	-
Cash and cash equivalents	31.22	-	-	31.22	-
Bank balances other than above	36.20	-	-	36.20	-
Loans	49.43	-	-	49.43	-
Other financial assets	72.37	-	-	72.37	-
<b>Total</b>	<b>930.00</b>	-	-	<b>930.00</b>	-
Financial liabilities not measured at fair value (Refer note below)	-	-	-	-	-
Long-term borrowings (excluding current maturities) and short term borrowings	-	-	4,924.59	4,924.59	-
Trade payables	-	-	633.33	633.33	-
Other financial liabilities	-	-	732.59	732.59	-
<b>Total</b>	-	-	<b>6,290.51</b>	<b>6,290.51</b>	-

Note: The Company has not disclosed the fair values for financial instruments such as short-term trade receivables or short-term trade payables because their carrying amounts are a reasonable approximation of fair

B. Measurement of fair values

i. Valuation technique and significant unobservable inputs

Financial instrument: The fair value is determined based on the value arrived as per discounted cash flows approach as on the reporting date. Significant unobservable input includes forecast annual revenue growth rate for income from hospital services ranges from 20% p.a. to 25% p.a. (31 March 2017: 25% p.a.), forecast annual revenue growth rate for income from pharmacy and others ranges from 10% p.a. to 15% p.a. (31 March 2017: 10% p.a.) and Weighted average cost of capital 31 March 2018: 11.77% p.a. (31 March 2017: 11.70% p.a.)

ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2017-18 and no transfers in either direction in 2016-17.

iii. Level 3 fair values

	INR in millions
Balance at 01 April 2016	349.83
Net change in fair value (unrealised)	556.42
<b>Balance at 31 March 2017</b>	<b>906.25</b>
Balance at 01 April 2017	906.25
Net change in fair value (unrealised)	702.87
<b>Balance at 31 March 2018</b>	<b>1,609.12</b>



2.36 Financial instruments : Fair value and risk management (continued)  
B. Measurement of fair values (continued)

	INR in millions	
	Profit and loss, net of tax	
	Increase	Decrease
2017-18		
Annual revenue growth rate (1% movement)	(167.65)	167.65
Risk adjusted discount rate (1% movement)	419.12	(502.94)
2016-17		
Annual revenue growth rate (1% movement)	(126.39)	126.39
Risk adjusted discount rate (1% movement)	322.99	(393.20)

C. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

(i) Risk management framework

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all the employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The carrying amounts of financial assets represent the maximum credit risk. Credit risk is controlled by analysing credit limits to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the Company.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to INR 1,122.32 millions as on 31 March 2018 (31 March 2017 : INR 916.12 millions ; 1 April 2016: INR 655.81 millions). The movement in allowance for credit loss in respect of trade receivables during the year was as follows:

	INR in millions		
	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
Allowance for credit losses			
Opening balance	155.41	99.00	99.00
Credit loss added / (reversed)	(86.00)	56.41	-
Closing Balance	69.41	155.41	99.00

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Revenue from customers accounted for more than 10% of the revenue for the year ended 31 March 2018 and 31 March 2017 is as below:

Name of the customer	(INR in millions)	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Customer 1	-	453.63



(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Carrying value	Less than 1 year	1 - 5 years	More than 5 years	Total
Non current borrowings (excluding current maturities)	2,140.33	-	1,020.70	1,126.65	2,147.35
Current borrowings	265.71	265.71	-	-	265.71
Trade payables	787.85	787.85	-	-	787.85
Other financial liabilities	6,000.74	6,000.65	-	0.09	6,000.74
<b>Total</b>	<b>9,194.63</b>	<b>7,054.21</b>	<b>1,020.70</b>	<b>1,126.74</b>	<b>9,201.65</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2017:

Particulars	Carrying value	Less than 1 year	1 - 5 years	More than 5 years	Total
Non current borrowings (excluding current maturities)	1,975.32	-	1,341.02	648.32	1,989.34
Current borrowings	104.49	104.49	-	-	104.49
Trade payables	737.51	737.51	-	-	737.51
Other financial liabilities	5,222.46	5,222.37	-	0.09	5,222.46
<b>Total</b>	<b>8,039.78</b>	<b>6,064.37</b>	<b>1,341.02</b>	<b>648.41</b>	<b>8,053.80</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 1 April 2016:

Particulars	Carrying value	Less than 1 year	1 - 5 years	More than 5 years	Total
Non current borrowings (excluding current maturities)	4,774.47	-	4,368.36	422.92	4,791.28
Current borrowings	150.12	150.12	-	-	150.12
Trade payables	633.35	633.35	-	-	633.35
Other financial liabilities	1,082.42	732.50	349.83	0.09	1,082.42
<b>Total</b>	<b>6,640.36</b>	<b>1,515.97</b>	<b>4,718.19</b>	<b>423.01</b>	<b>6,657.17</b>

The Company has secured loans from bank that contain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table.

D. Market risk

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	INR in millions	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate long term borrowings (including current maturities) and short term borrowings		2,472.44	2,524.59	2,300.97
<b>Total borrowings</b>		<b>2,472.44</b>	<b>2,524.59</b>	<b>2,300.97</b>

(i) Sensitivity

Particulars	INR in millions	Impact on profit or loss	Impact on equity, net of tax
		As at 31 March 2018	As at 31 March 2017
Sensitivity			
1% increase in MCLR		(24.72)	(25.25)
1% decrease in MCLR		24.72	25.25
The interest rate sensitivity is based on the closing balance of secured term loans and working capital loans from banks.			

D. Currency risk

The Company is not exposed to currency risk.



2.37 Income-tax

a. Amount recognised in statement of profit and loss

INR in millions

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax	167.95	118.37
Taxes for earlier years	3.36	0.69
Deferred tax attributable to temporary differences	73.47	52.12
<b>Tax expenses for the year</b>	<b>244.78</b>	<b>171.18</b>

b. Amount recognised in other comprehensive income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Re-measurement on defined benefit plans	27.84	(9.73)	18.11	5.83	(2.02)	3.81

c. Reconciliation of effective tax rate

	For the year ended 31 March 2018	For the year ended 31 March 2017
Loss before tax	(567.81)	(548.64)
Enacted tax rates	34.608%	34.608%
Tax expense at enacted rates	(196.51)	(189.87)
<b>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income</b>		
Non-deductible expenses	426.78	360.57
Taxes not routed through PL	(0.23)	(0.21)
Impact of change in rate of tax	4.45	-
Adjustment in respect of income-tax for earlier years	3.36	0.69
Others	6.93	-
<b>Total</b>	<b>244.78</b>	<b>171.18</b>

d. Recognition of deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the following

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Deferred tax asset</b>			
Provision for doubtful receivables	49.69	53.79	34.26
Provision for employee benefits	42.37	38.24	32.53
MAT credit entitlement	-	34.42	69.41
Others	6.73	5.95	5.78
<b>Total deferred tax asset</b>	<b>98.79</b>	<b>132.40</b>	<b>141.98</b>
<b>Deferred tax liability</b>			
Expenses of depreciation on the fixed assets under income-tax, 1961 over depreciation under Companies Act	564.56	511.48	465.79
Others	5.31	8.80	9.93
<b>Total deferred tax liability</b>	<b>569.87</b>	<b>520.28</b>	<b>475.72</b>
<b>Deferred tax liability (net)</b>	<b>(471.08)</b>	<b>(387.88)</b>	<b>(333.74)</b>

(ii) Movement in temporary differences

Particulars	Balance as at 1 April 2016	Recognised in profit or loss during 2016-17	Recognised in OCI during 2016-17	Balance as at 31 March 2017	Balance as at 1 April 2017	Recognised in profit or loss during 2017-18	Recognised in OCI during 2017-18	Balance as at 31 March 2018
Provision for doubtful receivables	34.26	19.53	-	53.79	53.79	(4.10)	-	49.69
Provision for employee benefits	32.53	7.73	(2.02)	38.24	38.24	13.86	(9.73)	42.37
Others items - assets	75.19	(34.82)	-	40.37	40.37	(33.64)	-	6.73
Expenses of depreciation on the fixed assets under income tax, 1961 over depreciation under Companies Act	(465.79)	(45.69)	-	(511.48)	(511.48)	(53.08)	-	(564.56)
Others items - liability	(9.93)	1.13	-	(8.80)	(8.80)	3.49	-	(5.31)
	<b>(333.74)</b>	<b>(52.12)</b>	<b>(2.02)</b>	<b>(387.88)</b>	<b>(387.88)</b>	<b>(73.47)</b>	<b>(9.73)</b>	<b>(471.08)</b>



**Krishna Institute of Medical Sciences Limited**

Notes to the standalone financial statements for the year ended 31 March 2018 (continued)

**2.38 Assets pledged as security**

*INR in millions*

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Charge on property, plant and equipment</b>			
Freehold land	83.42	17.80	10.94
Leasehold land	151.82	151.82	151.82
Buildings	3,324.87	2,868.20	2,776.77
Medical and surgical equipment	1,657.72	1,473.86	1,514.67
Plant and equipment	101.73	100.33	109.95
Office equipment	13.56	13.64	18.74
Electrical equipment	213.12	220.13	241.55
Computers	22.54	15.88	15.82
Furniture and fixtures	151.52	148.37	146.54
Vehicles	23.31	14.82	13.18
<b>Total property, plant and equipment pledged as security</b>	<b>5,743.61</b>	<b>5,024.85</b>	<b>4,999.98</b>
<b>Charge on current assets</b>			
Trade receivables	1,102.30	916.12	655.81
Inventories	162.83	153.02	112.68
<b>Total current assets pledged as security</b>	<b>1,265.13</b>	<b>1,069.14</b>	<b>983.54</b>





### **2.39 First time adoption of Ind AS**

As stated in Note 1, these are the first standalone financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from 1 April 2016 ('transition date').

The accounting policies set out in Note 1.3 have been applied in preparing these standalone financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening standalone Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its standalone Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in standalone financial statement prepared in accordance with the previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### **A. Optional exemptions availed and mandatory exemptions**

In preparation of the standalone financial statements, the Company has applied the following optional exemptions and mandatory exemptions:

##### **A 1 - Optional exemptions**

###### **A 1.1 Property, plant and equipment, capital work-in-progress and intangible assets**

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:
  - fair value
  - or cost or depreciated cost under Ind AS adjusted to reflect.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets and capital work-in-progress also.

###### **A 1.2. Investment in subsidiary**

As permitted by Ind AS 101, the Company has elected to carry its investment in subsidiary at cost as determined in accordance with Ind AS 27.

###### **A 1.3. Lease arrangement**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirement in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail of the above exemption for certain medical equipments taken on rent along with consumables.

##### **A2 Mandatory exemptions**

###### **A 2.1 Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS). The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

###### **A.2.2. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



2.39 First time adoption of Ind AS (continued)

B: Reconciliation between Indian GAAP and Ind AS

INR in millions

Ind AS 101 requires an entity to reconcile equity and total comprehensive income for prior periods. The following table represents the equity reconciliation from previous GAAP to Ind AS:

	Foot Notes	As at date of transition 1 April 2016			As at 31 March 2017		
		IGAAP *	IND AS Impact	IND AS	IGAAP *	IND AS Impact	IND AS
		01 April 2016		01 April 2016	31 March 2017		31 March 2017
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	a	4,966.01	33.97	4,999.98	4,997.84	26.98	5,024.82
Capital work-in-progress		23.08	-	23.08	635.49	-	635.49
Intangible assets		12.74	-	12.74	14.47	-	14.47
<b>Financial assets</b>							
(i) Investments	b	181.91	2.06	183.97	219.72	10.36	230.08
(ii) Loans		18.70	-	18.70	18.43	-	18.43
(ii) Other financial assets		7.70	-	7.70	11.35	-	11.35
Deferred tax assets, net		-	-	-	-	-	-
Other non-current assets	c	168.22	(69.40)	98.82	167.68	(34.42)	133.26
<b>Total non-current assets</b>		<b>5,378.36</b>	<b>(33.37)</b>	<b>5,344.99</b>	<b>6,064.98</b>	<b>2.92</b>	<b>6,067.90</b>
<b>Current assets</b>							
Inventories		112.68	-	112.68	153.02	-	153.02
<b>Financial assets</b>							
(i) Trade receivables	d	622.97	(66.16)	556.81	863.42	(102.72)	760.71
(ii) Cash and bank balances		31.22	-	31.22	80.05	-	80.05
(iii) Bank balances other than (ii) above		36.20	-	36.20	0.80	-	0.80
(iv) Loans		30.73	-	30.73	72.43	-	72.43
(iv) Other financial assets		64.67	-	64.67	125.89	-	125.89
Current tax assets (net)		144.46	-	144.46	145.75	-	145.75
Other current assets		43.87	-	43.87	26.71	-	26.71
<b>Total current assets</b>		<b>1,086.80</b>	<b>(66.16)</b>	<b>1,020.64</b>	<b>1,468.07</b>	<b>(102.72)</b>	<b>1,365.35</b>
<b>Total assets</b>		<b>6,465.16</b>	<b>(99.53)</b>	<b>6,365.63</b>	<b>7,533.05</b>	<b>(99.80)</b>	<b>7,433.26</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Share capital	e, D	704.04	(214.75)	489.29	716.25	(214.75)	501.50
Other equity	e, D	1,910.41	(3,184.98)	(1,274.57)	2,524.67	(4,222.26)	(1,697.59)
<b>Total equity</b>		<b>2,614.45</b>	<b>(3,399.73)</b>	<b>(785.28)</b>	<b>3,240.92</b>	<b>(4,437.01)</b>	<b>(1,196.09)</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
<b>Financial liabilities</b>							
(i) Borrowings	f	1,732.26	3,042.21	4,774.47	1,958.10	17.22	1,975.32
(ii) Other financial liabilities	a	0.09	349.83	349.92	0.09	-	0.09
Provisions		50.91	-	50.91	65.66	-	65.66
Other liabilities	b	-	0.81	0.81	-	6.77	6.77
Deferred tax liabilities (net)	c	420.72	(86.98)	333.74	454.99	(67.10)	387.89
<b>Total non-current liabilities</b>		<b>2,203.98</b>	<b>3,305.87</b>	<b>5,509.85</b>	<b>2,478.84</b>	<b>(43.12)</b>	<b>2,435.72</b>
<b>Current liabilities</b>							
<b>Financial liabilities</b>							
(i) Borrowings		150.12	-	150.12	104.49	-	104.49
(ii) Trade payables		633.33	-	633.33	737.51	-	737.51
(ii) Other financial liabilities	f	738.62	(6.12)	732.50	843.58	4,378.79	5,222.37
Provisions		26.59	-	26.59	25.90	-	25.90
Other current liabilities	b	98.07	0.45	98.52	101.79	1.55	103.34
<b>Total current liabilities</b>		<b>1,646.73</b>	<b>(5.67)</b>	<b>1,641.06</b>	<b>1,813.28</b>	<b>4,380.34</b>	<b>6,193.62</b>
<b>Total liabilities</b>		<b>3,850.71</b>	<b>3,300.20</b>	<b>7,150.91</b>	<b>4,292.12</b>	<b>4,337.23</b>	<b>8,629.35</b>
<b>Total equity and liabilities</b>		<b>6,465.16</b>	<b>(99.53)</b>	<b>6,365.63</b>	<b>7,533.03</b>	<b>(99.78)</b>	<b>7,433.26</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



**Krishna Institute of Medical Sciences Limited**
**Notes to the standalone financial statements for the year ended 31 March 2018 (continued)**
**2.39 First time adoption of Ind AS (continued)**
**C. Reconciliation of total comprehensive income for the year ended 31 March 2017**
*INR in millions*

	Foot Notes	As at 31 March 2017	
		IGAAP 31 March 2017	IND AS 31 March 2017
Revenue from operations		5,357.34	5,357.34
Other income	b	31.20	32.43
<b>Total revenue</b>		<b>5,388.54</b>	<b>5,389.77</b>
<b>Expenses</b>			
Medical consumables and pharmacy items consumed		1,300.79	1,300.79
Employee benefits expense	h	911.50	917.32
Finance costs	a,e	302.47	774.46
Depreciation and amortisation expense	a	337.70	345.86
Other expenses	a,d,e	2,026.51	2,599.98
<b>Total expenses</b>		<b>4,878.96</b>	<b>5,938.41</b>
<b>Profit before tax</b>		<b>509.58</b>	<b>(548.64)</b>
<b>Income-tax expense</b>			
- Current tax		153.36	118.37
- Deferred tax (credit)/ charge	c	34.28	52.12
- Tax pertaining to earlier years		0.69	0.69
<b>Profit for the year</b>		<b>321.26</b>	<b>(719.82)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit and loss</b>			
- Re-measurement of defined benefit plans	h	-	5.82
- Income tax effect		-	(2.02)
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>3.80</b>
<b>Total comprehensive income for the year</b>		<b>321.26</b>	<b>(716.01)</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



2.39 First time adoption of Ind AS (continued)

a. Lease arrangement

Under previous GAAP, arrangements that did not take the legal form of lease were accounted for based on the legal form of such arrangements. Under Ind AS, any arrangement (even if not legally structured as lease) which conveys a right to use an asset in return for a payment or series of payments are identified as leases provided certain conditions are met. In case such arrangements are determined to be in the nature of leases, such arrangements are required to be classified into finance or operating leases as per the requirements of Ind AS 17, Leases.

The Company has taken certain medical equipments on rent along with the precondition for purchase of consumables which have been identified to be in the nature of lease and have been classified as finance lease arrangements.

b. Guarantee commission for corporate guarantee given to related company

Financial guarantee contracts are recognised as financial liability at the time the guarantee is issued. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of cost of the investment.

c. Deferred tax assets/ charge

The above changes (decreased)/ increased the deferred tax assets based on the enacted tax rates of 34.608%

		INR in millions	
Particulars	Note	31-Mar-17	1-Apr-16
Borrowings at amortised cost	f	(8.10)	(9.65)
Loss allowance	d	35.55	22.90
Deferred tax on free hold land		1.95	1.73
Deferred tax on guarantee commission for corporate guarantee given to KIMS Hospital Enterprises Private Limited	b	(0.71)	(0.28)
Deferred tax on equipment lease	a	3.99	2.86
Liability and derivative portion of financial instrument	e	-	-
Reclassification of MAT		34.42	69.41
<b>Total</b>		<b>67.10</b>	<b>86.97</b>

d. Impact due to expected credit loss on trade receivables

On transition to Ind AS, the Company recognised impairment loss on trade receivables based on the expected credit loss method as required by Ind AS 109. Consequently, trade receivables have been reduced with a corresponding decrease in retained earnings on the date of transition and there has been an incremental provision for the year ended 31 March 2017.

e. Reclassification of equity to liability

Under previous GAAP, the equity shares were classified based on their legal form and hence were shown under equity share capital of the Company. Under Ind AS, the equity shares held by certain shareholders have been classified as financial liability instrument based on the terms of the contract. The liability component of the financial instrument is grouped under the head "Borrowings" and derivative liability component is disclosed under the head "Other financial liabilities". The interest on the liability component is recognised using the IRR (internal rate of return) as per the shareholder's agreement and accordingly, the Company has designated the derivative liability as fair value through profit and loss as permitted by Ind AS 109.

f. Impact due to transaction cost on borrowing

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

g. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

h. Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 01 April 2016 and as on 31 March 2017.

D. Reconciliation of total equity as at 31 March 2017 and 1 April 2016

		INR in millions	
Particulars		As at 31 March 2017	As at 1 April 2016
Other Equity under Previous GAAP		3,240.92	2,614.45
<b>Summary of Ind AS adjustments</b>			
Impact due to transaction cost on borrowing, net of tax		15.30	18.23
Deferred tax on freehold land		1.95	1.73
Guarantee commission for corporate guarantee given to KIMS Hospital Enterprises Private Limited, net of tax		1.34	0.53
Impact due to expected credit loss on trade receivables, net of tax		(67.17)	(43.26)
Lease impact		(7.55)	(5.41)
Impact of reclassification of equity to liability		(4,380.87)	(3,371.55)
<b>Total Ind AS adjustments</b>		<b>(4,437.00)</b>	<b>(3,399.73)</b>
<b>Equity under Ind AS</b>		<b>(1,196.08)</b>	<b>(785.28)</b>

E. Cash flow statement

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

	IGAAP 31 March 2017	IND AS Impact	IND AS 31 March 2017
Net cash generated from operating activities (A)	778.64	18.67	797.31
Net cash (used in) investing activities (B)	(989.36)	(11.26)	(1,000.62)
Net cash provided by/ (used in) financing activities (C)	259.55	(7.42)	252.13
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>48.83</b>	<b>-</b>	<b>48.82</b>
Cash and cash equivalents at the beginning of the year (refer note 2.7)	31.21	-	31.21
<b>Cash and cash equivalents at the end of the year</b>	<b>80.04</b>	<b>-</b>	<b>80.03</b>

As per our Report on standalone financial statements of even date attached

for BSR & Associates LLP

Chartered Accountants

ICAI Firm registration no.: 116231W/W-100024

Vikash Somani

Partner

Membership no.: 061272

for and on behalf of the Board of Directors of Krishna Institute of Medical Sciences Limited

CIN: 155101TG1973PLC040558

B. Krishnaiah

Chairman

DIN: 00025094

Vikas Maheshwari

Chief Financial Officer

Dr. B. Bhaskar Rao

Managing Director

DIN: 00008985

Uma Shankar Mantha

Company Secretary

Place: Hyderabad

Date: 31 August 2018

Place: Hyderabad

Date: 31 August 2018