**Saveera Institute of Medical Sciences Private Limited**
**CIN-U85100AP2018PTC109004**
**Balance sheet as at March 31, 2019**
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

| | Note | As at March 31, 2019 |
|---|---|---|
| **Assets** | | |
| **Non current assets** | | |
| Property, plant and equipment | 3 | 539.50 |
| Intangible assets | 4 | 297.19 |
| Financial assets | | |
| Loans | 5 | 3.56 |
| Non current tax asset | | 31.22 |
| Other assets | 7 | 17.22 |
| | | 888.69 |
| **Current assets** | | |
| Inventories | 8 | 16.34 |
| Contract asset | | 3.58 |
| Financial assets | | |
| Trade receivables | 9 | 69.94 |
| Cash and cash equivalents | 10 | 4.52 |
| Others | 6 | 2.98 |
| Other assets | 7 | 1.70 |
| | | 99.06 |
| **Total Assets** | | 987.75 |
| **Equity and liabilities** | | |
| **Equity** | | |
| Equity share capital | 11 | 290.10 |
| Other equity | 12 | (15.42) |
| **Total equity** | | 274.68 |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Borrowings | 13 | 495.14 |
| Others | 16 | 3.26 |
| Long term provisions | 17 | 0.67 |
| Deferred tax liability (net) | 26 | 27.80 |
| | | 526.87 |
| **Current liabilities** | | |
| Financial liabilities | | |
| Borrowings | 14 | 84.32 |
| Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises | 15 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 66.53 |
| Others | 16 | 30.65 |
| Provisions | 17 | 0.08 |
| Contract liabilities | | 0.72 |
| Other current liabilities | 18 | 3.90 |
| **Total current liabilities** | | 186.20 |
| **Total equity and liabilities** | | 987.75 |
| Summary of significant accounting policies | 2.2 | |

The accompanying notes are an integral part of the financial statements.
As per our report even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**
**Chartered Accountants**
ICAI Firm registration number: **101049W/E300004**

**per Navneet Rai Kabra**
Partner
Membership No: 102328

Place: Hyderabad
Date: June 11, 2019

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

For and on behalf of the Board of Directors of
**Saveera Institute of Medical Sciences Private Limited**

**Bollineni Abhinay**
Director
DIN: 01681273

**S.V. Kishore Reddy**
Managing Director
DIN: 03492323

**Chandra Kumar Boddu**
Company Secretary

Place: Hyderabad
Date: June 11, 2019

**Saveera Institute of Medical Sciences Private Limited**
**CIN-U85100AP2018PTC109004**
**Statement of profit and loss for the period ended March 31, 2019**
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

| | Note | For the period ended March 31, 2019 |
|---|---|---|
| **Income** | | |
| Revenue from contracts with customers | 19 | 227.15 |
| Other income | 20 | 2.21 |
| **Total income** | | 229.36 |
| | | |
| **Expenses** | | |
| Medical consumables and pharmacy items consumed | 21 | 54.32 |
| Employee benefits expense | 22 | 44.36 |
| Depreciation and amortization expense | | 20.42 |
| Finance costs | 23 | 30.00 |
| Other expenses | 24 | 126.49 |
| **Total expense** | | 275.59 |
| | | |
| **Loss before tax** | | (46.23) |
| **Tax expense** | | |
| - Current tax | 26 | - |
| - Deferred tax credit | 26 | (12.86) |
| **Total tax expense** | | (12.86) |
| **Loss for the period** | | (33.37) |
| | | |
| **Earnings per equity share** | 30 | |
| Basic earnings per share (Rs.) | | (5,365.47) |
| Diluted earnings per share (Rs.) | | (5,365.47) |
| Weighted average number of equity shares considered for calculation of basic and diluted earnings per share | | 6,219.18 |
| Face value per equity share (Rs.) | | 10.00 |
| | | |
| Summary of significant accounting policies | 2.2 | |

The accompanying notes are an integral part of the financial statements.
As per our report even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**
**Chartered Accountants**
ICAI Firm registration number: **101049W/E300004**

**per Navneet Rai Kabra**
Partner
Membership No: 102328

Place: Hyderabad
Date: June 11, 2019

For and on behalf of the Board of Directors of
**Saveera Institute of Medical Sciences Private Limited**

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

**Bollineni Abhinay**
Director
DIN: 01681273

**S.V. Kishore Reddy**
Managing Director
DIN: 03492323

**Chandra Kumar Boddu**
Company Secretary

Place: Hyderabad
Date: June 11, 2019

**Saveera Institute of Medical Sciences Private Limited**
**CIN-U85100AP2018PTC109004**
**Statement of changes in equity for the period ended March 31, 2019**
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

**(a) Share capital**

| Particulars | Equity share capital of Rs. 10 each | | 0.001% Optionally convertible redeemable preference shares of Rs. 10 each | |
|---|---|---|---|---|
| **Issued, subscribed and fully paid** | **No.** | **Amount** | **No.** | **Amount** |
| **As at August 16, 2018** | - | - | - | - |
| Issued during the period | 10,000 | 0.10 | 2,90,00,000 | 290.00 |
| **As at March 31, 2019** | **10,000** | **0.10** | **2,90,00,000** | **290.00** |

**(b) Other equity**

| Particulars | Attributable to equity holders | | | |
|---|---|---|---|---|
| | Reserve and surplus | Other comprehensive income | Capital Contribution | Total |
| | Retained earnings | | | |
| **As at August 16, 2018** | - | - | - | - |
| Loss for the period | (33.37) | - | - | (33.37) |
| Additions during the period | - | - | 17.95 | 17.95 |
| **As at March 31, 2019** | **(33.37)** | **-** | **17.95** | **(15.42)** |

The accompanying notes are an integral part of the financial statements.
As per our report even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**
**Chartered Accountants**
ICAI Firm registration number: **101049W/E300004**

**per Navneet Rai Kabra**
Partner
Membership No: 102328

Place: Hyderabad
Date: June 11, 2019

For and on behalf of the Board of Directors of
**Saveera Institute of Medical Sciences Private Limited**

**Bollineni Abhinay**
Director
DIN: 01681273

Saveera Institute of Medical Sciences Pvt. Ltd.
Anantapur

**S.V. Kishore Reddy**
Managing Director
DIN: 03492323

**Chandra Kumar Boddu**
Company Secretary

Place: Hyderabad
Date: June 11, 2019

**Saveera Institute of Medical Sciences Private Limited**
**CIN-U85100AP2018PTC109004**
**Cash flow statement for the period ended March 31, 2019**
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

| | For the period ended March 31, 2019 |
|---|---|
| **I. Operating activities:** | |
| Loss before tax | (46.23) |
| **Adjustments to reconcile loss before tax to net cash flows:** | |
| Depreciation and amortisation | 20.42 |
| Expected credit loss for trade receivable and contract asset | 4.91 |
| Finance costs | 30.00 |
| | **9.10** |
| **Working capital adjustments:** | |
| Increase in trade receivables | (13.33) |
| Increase in inventories | (10.27) |
| Decrease in financial assets | 1.19 |
| Increase in other assets | (0.76) |
| Increase in contract assets | (3.58) |
| Decrease in financial liabilities | (14.66) |
| Increase in provisions | 0.75 |
| Increase in contract liabilities | 0.72 |
| Decrease in other liabilities | (6.11) |
| | **(36.95)** |
| Income taxes-paid | (9.79) |
| **Net cash flows used in operating activities (A)** | **(46.74)** |
| **II. Investing activities** | |
| Purchase of property, plant and equipment | (70.09) |
| **Net cash flows used in investing activities (B)** | **(70.09)** |
| **III. Financing activities** | |
| Proceeds from issue of shares | 290.10 |
| Payment of purchase consideration for slump sale (refer note 36) | (197.27) |
| Proceeds from long-term borrowings | 500.00 |
| Repayment of long-term borrowings | (532.14) |
| Proceeds from short-term borrowings (net) | 84.32 |
| Interest paid | (23.66) |
| **Net cash flows from financing activities (C)** | **121.35** |
| **Net increase in cash and cash equivalents (A+B+C)** | 4.52 |
| Cash and cash equivalents at the beginning of the period | - |
| **Cash and cash equivalents at the end of the period (refer note 10)** | **4.52** |
| **Note:** | |
| **Components of cash and cash equivalents** | |
| Cash on hand | 0.74 |
| Balances with banks | |
| - On current accounts | 3.78 |
| **Total** | **4.52** |

Summary of Significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.
As per our Report of even date attached

**For S.R. BATLIBOI & ASSOCIATES LLP**
**Chartered Accountants**
ICAI Firm registration number: **101049W/E300004**

**per Navneet Rai Kabra**
**Partner**
**Membership No: 102328**

Place: Hyderabad
Date: June 11, 2019

For and on behalf of the Board of Directors of
**Saveera Institute of Medical Sciences Private Limited**

**Bollineni Abhinay**
**Director**
DIN: 01681273

**S.V. Kishore Reddy**
**Managing Director**
DIN: 03492323

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

**Chandra Kumar Boddu**
Company Secretary

Place: Hyderabad
Date: June 11, 2019

Saveera Institute of Medical Sciences Private Limited
CIN-U85100AP2018PTC109004
Notes to financial statement for the period ended March 31, 2019
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

### 3. Property, plant and equipment ('PPE')

| Particulars | Freehold land | Buildings | Medical equipment | Plant and machinery | Office equipment | Electrical equipment | Computers | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At Cost** | | | | | | | | | | |
| **As at August 16, 2018** | - | - | - | - | - | - | - | - | - | - |
| Addition on account of business combination | - | 253.58 | 174.59 | 21.55 | 6.52 | 15.23 | 4.78 | 10.17 | 2.58 | 489.00 |
| Additions during the period | 9.86 | 10.91 | 41.65 | 1.30 | 1.25 | - | 1.38 | 0.27 | - | 66.62 |
| Disposals during the period | - | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2019** | **9.86** | **264.49** | **216.24** | **22.85** | **7.77** | **15.23** | **6.16** | **10.44** | **2.58** | **555.62** |
| | | | | | | | | | | |
| **Depreciation** | | | | | | | | | | |
| **As at August 16, 2018** | - | - | - | - | - | - | - | - | - | - |
| Additions during the period | - | 2.28 | 9.10 | 0.90 | 1.05 | 0.99 | 0.78 | 0.80 | 0.22 | 16.12 |
| Disposals during the period | - | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2019** | - | **2.28** | **9.10** | **0.90** | **1.05** | **0.99** | **0.78** | **0.80** | **0.22** | **16.12** |
| | | | | | | | | | | |
| **Net Book Value** | | | | | | | | | | |
| **At March 31, 2019** | **9.86** | **262.21** | **207.14** | **21.95** | **6.72** | **14.24** | **5.38** | **9.64** | **2.36** | **539.50** |

Note:
1. During the period the company entered into a business transfer agreement dated September 25, 2018 for the purchase of business undertaking from Saveera Hospital Private Limited on slump sale basis. Refer note 36 for more details.

### 4. Intangible assets

| Particulars | Software | Brand | Non compete | Goodwill | Total |
|---|---|---|---|---|---|
| **At Cost** | | | | | |
| **As at August 16, 2018** | - | - | - | - | - |
| Addition on account of business combination | 1.36 | 13.10 | 28.30 | 258.20 | 300.96 |
| Additions during the period | 0.53 | - | - | - | 0.53 |
| Disposals during the period | - | - | - | - | - |
| **As at March 31, 2019** | **1.89** | **13.10** | **28.30** | **258.20** | **301.49** |
| | | | | | |
| **Depreciation** | | | | | |
| **As at March 31, 2019** | - | - | - | - | - |
| Additions during the period | 0.19 | 1.30 | 2.81 | - | 4.30 |
| Disposals during the period | - | - | - | - | - |
| **As at March 31, 2019** | **0.19** | **1.30** | **2.81** | - | **4.30** |
| | | | | | |
| **Net book value** | | | | | |
| **At March 31, 2019** | **1.70** | **11.80** | **25.49** | **258.20** | **297.19** |

Note:
1. During the period the company entered into a business transfer agreement dated September 25, 2018 for the purchase of business undertaking from Saveera Hospital Private Limited on slump sale basis. Refer note 36 for more details.

Saveera Institute of Medical Sciences Pvt. Ltd. * Anantapur

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Saveera Institute of Medical Sciences Private Limited
CIN-U85100AP2018PTC109004
Notes to financial statement for the period ended March 31, 2019
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

**5 Loans (at amortised cost)**

| | As at March 31, 2019 |
|---|---|
| **Considered good (unsecured)** | |
| Security deposits | 3.56 |
| | **3.56** |

**6 Other financial assets (at amortised cost)**

| | As at March 31, 2019 | |
|---|---|---|
| | Non - Current | Current |
| **Considered good (unsecured)** | | |
| Staff advances | - | 0.30 |
| Other advances * | - | 2.68 |
| | **-** | **2.98** |

* Other advances comprise of reimbursement of expenses, receivable from related party.

**7 Other assets (at amortised cost)**

| | As at March 31, 2019 | |
|---|---|---|
| | Non - Current | Current |
| **Considered good (unsecured)** | | |
| Capital advances | 0.93 | - |
| Advance to suppliers | - | 0.20 |
| Prepayments | 16.28 | 1.50 |
| | **17.22** | **1.70** |

**8 Inventories**

| | As at March 31, 2019 |
|---|---|
| Medical consumables and pharmacy items | 16.34 |
| | **16.34** |

**9 Trade receivables (at amortised cost)**

| | As at March 31, 2019 |
|---|---|
| **Considered good (unsecured)** | |
| Trade receivables | 69.94 |
| Trade receivables - credit impaired | 4.91 |
| | **74.85** |
| **Impairment Allowance (allowance for bad and doubtful debts)** | |
| Trade receivables - credit impaired | **(4.91)** |
| | **69.94** |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

**10 Cash and bank balances (at amortised cost)**

| | As at March 31, 2019 |
|---|---|
| **Cash and cash equivalents** | |
| Cash on hand | 0.74 |
| Balances with banks | |
| - On current accounts | 3.78 |
| | **4.52** |

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

Saveera Institute of Medical Sciences Private Limited
CIN-U85100AP2018PTC109004
Notes to financial statement for the period ended March 31, 2019
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

## 11 Share capital

| | As at March 31, 2019 |
|---|---|
| **Authorised share capital** | |
| **Equity shares** | |
| 10,000 equity shares of Rs. 10 each | 0.10 |
| **Preference shares** | |
| 30,990,000, 0.001% Optionally convertible redeemable preference shares of Rs. 10 each | 309.90 |
| | **310.00** |
| **Issued, subscribed and paid-up** | |
| 10,000 equity shares of Rs. 10 each | 0.10 |
| 29,000,000, 0.001% Optionally convertible redeemable preference shares of Rs. 10 each | 290.00 |
| | **290.10** |

**Reconciliation of number of equity shares outstanding at the beginning and at the end of the period:**

| Particulars | As at March 31, 2019 | |
|---|---|---|
| | Number of shares | Amount |
| At the commencement of the period | - | - |
| Shares issued during the period | 10,000 | 1,00,000 |
| **Shares outstanding at the end of the period** | **10,000** | **1,00,000** |

**Rights, preferences and restrictions attached to equity shares:**
The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Rights, preferences and restrictions attached to preference shares:**
Each 0.001% Optionally convertible redeemable preference share ("OCRPS") has a par value of INR 10 and is convertible at the option of the Shareholders into one Equity shares of the company at conversion price of INR 10 per Equity Shares at any time after 15th year but before 19th year from the date of issuance and allotment of OCRPS. Any OCRPS not converted will be redeemable at the end of 20th year from the date of issuance. The preference shares carry a dividend of 0.001% per annum. The dividend rights are non-cumulative and at the option of the company.

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

**Saveera Institute of Medical Sciences Private Limited**
**CIN-U85100AP2018PTC109004**
**Notes to financial statement for the period ended March 31, 2019**
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

**Particulars of shareholders holding more than 5% equity shares**

| Name of shareholder | As at March 31, 2019 | |
|---|---|---|
| | Number of shares | % of Holding |
| Krishna Institute of Medical Sciences Ltd | 8,000 | 80.00% |
| S.V. Kishore Reddy | 765 | 7.65% |
| Yelakala Surendra Reddy | 668 | 6.68% |

During the current period, pursuant to a Share Purchase Agreement entered on September 05, 2018, S.V. Kishore Reddy and Yelekala Surendra Reddy have transferred 4,134 and 3,866 equity shares of Rs. 10 each respectively to Krishna Institute of Medical Sciences Limited.

**Shares held by holding company including shares held by subsidiaries or associate of holding company**

| Name of shareholder | As at March 31, 2019 | |
|---|---|---|
| | Number of shares | Amount |
| Krishna Institute of Medical Sciences Limited* | 8,000 | 80,000 |

*With effect from September 05, 2018, the Company became a subsidiary of Krishna Institute of Medical Sciences Limited.

**12 Other equity**

| | As at March 31, 2019 |
|---|---|
| **Capital contribution by parent company** | |
| Balance as per last financial statements | - |
| Guarantee commission | 17.95 |
| At the end of the period | **17.95** |
| **Retained earnings** | |
| Balance as per last financial statements | - |
| Loss for the period | (33.37) |
| At the end of the period | **(33.37)** |
| | **(15.42)** |

**Capital contribution by parent company**

Financial guarantee contracts are recognised as a financial liability at the time of guarantee is issued. The liability is measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognized less cumulative amortisation, where appropriate.

Where guarantee in relation to loans or other payables are provided for no compensation by the shareholder, fair values are accounted for as contribution in the books of the Company.

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

**13 Long term borrowings**

| | As at March 31, 2019 | |
|---|---|---|
| | Non- current | Current |
| **Secured** | | |
| **Term loans from banks:** | 495.14 | 2.29 |
| | **495.14** | **2.29** |

Term loan from banks represents loans obtained from HDFC Bank Limited. The loans are repayable in Equated Monthly Instalments covering Principle and Interest for term loans. These loans are for a term of 12 years, with a structured EMI payments for the first 1.5 years and uniform EMI payables for the balance 10.5 years and carries a interest rate of 9.75% floating rate linked to bank's 1 year MCLR for term loans.

The loans are secured by first and exclusive charge on moveable and immoveable assets, current assets of the Company and equitable mortgage on the property owned by the Company situated at Sy no.155, D.No.1-1348,NH 44, Rudrampet Panchayat, Sri Nagar Colony extension, Near Ayyappa Swamy Temple, Anantapur-515004. Further, the loan is secured by way of Corporate guarantee given by Krishna Institute of Medical Sciences Limited (KIMS) and personal guarantee given by the directors:- Mr. S.V Kishore Reddy and Mr. Yelakala Surendra Reddy.

**14 Short-term borrowings**

| | As at March 31, 2019 |
|---|---|
| **Secured** | |
| Working capital loans from banks | 47.32 |
| **Unsecured** | |
| from related parties | 37.00 |
| | **84.32** |

(i). Secured working capital loan as at March 31, 2019 represents overdraft facility from HDFC Bank Limited. The facility carries interest rate of 9.95% per annum, linked to 1 year MCLR. The loan is secured by first and exclusive charge on moveable and immoveable assets, current assets of the Company and equitable mortgage on the property owned by the Company situated at Sy no.155, D.No.1-1348,NH 44, Rudrampet Panchayat, Sri Nagar Colony extension, Near Ayyappa Swamy Temple, Anantapur-515004. Further, the loan is secured by way of Corporate guarantee given by Krishna Institute of Medical Sciences Limited (KIMS) and personal guarantee given by the directors:- Mr. S.V Kishore Reddy and Mr. Yelakala Surendra Reddy.

(ii). Unsecured loan from related parties as at March 31, 2019 represented loans obtained from Krishna Institute of Medical Sciences Limited (KIMS) . The loan is to be repaid within one year from the effective date i.e.. September 05, 2019 carrying interest rate of 12% per annum.

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

Saveera Institute of Medical Sciences Private Limited
CIN-U85100AP2018PTC109004
Notes to financial statement for the period ended March 31, 2019
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

**15 Trade payables**

| | As at March 31, 2019 |
|---|---|
| Trade payables | |
| - total outstanding dues of micro and small enterprises (refer note 31) | - |
| - total outstanding dues of creditors other than micro and small enterprises | 66.53 |
| | **66.53** |

Trade payables are non-interest bearing and are normally settled on 60-day terms
For explanations on the Group's credit risk management processes, refer to Note 33.

**16 Other financial liabilities**

| | As at March 31, 2019 | |
|---|---|---|
| | Non-current | Current |
| Capital creditors | 3.26 | 16.13 |
| Current maturity of long term debts (refer note 13) | - | 2.29 |
| Employee benefits payable | - | 6.61 |
| Interest accrued but not due on borrowings | - | 5.62 |
| | **3.26** | **30.65** |

Capital creditors and employee benefit payable are non-interest bearing and have an average term of 'thirty to sixty days.
For explanations on the Group's credit risk management processes, refer to Note 33.

**17 Provisions**

| | As at March 31, 2019 | |
|---|---|---|
| | Non-current | Current |
| **Provision for employee benefits** | | |
| Gratuity (refer note 28) | 0.67 | - |
| Compensated absences | - | 0.08 |
| **Total** | **0.67** | **0.08** |

**18 Other current liabilities**

| | As at March 31, 2019 |
|---|---|
| Statutory dues | 3.90 |
| | **3.90** |

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

Saveera Institute of Medical Sciences Private Limited
CIN-U85100AP2018PTC109004
Notes to financial statement for the period ended March 31, 2019
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

**19 Revenue from contracts with customers (refer note 25)**

| | For the period ended March 31, 2019 |
|---|---|
| Income from hospital services | 206.46 |
| Income from pharmacy | 20.69 |
| | **227.15** |

**20 Other income**

| | For the period ended March 31, 2019 |
|---|---|
| Rental income | 1.16 |
| Income from sale of food and beverages | 0.86 |
| Miscellaneous Income | 0.19 |
| **Total** | **2.21** |

**21 Medical consumables and pharmacy items consumed**

| | For the period ended March 31, 2019 |
|---|---|
| Opening stock | 6.06 |
| Add: Purchases during the period | 64.60 |
| Less: Closing stock | (16.34) |
| | **54.32** |

**22 Employee benefits expense**

| | For the period ended March 31, 2019 |
|---|---|
| Salaries, wages and bonus | 40.17 |
| Gratuity expense (refer note 28) | 0.67 |
| Contribution to provident and other funds (refer note 28) | 2.58 |
| Staff welfare expenses | 0.94 |
| | **44.36** |

Saveera Institute of Medical Sciences Pvt. Ltd. ★ Anantapur

Saveera Institute of Medical Sciences Private Limited
CIN-U85100AP2018PTC109004
Notes to financial statement for the period ended March 31, 2019
(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)

## 23 Finance costs

| | For the period ended March 31, 2019 |
|---|---|
| Interest on term loans | 23.77 |
| Interest on other loans | 3.28 |
| Other borrowing cost | 2.95 |
| | **30.00** |

## 24 Other expenses

| | For the period ended March 31, 2019 |
|---|---|
| Consultancy charges | 64.29 |
| Power and fuel | 8.07 |
| Rent (refer note 27) | 0.11 |
| Rates and taxes | 3.58 |
| Repairs and maintenance | |
| - Medical equipment | 3.23 |
| - Hospital building | 5.31 |
| - Vehicle | 0.19 |
| Advertisement expense | 6.70 |
| Traveling and conveyance | 2.83 |
| Communication expenses | 0.40 |
| Printing and stationery | 7.12 |
| Legal and professional charges | 4.47 |
| Auditor's remuneration | |
| Audit fee | 0.60 |
| House keeping expenses | 3.87 |
| Catering and patient welfare expenses | 5.96 |
| Expected credit loss for trade receivable and contract asset | 4.91 |
| Subscriptions and membership fees | 0.60 |
| Miscellaneous expenses | 4.25 |
| | **126.49** |

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**25. Revenue from contracts with customers:**

**Disaggregated revenue information**
Set out below is the disaggregation of the Company's revenue from contracts with customers:

| Particulars | March 31, 2019 |
|---|---|
| | Healthcare services |
| Income from hospital services | 206.46 |
| Income from pharmacy | 20.69 |
| **Total revenue from contracts with customers** | **227.15** |
| India | 227.15 |
| Outside India | - |
| **Timing of revenue recognition** | |
| Services transferred over time | 206.46 |
| Goods transferred at a point of time | 20.69 |
| **Total revenue from contracts with customers** | **227.15** |
| **Reconciliation of revenue recognised with the contracted price is as follows:** | |
| Contract price | 262.80 |
| Less: Discounts and disallowances | -35.65 |
| **Total revenue from contracts with customers** | **227.15** |

From 1 July 2017 onwards, excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations.

**Contract balances**

| Particulars | March 31, 2019 |
|---|---|
| Trade receivables | 69.94 |
| Contract assets | 3.58 |
| Contract liabilities | 0.72 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract assets are initially recognised for revenue earned from hospital services as receipt of consideration is conditional on completion of treatment. Upon completion of treatment, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include advances received from patients for hospital services pending final billing.

**Performance Obligation**
The Company provides healthcare services to patients. In case of hospital services, the performance obligation is satisfied over time. Revenue is recognised as and when the services are performed. In case of sale of pharmacy and sale of food and beverages, the performance obligation is satisfied on at a point of time.

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**25. Revenue from contracts with customers:**

**Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

| Particulars | March 31, 2019 |
|---|---|
| | Healthcare services |
| Income from hospital services | 206.46 |
| Income from pharmacy | 20.69 |
| **Total revenue from contracts with customers** | **227.15** |
| India | 227.15 |
| Outside India | - |
| **Timing of revenue recognition** | |
| Services transferred over time | 206.46 |
| Goods transferred at a point of time | 20.69 |
| **Total revenue from contracts with customers** | **227.15** |
| **Reconciliation of revenue recognised with the contracted price is as follows:** | |
| Contract price | 262.80 |
| Less: Discounts and disallowances | -28.82 |
| Less: Others | -6.83 |
| **Total revenue from contracts with customers** | **227.15** |

From 1 July 2017 onwards, excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations.

**Contract balances**

| Particulars | March 31, 2019 |
|---|---|
| Trade receivables | 69.94 |
| Contract assets | 3.58 |
| Contract liabilities | 0.72 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract assets are initially recognised for revenue earned from hospital services as receipt of consideration is conditional on completion of treatment. Upon completion of treatment, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include advances received from patients for hospital services pending final billing.

**Performance Obligation**

The Company provides healthcare services to patients. In case of hospital services, the performance obligation is satisfied over time. Revenue is recognised as and when the services are performed. In case of sale of pharmacy and sale of food and beverages, the performance obligation is satisfied on at a point of time.

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**26. Income Taxes**

**Income tax expense/ (credit) recognized in statement of profit or loss**

| Particulars | March 31, 2019 |
|---|---|
| **Current tax** | |
| In respect of current period | - |
| | |
| **Deferred tax expense/ (credit)** | |
| In respect of current period | (12.86) |

**Components of deferred tax are as follows:**

| Particulars | March 31, 2019 |
|---|---|
| **Deferred tax liability** | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 54.27 |
| | **54.27** |
| | |
| **Deferred tax assets** | |
| Employee benefits | (0.21) |
| Provision for doubtful receivables and disallowances | (3.28) |
| Accumulated losses | (22.98) |
| | **(26.47)** |
| | |
| **Net deferred tax (asset)/ liability (net)** | **27.80** |

**Reconciliation of tax expense to the accounting profit is as follows:**

| Particulars | March 31, 2019 |
|---|---|
| Loss before tax | (46.23) |
| At income tax rate of 27.82% | (12.86) |
| Income tax expense reported in the statement of profit and loss | (12.86) |
| **Movement to be explained** | - |

**27. Commitments and Contingencies**

**A. Operating Leases**

The Company has entered into operating leases for hostel premises with no restrictions and are renewable at the option of either of the parties. These leases have a life of five years. There are no subleases. The charge on account of operating lease rentals under such agreements to statement of profit and loss for the period ended March 31, 2019 is Rs. 0.11.

**Future minimum rentals payable under non-cancellable operating leases are as follows:**

| Particulars | March 31, 2019 |
|---|---|
| Within one year | 0.87 |
| After one year but not more than five years | 3.75 |
| More than five years | - |

**B. Capital and other commitments**

| | March 31, 2019 |
|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance) | 1.04 |

**28. Employee benefits**

**a) Defined contribution plan**

| | March 31, 2019 |
|---|---|
| Contribution to provident fund recognised as expense in the Statement of Profit and Loss | 1.23 |

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**b) Disclosures related to defined benefit plan**

The Company has a defined gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on retirement or separation at the rate of 15 days' last drawn basic salary for each completed years of services (final salary plan). The scheme is funded with an insurance company. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**A) Net employee benefit expense (included under employee benefit expenses)**

| | March 31, 2019 |
|---|---|
| Current Service Cost | 0.67 |
| Interest cost | - |
| **Net employee benefit expenses** | **0.67** |

**B) Amount recognised in the Balance Sheet**

| | March 31, 2019 |
|---|---|
| Defined benefit obligation | 0.67 |
| **Net Plan Liability** | **0.67** |

**C) Changes in the present value of the defined benefit obligation for Gratuity are as follows**

| | March 31, 2019 |
|---|---|
| Opening defined benefit obligation | - |
| Current service cost | 0.67 |
| Interest cost | - |
| **Closing defined benefit obligation** | **0.67** |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

| | March 31, 2019 |
|---|---|
| Discount rate | 7.50% |
| Salary rise | 8.00% |

1.The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:**

Expected benefit payments for the year ending:

| Year ending | March 31, 2019 |
|---|---|
| March 2019 | - |
| March 2020 | 0.00 |
| March 2021 | 0.00 |
| March 2022 | 0.00 |
| March 2023 | 0.00 |

The average duration of the defined benefit plan obligation at the end of the reporting year is 11.95 years.

**Sensitivity analysis:**

**A quantitative sensitivity analysis for significant assumption as at period end is as shown below:**

| Assumptions | March 31, 2019 |
|---|---|
| **(a) Effect of 1% change in assumed discount rate** | |
| - 1% increase | (0.60) |
| - 1% decrease | 0.76 |
| | |
| **(b) Effect of 1% change in assumed salary escalation rate** | |
| - 1% increase | 0.76 |
| - 1% decrease | (0.60) |

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**29 Related Party Disclosures**

| Nature of related parties and description of relationship | Relationship |
|---|---|
| Krishna Institute of Medical Sciences Limited * | Holding Company |
| S.V. Kishore Reddy, Managing Director **<br>Bollineni Abhinay, Director<br>Giri Thalluru, Director<br>Yelakala Surendra Reddy, Director **<br>Chandra Kumar Roddu, Company Secretary | Key Managerial Personnel |
| Yelakala Preethi Reddy | Relative of Key Managerial Personnel |
| Saveera Educational Society<br>Saveera Hospital Private Limited<br>Yelakala Industries Private Limited | Enterprises under control or joint control of KMP and other relative |

**Related party transaction during the period**

| Particulars | March 31, 2019 |
|---|---|
| 1. Transaction during the period | |
| **a) Loans from related parties** | |
| Krishna Institute of Medical Sciences Limited | 37.00 |
| **b) Interest expense** | |
| Krishna Institute of Medical Sciences Limited | 2.69 |
| **c) Allotment of equity shares *** ** | |
| S.V. Kishore Reddy | 0.05 |
| Yelakala Surendra Reddy | 0.05 |
| **d) Allotment of preference shares** | |
| Krishna Institute of Medical Sciences Limited | 290.00 |
| **e) Purchase of freehold land (including stamp duty and registration fee)** | |
| Mr. S.V. Kishore Reddy and Mrs. Yelakala Preethi Reddy | 9.86 |
| **f) Managerial Remuneration paid to key managerial personnel** | |
| Mr. S.V. Kishore Reddy | 1.53 |
| Mr. Yelakala Surendra Reddy | 0.87 |
| **g) Advances given** | |
| Saveera Educational Society | 1.71 |
| **h) Convention hall rent** | |
| Yelakala Industries Private Limited | 0.19 |
| **i) Payment of purchase consideration** | |
| Saveera Hospital Private Limited | 197.27 |
| **j) Reimbursement of expenses incurred on behalf of the Company** | |
| Saveera Hospital Private Limited | 2.96 |
| **k) Amount collected on behalf of the Company and transferred to the Company** (including tax deducted at source) | |
| Saveera Hospital Private Limited | 84.23 |
| 2. Receivable/(Payable) balance (Net) | |
| Krishna Institute of Medical Sciences Limited | (21.54) |
| Saveera Hospital Private Limited | 0.59 |
| Saveera Educational Society | 2.68 |
| Mr. S.V. Kishore Reddy | (0.26) |
| Mr. Yelakala Surendra Reddy | (0.15) |

* Krishna Institute of Medical Sciences Limited (KIMS) has given corporate guarantee ('financial guarantee') amounting to Rs. 55 Crore against the term loan and cash credit facility obtained by the Company from HDFC Bank Limited. Considering the financial guarantee is provided for no compensation, fair value of financial guarantee amounting to Rs. 17.95 is recognized as capital contribution in the books of the Company.

** S.V. Kishore Reddy and Yelakala Surendra Reddy have provided personal guarantee against the term loan and cash credit facility obtained by the Company from HDFC Bank Limited.

*** During the current period, pursuant to a Share Purchase Agreement entered on September 05, 2018, S.V. Kishore Reddy and Yelekala Surendra Reddy have transferred 4,134 and 3,866 equity shares of Rs. 10 each respectively to Krishna Institute of Medical Sciences Limited.

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**30. Earning per equity share**

Basic and diluted EPS amounts are calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

**The following reflects the income and share data used in the basic and diluted EPS computations:**

| Particulars | March 31, 2019 |
|---|---|
| Profit/(loss) attributable to equity holders of the Company for basic and diluted earnings | (33.37) |
| Weighted average number of Equity shares considered for calculation of basic and diluted EPS | 6,219 |
| Earnings per share | |
| - Basic and diluted (Rs.) | (5,365.47) |

31. Based on the information available with the company, there are no suppliers who are register as micro, small or medium enterprises under "The Micro, small and Medium Enterprises Development Act 2006" as at March 31, 2019.

**32. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and cash equivalents.

| | March 31, 2019 |
|---|---|
| Borrowings including interest accrued on borrowings | 587.37 |
| Trade payable | 66.53 |
| Other liabilities | 26.00 |
| Less: Cash and cash equivalents | (4.52) |
| **Net debt** | **675.38** |
| | |
| Equity | 290.10 |
| Retained earnings | (33.37) |
| Other Equity | 17.95 |
| **Total Equity** | **274.68** |
| Gearing ratio (Net Debt/ Total Equity) | **2.46** |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

**33. Financial risk management objectives and policies**

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, loans, trade receivables and other receivables.

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, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit risk and Liquidity risk.

**1. Market Risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk. Financial instruments affected by interest risk include loans and borrowings.

**Interest Rate Risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

**Interest rate sensitivity analysis**
The following table demonstrates the sensitivity to a reasonable possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's loss before tax is affected through the impact on floating rate borrowings as follows:

| | Increase/(decrease) in loss before tax |
|---|---|
| | March 31, 2019 |
| **Change in interest rate** | |
| - 0.5% increase | (2.90) |
| - 0.5% decrease | 2.90 |

**2. Credit Risk**
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

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 receivables team.

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 recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to Rs. 69.94 as at 31 March 2019.

**3. Liquidity Risk**
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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| | Carrying Value | Less than 1 years | More than 1 years but less than 3 years | More than 3 years |
|---|---|---|---|---|
| **As at March 2019** | | | | |
| Borrowings | 587.37 | 92.23 | 123.73 | 371.41 |
| Other financial liabilities | 26.00 | 22.74 | 3.26 | - |
| Trade Payables | 66.53 | 66.53 | - | - |

**34. Fair Value**

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

| Particulars | Carrying value 31 March 2019 | Fair value 31 March 2019 |
|---|---|---|
| **Financial assets at amortised cost** | | |
| Cash and Cash equivalents | 4.52 | 4.52 |
| Trade receivables | 69.94 | 69.94 |
| Unbilled revenue | 3.58 | 3.58 |
| Loans | 3.56 | 3.56 |
| Other financial assets | 2.98 | 2.98 |
| **Financial liabilities at amortised cost** | | |
| Trade Payables | 66.53 | 66.53 |
| Borrowings | 579.46 | 579.46 |
| Other financial liabilities | 33.91 | 33.91 |

**35. Fair Value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted price in active markets
Level 2: Significant observable inputs
Level 3: Significant unobservable inputs

**Quantitative disclosures fair value measurement hierarchy for financial instruments:**

| | Level As at 31 March 2019 | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| **Financial assets** | | | |
| **At amortised cost** | | | |
| Cash and cash equivalents | - | - | 4.52 |
| Trade receivables | - | - | 69.94 |
| Unbilled revenue | - | - | 3.58 |
| Loans | - | - | 3.56 |
| Other financial assets | - | - | 2.98 |
| **Financials liabilities** | | | |
| Trade payables | - | - | 66.53 |
| Borrowings | - | - | 579.46 |
| Other financial liabilities | - | - | 33.91 |

There have been no transfers between Level 1 and Level 2 during the period. The fair values of the financial assets and financial liabilities above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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### 36. Business Combination

The Company through a business transfer agreement, purchased the hospital and healthcare division of Saveera Hospital Private Limited under slump sale on September 25, 2018 for a purchase consideration of Rs. 197.27 on a going concern basis with effect from October 01, 2018. Accordingly, an amount of Rs. 258.20 being the excess of purchase consideration over the net value of the assets acquired (based on a valuation report) has been recognised as Goodwill on acquisition. The details of purchase price allocation is as follows:

| Particulars | March 31, 2019 |
|---|---|
| **Total Assets (Current and non current)** | |
| Property, plant and equipment | 489.00 |
| Intangible assets | 42.76 |
| Trade receivable | 61.52 |
| Inventories | 6.07 |
| Financial assets | 7.73 |
| Non current tax asset | 21.43 |
| | **628.51** |
| **Total Liabilities (Current and non current)** | |
| Borrowings | 529.55 |
| Deferred tax liabilities | 40.67 |
| Financial liabilities | 109.21 |
| Other liabilities | 10.01 |
| | **689.44** |
| **Net Assets** | **(60.93)** |
| Less: Purchase consideration | (197.27) |
| **Goodwill on acquisition** | **(258.20)** |

**For S.R. BATLIBOI & ASSOCIATES LLP**
**Chartered Accountants**
ICAI Firm registration number: **101049W/E300004**

**per Navneet Rai Kabra**
Partner
Membership No: 102328

Place: Hyderabad
Date: June 11, 2019

For and on behalf of the Board of Directors of
**Saveera Institute of Medical Sciences Private Limited**

**Bollineni Abhinay**
Director
DIN: 01681273

**S.V. Kishore Reddy**
Managing Director
DIN: 03492323

**Chandra Kumar Boddu**
Company Secretary

Place: Hyderabad
Date: June 11, 2019

**Saveera Institute of Medical Sciences Private Limited**
**Notes to the financial statements for the period ended March 31, 2019**

## 1. Corporate Information

Saveera Institute of Medical Sciences Private Limited ('the Company') is a private company domiciled in India and incorporated on 16 August 2018 under the Companies Act, 2013 in India. The registered office of the Company is located at D.No: 1-1348, Srinagar Colony Extension, Opposite to Sakshi Office, Anantapur, Andhra Pradesh - 515004. The Company is primarily engaged in the business of rendering medical and healthcare services.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on June 04, 2019.

## 2. Significant accounting policies

### 2.1 Basis of preparation and presentation:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The 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 |

The assets and liabilities acquired as a part of business combination are recognized at fair value on the acquisition date. Refer note 2.2 (a) and note 36 for further details.

The financial statements are presented in Indian Rupee ('INR') which is also the Company's functional currency and all values are rounded to the nearest million, in two decimals, except when otherwise indicated. No comparatives are presented in the Balance sheet, Statement of profit and loss, Cash flow statement and Statement of changes in equity to these financial statements as these are the first financial statements of the company.

### 2.2 Summary of Significant Accounting Policies:

#### a) Business combination and goodwill

Business combination are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

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When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**b) 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.

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**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.

**c) Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Periodically, the Management present the valuation results to the Board of Directors and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimate and assumptions (notes 33)
- Financial instruments (including those carried at amortised cost) (notes 34)

**d) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

**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

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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.

**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 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

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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.

**e) 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.

**f) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits with banks with original maturities of three months or less.

**g) 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.

**h) Revenue from contract with customer**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

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. In determining the transaction price for the hospital services, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). Income is recognised net of discounts and concessions given to the patients.

Contract assets represents value to the extent of medical and healthcare services rendered to the patients who are undergoing treatment/ observation on the balance sheet date and is not billed as at the balance sheet date.

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Revenue from sale of pharmacy and sale of food and beverages is recognised at the point in time when control of the good is transferred to the customer, generally on delivery.

**i) Property, plant and equipment**

**Recognition and measurement**
Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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.

The cost of self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**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 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.

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 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.

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**j) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The estimated useful lives of intangibles are as follows:

| Block of assets | Useful life |
|---|---|
| Software | 6 years |
| Brand | 5 years |
| Non-Compete | 5 years |

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**l) 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.

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**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.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability 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, taking into account any changes to the defined benefit liability 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.

**m) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. Operating lease payments are recognised as an expense in the statement of profit and loss over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

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**n) Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable (after deducting preference dividends and attributable taxes) 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.

**o) Income tax**

The Income-tax expense comprises current tax and deferred tax. It is recognised in profit and loss except to the extent that is 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.

**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.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**p) 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.

**q) Impairment**

**i. Impairment of financial instruments**

In accordance with Ind AS 109, 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;
- 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.

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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.

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

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's

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recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**r) 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.

**s) Segment reporting**
The Company uses the management approach for reporting information about segments in annual financial statements. The management approach is based on the way the Chief Operating Decision maker (CODM) organises segment within a company for making operating decisions and assessing performance. The Managing Director is the Company CODM within the definition of Ind AS 108.

The Company has determined that's its business model is comprised of single business segment - Healthcare services and single geographical segment - India. Since, the company comprises of single business segment and a single geographical segment, disclosures relating to the primary and secondary segments have not been presented.

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**t) Significant accounting judgement, estimates and assumptions**

The preparation of company's financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenue, expenses, assets and liabilities, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date. The present value of the defined benefit obligation is based on expected future payments at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 28 for details of the key assumptions used in determining the accounting for these plans.

**Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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**Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The business acquisitions made by the Company are also accounted at fair values.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company's engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

**u) Recent accounting pronouncements:**

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

***Ind AS 116. Leases***

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The company intends to adopt these standards from 1 April 2019. As the company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its financial Statements.

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