

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the financial statements of Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

Attention is drawn to Note 4.1(b) to the Ind AS Financial Statements that describes the uncertainty associated with renewal of the lease of land on which one of the Company's hospital is located in Vijayawada. Our opinion is not modified in respect of this matter.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors' report but does not include the Ind AS financial statements and our auditors' report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
Independent Auditors' report (continued)

Other Information (continued)

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
Independent Auditors' report (continued)

Auditors' Responsibilities for the Audit of the Ind AS Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
Independent Auditors' report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on 31 March 2020, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to the Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Ind AS financial statements - Refer Note 4.1(b) and Note 4.25 to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Ind AS financial statements since they do not pertain to the financial year ended 31 March 2020.

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Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
Independent Auditors' report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Akhil Kapadiya

Partner

Membership No.: 212991

UDIN: 20212991AAAAAO3332

Place: Hyderabad

Date: 17 June 2020

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Annexure A to the Independent Auditors' Report on the Ind AS financial statements

With reference to Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the Members of the Company on the Ind AS financial statements for the year ended 31 March 2020, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified during the year and no material discrepancies were observed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (Buildings on leasehold lands) as disclosed in Note 4.1 to the Ind AS financial statements are held in the name of the Company except in respect of the building on leasehold land located at Vijayawada having a gross book value of Rs.690.32 lakhs and net book value of Rs. Nil as at March 31, 2020 in respect of which the title is not in the name of the Company. Refer Note 4.1(b) to the Ind AS financial statements.
- ii. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('Act'). Accordingly, the provisions of Clauses 3(iii)(a), (b) and (c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investment made or loan or guarantee or security provided to the parties covered under Section 186 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, the provisions of Clause 3(v) of the said Order is not applicable to the Company.
- vi. We have broadly reviewed the records maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any undisputed statutory dues on account of Sales tax, Service tax, Duty of Excise, Value Added Tax and Duty of Customs. Also refer Note 4.25(c) to the Ind AS financial statements.

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Annexure A to the Independent Auditors' Report on the Ind AS financial statements (continued)

- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no dues of Income tax, which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Company did not have any statutory dues on account of Sales tax, Service tax, Duty of Excise, Value Added Tax and Duty of Customs.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution. The Company does not have any loans or borrowings from government nor has it issued any debentures.
- ix. In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company prescribed under Section 406 of the Act. Accordingly, the provisions of Clause 3(xii) of the said Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions, have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the said Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them as contemplated under the provisions of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the said Order is not applicable to the Company.

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Annexure A to the Independent Auditors' Report on the Ind AS financial statements (continued)

- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the said Order is not applicable to the Company.

for B S R & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/W-100024



Akhil Kapadiya

Partner

Membership No.: 212991

UDIN: 20212991AAAAAO3332

Place: Hyderabad

Date: 17 June 2020

Annexure B to the Independent Auditors' report on the Ind AS Financial Statements of Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Ind AS financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

Annexure B to the Independent Auditors' report on the Ind AS Financial Statements of Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited for the period ended 31 March 2020

Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Ind AS financial statements.

Meaning of Internal Financial controls with Reference to Ind AS Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Ind AS Financial Statements

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

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Akhil Kapadiya

Partner

Membership No.: 212991

UDIN: 20212991AAAAAO3332

Place: Hyderabad

Date: 17 June 2020

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Balance Sheet as at 31 March 2020
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4.1	9,623.87	10,264.04
Intangible assets	4.2	38.94	17.33
Right-of-use assets	4.3	3,018.42	-
Financial assets			
Investments	4.4	3,031.07	3,002.85
Other financial assets	4.5	233.38	198.66
Deferred tax assets	4.6	739.71	589.58
Other tax assets		2,014.91	1,526.13
Other non-current assets	4.7	13.00	113.85
Total non-current assets		18,713.30	15,712.44
Current assets			
Inventories	4.8	663.23	543.38
Financial assets			
Investments	4.4	1,154.65	232.54
Trade receivables	4.9	2,651.65	2,805.64
Cash and cash equivalents	4.10	419.11	56.12
Other financial assets	4.5	222.50	237.28
Other current assets	4.7	161.56	253.10
Total current assets		5,272.70	4,128.06
TOTAL ASSETS		23,986.00	19,840.50
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4.11	1,078.58	1,078.58
Other equity	4.12	10,562.58	10,858.71
Total equity		11,641.16	11,937.29
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	4.13	3,660.13	3,824.96
Lease liabilities	4.27	4,024.72	-
Other financial liabilities	4.16	20.73	-
Provisions	4.14	174.17	207.15
Total non-current liabilities		7,879.75	4,032.11
Current liabilities			
Financial liabilities			
Borrowings	4.13	-	91.53
Lease liabilities	4.27	132.45	-
Trade payables	4.15	-	-
- Total outstanding dues of micro small and medium enterprises		-	-
- Total outstanding dues other than micro small and medium enterprises		1,824.85	1,776.91
Other financial liabilities	4.16	2,146.91	1,549.94
Provisions	4.14	139.52	75.64
Other current liabilities	4.17	221.36	377.08
Total current liabilities		4,465.09	3,871.10
TOTAL EQUITY & LIABILITIES		23,986.00	19,840.50

Significant accounting policies

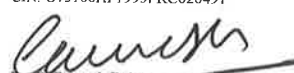
The notes referred to above form an integral part of the Ind AS Financial Statements
As per our report of even date attached

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for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/W-100024


Abhil Kapadiya
Partner
Membership No. 212991

for and behalf of the Board of Directors of
Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
CIN: U73100AP1995PRC020491


Dr. P. Ramesh Babu
Managing Director
DIN: 01879436


P. Ravi Kiran
CFO & Whole-Time Director
DIN: 05116806


Mr. M.S.Rama Mohan Rao
Chairman and Director
DIN: 02356742


S. Nagendra Kumar
Company Secretary
Membership No. A33490

Place: Hyderabad
Date: 17 June 2020

Place: Vijayawada
Date: 28 May 2020

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Statement of Profit and Loss for the year ended 31 March 2020
 (All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations		21,437.95	20,841.66
Other income	4.18	29.95	42.49
Total income	4.19	21,467.90	20,884.15
Expenses			
Purchase of medicines and consumables	4.20 (a)	5,120.06	5,249.60
Change in inventories	4.20 (b)	(119.85)	(37.79)
Employee benefits expense	4.21	6,050.19	5,874.15
Finance costs	4.22	887.25	534.98
Depreciation and amortisation expense	4.23	1,479.29	1,294.78
Other expenses	4.24	7,306.17	7,276.41
Total expenses		20,723.11	20,192.13
Profit before tax		744.79	692.02
Tax expense			
Current tax	4.6	156.54	168.76
Deferred tax	4.6	137.77	(149.45)
Profit for the year		450.48	672.71
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of defined benefit (liability)/ asset		5.39	(41.83)
Income tax in relation to above item		(1.40)	10.88
Other comprehensive income for the year, net of income-tax		3.99	(30.96)
Total comprehensive income for the year		454.47	641.75
Earnings per equity share (par value of INR 10 each)			
Basic	4.26	4.18	6.24
Diluted	4.26	4.18	6.24
Significant accounting policies	3		
The notes referred to above form an integral part of the Ind AS Financial Statements			

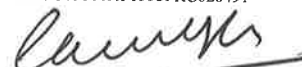
As per our report of even date attached

for **B S R & Associates LLP**
 Chartered Accountants
 ICAI Firm registration number: 116231W/W-100024



Akhil Kapadiya
 Partner
 Membership No. 212991

for and behalf of the Board of Directors of
Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
 CIN: U73100AP1995PRC020491



Dr. P. Ramesh Babu
 Managing Director
 DIN: 01879436



Mr. M.S.Rama Mohan Rao
 Chairman and Director
 DIN: 02356742



CA.P. Ravi Kiran
 CFO & Whole-Time Director
 DIN: 05116806



S. Nagendra Kumar
 Company Secretary
 Membership No. A37490

Place: Hyderabad
 Date: 17 June 2020

Place: Vijayawada
 Date: 28 May 2020

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Statement of Cash flow for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and where otherwise stated)

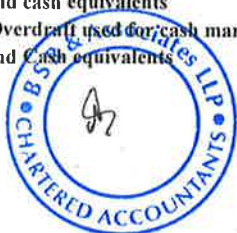
	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flow from operating activities		
Profit before tax	744.79	692.02
Adjustments for operating activities:		
Depreciation and amortisation	1,479.29	1,294.78
Provision for discounts, disallowances & doubtful debts	164.54	113.70
Bad debts written off	43.12	45.51
Finance cost	887.25	534.98
Gain on sale of mutual funds	(9.62)	(4.82)
Financial assets at FVTPL - Net change in fair value	(1.94)	(0.98)
Interest income	(6.22)	(1.62)
Unwinding of discount on Security deposits	(6.70)	(31.09)
(Profit) / loss on sale of fixed assets	-	(1.16)
Guarantee commission income	(1.67)	-
Operating profit before working capital changes	3,292.84	2,641.31
Adjustments:		
Inventories	(119.85)	(37.79)
Trade receivables	(53.66)	(542.54)
Other financial assets	29.80	(20.42)
Other current assets	179.77	(73.89)
Trade payables	47.94	219.53
Other financial liabilities	167.81	(120.08)
Provisions	30.90	108.12
Other current liabilities	(155.73)	40.03
Cash generated from operations	3,419.82	2,214.28
Income taxes paid (net)	(644.75)	(696.28)
Net cash flow from operating activities (A)	2,775.07	1,518.00
B. Cash flow from investing activities		
Investment in subsidiaries and associates	-	(2,977.35)
Purchase of tangible and intangible fixed assets	(592.04)	(369.80)
Proceeds from sale of fixed assets	1.40	3.83
Sale proceeds / (purchases) of investments	(910.54)	2,241.93
Investment in margin deposits	(27.50)	-
Interest received	6.17	7.03
Net cash flow used in investing activities (B)	(1,522.51)	(1,094.36)
C. Cash flow from financing activities		
Proceeds from long term borrowings	1,052.05	808.14
Repayment of long term borrowings	(856.96)	(978.54)
Proceeds/(repayment) of short term borrowings (net)	(91.53)	246.94
Payment of lease liabilities	(376.99)	-
Finance cost	(524.61)	(534.20)
Net cash flow used in financing activities (C)	(798.04)	(457.66)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	454.52	(34.02)
Cash and cash equivalents at the beginning of the year	(35.41)	(1.39)
Cash and cash equivalents at the end of the year (Refer note: 4.10)	419.11	(35.41)

*** Changes in liabilities arising from financing activities:**

Particulars	As at 01 April 2019	Cash flow changes	Non-cash changes	As at 31 March 2020
Long-term borrowings	4,661.95	201.15	(6.05)	4,857.05

Cash and cash equivalents

Cash on hand	33.19	42.76
Bank balances		
- in current accounts	385.92	13.36
Cash and cash equivalents	419.11	56.12
Bank Overdraft used for cash management purposes	-	(91.53)
Cash and cash equivalents	419.11	(35.41)



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Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Statement of Cash flow for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and where otherwise stated)

Note:

- a) The above standalone cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.
b) Cash and cash equivalents comprises of:

	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
- In current accounts	385.92	13.36
Cash on hand	33.19	42.76
Cash and cash equivalents as per balance sheet	419.11	56.12

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024



Akhil Kapadiya


Partner

Membership No. 212991

for and behalf of the Board of Directors of

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

CIN: U73100AP1995PRC020491



Dr. P. Ramesh Babu

Managing Director

DIN: 01879436



Mr. M.S. Rama Mohan Rao

Chairman and Director

DIN: 02356742



CA.P. Ravi Kiran

CFO & Whole-Time Director

DIN: 05116806



S. Nagendra Kumar

Company Secretary

Membership No. A33490

Place: Hyderabad

Date: 17 June 2020

Place: Vijayawada

Date: 28 May 2020

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Statement of Changes in Equity
 (All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

(A) Equity share capital

	Note	Number of shares	Amount
Balance as at 1 April 2018		10,785,825	1,078.58
Changes in equity share capital during 2018-19	4.11	-	-
Balance as at 31 March 2019		10,785,825	1,078.58
Changes in equity share capital during 2019-20	4.11	-	-
Balance as at 31 March 2020		10,785,825	1,078.58

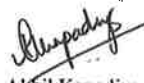
(B) Other equity

Particulars	Other equity			Total attributable to owners of the company
	Reserves and Surplus		Capital redemption reserve	
	Securities premium	Retained earnings		
Balance as at 1 April 2018	7,454.54	2,762.42	-	10,216.96
Profit for the year	-	672.71	-	672.71
Re-measurement of net defined benefit plans, net of tax	-	(30.96)	-	(30.96)
Redemption of preference share capital	-	(40.00)	40.00	-
Balance as at 31 March 2019	7,454.54	3,364.17	40.00	10,858.71
Balance as at 1 April 2019	7,454.54	3,364.17	40.00	10,858.71
Impact on account of transition to Ind AS 116, net of deferred tax of Rs. 289.30 (Refer note 4.27)	-	(750.60)	-	(750.60)
Profit for the year	-	450.48	-	450.48
Re-measurement of defined benefit plans, net of tax	-	3.99	-	3.99
Balance as at 31 March 2020	7,454.54	3,068.04	40.00	10,562.58

The notes referred above form an integral part of the Ind AS Financial Statements

As per our report of even date attached

for **BSR & Associates LLP**
 Chartered Accountants
 ICAI Firm registration number: 116231W/W-100024



Akhil Kapadiya
 Partner
 Membership No. 212991

for and behalf of the Board of Directors of
Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
 CIN: U73100AP1995PRC020491


Dr. P. Ramesh Babu
 Managing Director
 DIN: 1879436


Mr. M.S.Rama Mohan Rao
 Chairman and Director
 DIN: 02356742


CA.P. Ravi Kiran
 CFO & Whole-Time Director
 DIN: 5116806


S.Nagendra Kumar
 Company Secretary
 Membership No. A33490

Place: Hyderabad
 Date: 17 June 2020

Place: Vijayawada
 Date: 28 May 2020

Place: Vijayawada
 Date: 28 May 2020

Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

1. Reporting Entity

Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited (the 'Company') is a Company domiciled in India, with its registered office situated at Vijayawada, Andhra Pradesh. The Company is engaged in the business of rendering medical and healthcare services, participating in clinical studies and conducting training programs and services primarily in Vijayawada and Guntur. Aster DM Healthcare Limited is the Holding Company.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provision of the Act under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The financial statements were authorised for issue by the Company's Board of Director on 28 May 2020.

Details of the accounting policies of the Company are included in Note 3.

2.2 Functional and presentation currency

The Financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded off to nearest lakhs except share data or as otherwise stated.

2.3 Basis of measurement

The financial statements have been prepared and presented under 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

2.4 Use of judgments, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

2.4 Use of judgments, estimates and assumptions (continued)

Information about judgements, assumptions and estimation uncertainties that have a significant effects on the amount recognised in the financial statements is included in the following notes:

- Note 4.1 and 4.2 - measurement of useful life and residual value of property, plant and equipment and intangible assets;
- Note 4.5 – recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;
- Note 4.24 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 4.28– measurement of defined benefit obligations: key actuarial assumptions;
- Note 4.37 – Impairment of financial assets and non-financial assets;
- Note 4.3 & 4.27 – determination of the lease term and whether the Company is reasonably certain to exercise extension options or not.

2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4.37 - financial instruments

2.6 Change in significant accounting policies

The Company applied Ind AS 116 Leases from 1 April 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in opening retained earnings at 1 April 2019. Accordingly, the comparative information presented is not restated i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

2. Basis of preparation

2.6 Change in significant accounting policies (continued)

i. Definition of lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.1(i). On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

ii. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to short-term leases. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities. The cash payments for the principal portion of the lease liability and its related interest is classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies

a. 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:

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

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

Liabilities

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

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

Deferred tax assets are classified as non-current assets.

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Foreign exchange transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities are denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date, the resultant exchange differences are recognised in the statement of profit and loss. Nonmonetary assets and liabilities 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.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

c. Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work in progress

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as other non-current assets.

Depreciation and amortisation

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of tangible fixed assets comprises the purchase price, non-refundable taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use.

Subsequent expenditures related to an item of tangible fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of tangible fixed assets under construction/acquired but not ready for their intended use as at the balance sheet date are disclosed as capital work-in-progress. Indirect expenditure including borrowing cost to the extent incidental to construction of tangible fixed asset is disclosed under expenditure during construction and will be allocated to fixed assets on being put to use.

Tangible fixed assets other than leasehold improvements and buildings on leasehold land are depreciated at the useful lives specified in Schedule II of the Companies Act, 2013 using straight-line method as in the opinion of the management the same reflects the estimated useful life. Leasehold improvements and buildings on lease hold land are amortised on straight line method over the primary period of lease or estimated useful life whichever is lower. Depreciation is calculated on a pro-rata basis from/upto the date the assets are purchased / sold.

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

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposal of the asset and the resultant gains or losses are recognized in the statement of profit and loss.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

c. Property, Plant and Equipment (continued)

Depreciation and amortisation (continued)

There are no parts to the asset, which are significant to total cost of the asset and useful life of that parts of the asset is not different from the useful life of the remaining asset. Hence, no useful life of those particular parts is determined separately. Losses arising from retirement, gains or losses arising from disposal of fixed assets measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Intangible assets and Amortisation

Intangible assets are recorded at the consideration paid for cost of acquisition or development less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use. Intangible assets under development are capitalized only if the Company is able to establish control over such assets and expects future economic benefit will flow to the Company.

Intangible assets are amortised over their estimated useful life, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Gains or losses arising from decommissioning of an intangible asset are measured at 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.

Computer software is amortized on straight line basis over their estimated useful life of four years.

e. Inventories

The inventories of medical consumables, drugs and surgical equipments are valued at lower of cost or net realizable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realizable value is the selling price. The comparison of cost and net realizable is made on an item by item basis. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for Goods and Service tax wherever applicable, applying the first in first out method.

f. Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and other benefits. The undiscounted amount of short -term employee benefits to be paid in exchange for employee services are recognised as an expense as the related service is rendered by employees.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

f. Employee benefits (continued)

Post-employment benefits

i. 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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

ii. Defined benefit plans

Gratuity

In accordance with the applicable Indian laws, the Company provides for gratuity, defined benefit retirement plan ("the Gratuity plan") covering eligible employees. The Gratuity plan provides a lump-sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

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 periodically by a qualified actuary using the projected unit credit method.

The gratuity scheme is administered by Life Insurance Corporation of India (Group Gratuity Scheme). Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes 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 recognizes 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

The employees of the Company are entitled to compensate absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or encase the leaves during the period of employment or retirement or at termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

f. Employee benefits (continued)

Post-employment benefits (continued)

ii. Defined benefit plans (continued)

Compensated absences

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the other comprehensive income.

g. Revenue

Revenue from contract with customers

The Company generates revenue from rendering of medical and healthcare services, sale of medicines and other operating avenues. Ind AS 115 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts*.

Disaggregation of revenue

The Company disaggregates revenue from hospital services (medical and healthcare services), sale of medicines, clinical and market studies and other operating income. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cash flows are affected by industry, market and other economic factors.

Contract balances

The Company classifies the right to consideration in exchange for sale of services as trade receivables, advance consideration as advance from customers.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following details provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

g. Revenue recognition (continued)

a. Medical and healthcare services

The Company's revenue from medical and healthcare services comprises of income from hospital services.

Revenue from hospital services to patients 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 the services rendered. Revenue is recognised net of discounts and concessions given to the patients.

Unbilled revenue 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.

b. Sale of medicines

Revenue from sale of medical consumables and medicines within the hospital premises is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount of revenue recognised is net of sales returns, taxes and duties, wherever applicable.

c. Revenue from clinical and market studies and canteen sales

The Company's revenue from other operating income comprises of income from clinical and market studies, training/courses and canteen sales (sales of food and beverages).

Revenue from services rendered is based on the agreements/arrangements with the customers as the service is performed. Income from training/courses is recognised over a period of time as these are conducted. Income from sale of food and beverages is recognised at a point in time when control of the assets is transferred.

h. Interest

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

i. Leases as a lessee

Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 1 April 2019. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

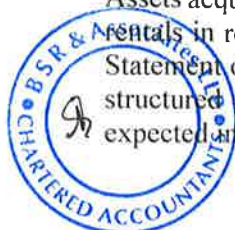
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

Policy applicable before 1 April 2019

Assets acquired under leases other than finance leases are classified as operating leases. The total lease payments in respect of an asset taken on operating lease are generally recognized as an expense in the Statement of Profit and Loss on a straight line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

j. Taxation

Income tax expense comprises current tax and deferred tax charge or credit. Income tax expenses are recognized in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income (OCI) or directly in equity.

Current 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 dates.

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 realize the assets and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized 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 recognized for all taxable temporary differences. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized 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 realized simultaneously.

Deferred tax assets are recognized to the extent that is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which deferred tax asset can be realized.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

j. Taxation (continued)

Deferred tax (continued)

Deferred tax asset-unrecognized or recognized are reviewed at each reporting date and they are recognized/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

k. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

l. 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. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

m. Earnings per share

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

n. Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
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3.1 Summary of significant accounting policies (continued)

n. Provisions and contingent liabilities (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

o. Borrowing costs

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

p. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial Assets:

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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



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3.1 Summary of significant accounting policies (continued)

p. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

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

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 or 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 or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

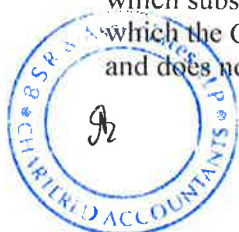
Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

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.



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Notes to the financial statements for the year ending 31 March 2020
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3.1 Summary of significant accounting policies (continued)

p. Financial instruments (continued)

iii. Derecognition (continued)

Financial assets (continued)

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 expired.

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

q. Impairment

i. Impairment of financial instruments

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost 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;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

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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Notes to the financial statements for the year ending 31 March 2020
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3.1 Summary of significant accounting policies (continued)

q. Impairment (continued)

i. Impairment of financial instruments (continued)

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

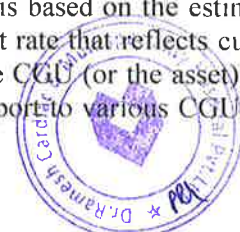
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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 debtor 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's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset). The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows.



Dr.Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements for the year ending 31 March 2020
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

q. Impairment (continued)

ii. Impairment of non-financial assets (continued)

To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

r. Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognized in the statement of profit or loss.

s. Financial guarantee

In a financial guarantee, where the parent company has provided guarantee to its subsidiaries, the Company treats the fair value of the guarantee as a deemed equity infusion at the time of initial recognition and subsequently recognises the guarantee premium as income over the period of the guarantee.

t. Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.1 Property, plant and equipment

Reconciliation of carrying amount

Particulars	Buildings	Leasehold improvements	Medical and surgical equipment	Electrical Installations and equipment's	Office equipment's	Computers	Furniture and fixtures	Vehicles	CWIP	Total
Gross cost /Deemed cost										
Balance at 1 April 2018	5,789.62	66.72	4,983.82	1,079.29	831.49	150.09	488.07	285.15	-	13,674.25
Additions	-	17.07	217.66	26.82	21.04	70.56	24.55	37.18	-	414.88
Disposals	-	-	(7.25)	(1.02)	-	(0.68)	-	(8.08)	-	(17.03)
Balance at 31 March 2019	5,789.62	83.79	5,194.23	1,105.09	852.53	219.97	512.62	314.25	-	14,072.10
Balance at 1 April 2019	5,789.62	83.79	5,194.23	1,105.09	852.53	219.97	512.62	314.25	-	14,072.10
Additions	-	7.40	359.84	35.35	34.86	42.87	68.97	81.91	2.74	633.94
Disposals	-	-	(6.73)	(10.09)	(0.07)	(83.61)	(0.61)	(9.71)	-	(110.82)
Balance at 31 March 2020	5,789.62	91.19	5,547.34	1,130.35	887.32	179.23	580.98	386.45	2.74	14,595.22
Accumulated depreciation										
Balance at 1 April 2018	661.26	4.59	709.77	329.16	504.08	89.82	155.89	91.87	-	2,546.43
Depreciation for the year	368.70	6.96	456.17	122.19	165.11	50.45	65.01	41.39	-	1,275.99
Disposals	-	-	(5.38)	(1.00)	-	(0.04)	-	(7.94)	-	(14.36)
Balance at 31 April 2019	1,029.96	11.55	1,160.56	450.35	669.19	140.23	220.90	125.32	-	3,808.06
Balance at 1 April 2019	1,029.96	11.55	1,160.56	450.35	669.19	140.23	220.90	125.32	-	3,808.06
Depreciation for the year	346.39	7.68	472.51	119.96	161.90	54.98	63.83	46.13	-	1,273.38
Disposals	-	-	(6.66)	(10.08)	(0)	(83.20)	(0.44)	(9.71)	-	(110.09)
Balance at 31 March 2020	1,376.35	19.23	1,626.41	560.23	831.09	112.01	284.29	161.74	-	4,971.35
Net Carrying amounts										
As at 31 March 2020	4,413.27	71.96	3,920.93	570.12	56.23	67.22	296.69	224.71	2.74	9,623.87
As at 31 March 2019	4,759.66	72.24	4,033.67	654.74	183.34	79.74	291.72	188.93	-	10,264.04

Notes:

a) For details of tangible assets hypothecated against loans availed by the Company, refer note 4.13

b) The Company has a hospital situated in Gunadala, Vijayawada which is located on land that has been taken on lease from M/s Loyola College Society ("Society") vide a lease agreement dated 21 September 2004. The lease was initially taken for a period of 9 years and 11 months which was renewed for an additional period of 15 years and 1 month. This additional lease period expired on 31 January 2019.

At the time of entering into the initial lease, a separate intent letter dated 1st May 1994 was also issued by the Society stating that the Company will have an option to request for renewal of lease for a further period of 25 years from 31 January 2019 based on such terms and conditions as may be mutually agreed. In accordance with this intent letter, the management has made an application dated 03 July 2018 to the Society to extend the lease beyond 31 January 2019. However, the Society rejected this application and has issued a notice to the Company to vacate the premises and to hand over the entire building and structure to the



Aggrieved by this, the management has filed a legal case against the Society and the matter is presently sub-judice. Based on legal advice, the management is of the view that it has a good case to seek renewal of the lease and does not expect any impact of this matter on the future operations of the hospital.

Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the Financial Statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.2 Intangibles assets

B. Reconciliation of the carrying amount

Particulars	Software	Total
Gross cost /Deemed cost		
Balance at 1 April 2018		
Additions	68.84	68.84
Disposals	7.11	7.11
Balance at 31 March 2019	75.95	75.95
Balance at 1 April 2019	75.95	75.95
Additions	35.94	35.94
Disposals	(4.05)	(4.05)
Balance at 31 March 2020	107.84	107.84
Accumulated amortisation		
Balance at 1 April 2018	39.82	39.82
Amortisation for the year	18.80	18.80
Disposals	-	-
Balance at 31 March 2019	58.62	58.62
Balance at 1 April 2019	58.62	58.62
Amortisation for the year	13.67	13.67
Disposals	(3.39)	(3.39)
Balance at 31 March 2020	68.90	68.90
Net Carrying amounts		
As at 31 March 2020	38.94	38.94
As at 31 March 2019	17.33	17.33



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the Financial Statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.3 Right-of-use assets

B. Reconciliation of the carrying amount

Particulars	Leasehold lands	Total
Carrying Amount		
Balance at 1 April 2019 (on transition)	3,093.10	3,093.10
Additions	117.58	117.58
Disposals	-	-
Balance at 31 March 2020	<u>3,210.68</u>	<u>3,210.68</u>
Accumulated amortisation		
Balance at 1 April 2019	-	-
Amortisation for the year	192.25	192.25
Disposals	-	-
Balance at 31 March 2020	<u>192.25</u>	<u>192.25</u>
Net Carrying amounts		
As at 31 March 2020	3,018.42	3,018.42



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
4.4 Investments		
Non-current		
<i>In subsidiaries at cost</i>		
Unquoted equity instrument, refer note i below	2,915.11	
Deemed investment, Corporate financial guarantee, refer note ii below	28.21	2,943.32
Unquoted capital contribution, refer note iii below		47.75
Unquoted capital contribution, refer note iv below		40.00
	3,031.07	3,002.85

Note:

i) On 1 April, 2018, the Company had entered into a share purchase agreement with the Key Promotor Group and the Remaining Shareholders Group of Sanghamitra Hospitals Private Limited (SHPL) and acquired 51% stake in SHPL.

ii) The Company has given a corporate guarantee to a bank towards a loan taken by its subsidiary Sanghamitra Hospitals Private Limited. The outstanding loan in the books of subsidiary as at balance sheet date is Rs 914.04 (PY: Nil).

iii) On March 25, 2018, the Company had entered into an agreement with Dr.N.Sashidhar to establish and register a limited liability partnership under the Limited Liability Partnership Act, 2008 in the name of "Aster Ramesh Duhita LLP" with an initial capital contribution to be made upto Rs. 100 in the ratio of 51:49 respectively. The Company's contribution amounts to Rs. 47.75 as of March 31 2020 (PY Rs. 47.75) and Dr. N.Sashidhar has contributed Rs. 25 (PY Rs. 25) as at 31 March 2020. Also refer Note 4.5.

iv) On December 28, 2018, the Company entered into an agreement with Dr.Swapna Srinath to establish and register a limited liability partnership under the Limited Liability Partnership Act, 2008 in the name of "Komali Fertility Centre LLP". The Company has contributed an amount of Rs. 40 as at 31 March 2020 (PY Rs. 40). Similar contribution has been made by Dr. Swapna Srinath as at 31 March 2020.

v) The above investments have been elected to be accounted at cost by the Company, per Ind AS 27 "Separate Financial Statements"

vi) Though Aster Ramesh Duhita LLP, Sanghamitra Hospitals Private limited and Komali Fertility Centre LLP are subsidiaries of the Company, pursuant to provision of Rule 6 (iii) of the Companies (Accounts) Rules 2014 there was a special resolution passed by the Company, by which the Company opted not to prepare the consolidated financial statement, since the holding company, Aster DM Healthcare Limited prepares the consolidated financial statements for the year ended 31 March 2020 which includes financial statements of these entities.

	As at 31 March 2020	As at 31 March 2019
Current		
<i>Investment in Mutual Funds - Quoted investments (non-trade at fair value through profit or loss)</i>		
Reliance Liquid Fund - Direct Growth	-	180.22
Reliance Equity Hybrid Fund- Segregated Portfolio-1	0.05	-
Reliance Liquid Fund - Treasury Plan	288.54	-
Nippon India Money Market Fund INF204K01ZP3	786.03	-
Nippon India Overnight Fund- Direct Growth Plan	80.03	-
Reliance regular savings fund - Balanced plan	-	52.32
	1,154.65	232.54
Aggregate book value of quoted investments	1,154.65	232.54
Aggregate market value of quoted investments	1,154.65	232.54
Aggregate amount of impairment in the value of investments	-	-



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees Lakhs, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
4.5 Other financial assets		
Non-current		
<i>Unsecured, considered good</i>		
(a) Security deposits		
- to related parties (refer Note: 4.36)	69.86	71.02
- to parties other than related parties	23.08	7.03
other deposits		
- to parties other than related parties	95.27	102.99
	188.21	181.04
(b) Deposits		
Bank deposits due to mature after 12 months from reporting date (refer i below)	43.00	15.50
Interest accrued but not due on deposits maturing after 12 months from reporting date	2.17	2.12
	45.17	17.62
	233.38	198.66

Note:

i. Includes margin money deposits of Rs. 43.00 (PY: Rs. 15.50) against Bank guarantees issued by banks, which are lien marked with Government authorities.

	As at 31 March 2020	As at 31 March 2019
Current		
<i>Unsecured, considered good</i>		
Contract assets - unbilled revenue	124.06	149.91
Advances towards capital contribution in Aster Ramesh Duhita LLP	31.01	12.00
Advance to employees	66.36	74.30
Other advances recoverable in cash or kind	1.07	1.07
	222.50	237.28



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.6 Other tax assets

(A) Income tax

(i) Amount recognised in the statement of profit & loss

Particulars	For the year ended	
	31 March 2020	31 March 2019
Current tax	156.54	168.76
Deferred tax	137.77	(149.45)
Tax expense for the year	294.31	19.31

(ii) Amount recognised in other comprehensive income

	For the Year ended 31 March 2020			For the Year ended 31 March 2019		
	Before tax	Tax benefit/(expense)	Net of Tax	Before tax	Tax benefit/(expense)	Net of Tax
Re-measurement on defined benefit (liability)/assets	5.39	(1.40)	3.99	(41.83)	10.88	(30.95)
	5.39	(1.40)	3.99	(41.83)	10.88	(30.95)

(B) Reconciliation of effective tax rate

Particulars	As at 31 March 2020	As at 31 March 2019
Profit before tax	744.79	692.02
Tax using enacted tax rate applicable to the Company	207.20	178.19
Tax effect of		
Deduction for capital expenditure u/s 35 AD of Income Tax Act.	(89.02)	(58.48)
Income not subject to tax	1.47	(8.30)
Impact of deferred tax not recognized in earlier years	116.29	(90.54)
Donation u/s 80G	(1.40)	(1.16)
Others	59.77	(0.42)
Income tax expense	294.31	19.31
Effective tax rate	39.52%	2.79%

The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated by the President of India on 20 September 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to a domestic company to pay income tax at reduced rate of 22%. The Company has elected not to exercise this option to pay income tax at a reduced rate of 22%. Accordingly, the Company has recognised, provision for income tax for the year ended 31 March 2020 based on earlier income tax provisions i.e. higher of income tax as per the normal provisions of Income Tax Act, 1961 and Minimum Alternate Tax.

(C) Components of deferred tax assets and liabilities:

Particulars	Balance as at 1 April 2019	Recognised through retained earnings	Recognised in Statement of Profit and Loss	Recognised through other comprehensive income	Balance as at 31 March 2020
Deferred tax asset/(liabilities) in relation to:					
MAT credit entitlement	566.49	-	112.23	-	678.72
Lease liabilities, impact on account of transition to Ind AS 116 (refer note 4.27)	-	1,127.31	29.00	-	1,156.31
Right-of-use assets, impact on account of transition to Ind AS 116 (refer note 4.27)	-	(838.01)	(2.00)	-	(840.01)
Property, plant and equipment and intangible assets	-	-	(525.00)	-	(525.00)
Trade receivables (loss allowances)	-	-	111.50	-	111.50
Provision for employee benefits	23.09	-	136.50	(1.40)	158.19
Total deferred tax asset/(liability)	589.58	289.30	(137.77)	(1.40)	739.71
	Balance as at 1 April 2018	Recognised through retained earnings	Recognised in Statement of Profit and Loss	Recognised through other comprehensive income	Balance as at 31 March 2019
Deferred tax asset/(liabilities) in relation to:					
MAT credit entitlement	417.04	-	149.45	-	566.49
Provision for employee benefits	12.21	-	-	10.88	23.09
Total deferred tax asset/(liability)	429.25	-	149.45	10.88	589.58

(D) Deferred tax assets not recognised on grounds of prudence

Particulars	Balance as at 31 March 2020		Balance as at 31 March 2019	
	Gross amount	Deferred tax	Gross amount	Deferred tax
On account of unabsorbed losses and depreciation	-	-	1,337.07	453.88
Total	-	-	1,337.07	453.88



Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees Lakhs, except share data and where otherwise stated)

4.6 Other tax assets (continued)

(E) Tax Losses

Particulars	Balance as at 31 March 2020		Balance as at 31 March 2019	
	Tax loss	Expire	Tax loss	Expire
Unabsorbed Capital Expenditure u/s 35AD	-	Infinite	1,377.07	Infinite
Total	-		1,377.07	

Deferred tax assets and deferred tax liabilities have been offset wherever the management has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	As at 31 Mar 2020	As at 31 March 2019
4.7 Other assets		
Non-current		
<i>Unsecured, considered good</i>		
Capital advances	13.00	25.63
Prepaid expenses	-	88.22
	13.00	113.85
Current		
<i>Unsecured, considered good</i>		
Prepaid expenses	43.72	65.33
Advances to vendors	63.51	130.37
Other assets	54.33	57.40
	161.56	253.10
	174.56	366.95

	As at 31 Mar 2020	As at 31 March 2019
4.8 Inventories		
Pharmacy medicines	663.23	543.38
<i>(valued at lower of cost or net realisable value)</i>	663.23	543.38
<i>∴ For details of inventories hypothecated, refer Note 4.13</i>		

	As at 31 Mar 2020	As at 31 March 2019
4.9 Trade receivables		
Current		
<i>Unsecured</i>		
- Considered good	2,651.65	2,805.64
- Considered doubtful	401.64	279.96
- Significant increase in credit risk	-	-
- Credit impaired	-	-
	3,053.29	3,085.60
Less: Provision for Impairment	(401.64)	(279.96)
Net trade receivables	2,651.65	2,805.64

The Company's exposure to credit risk and loss allowance related to trade receivables is disclosed in Note 4.38
For details of net trade receivables hypothecated refer Note 4.13

	As at 31 Mar 2020	As at 31 March 2019
4.10 Cash and cash equivalents		
Cash on hand	33.19	42.76
Balance with banks		
- in current accounts	385.92	13.36
Cash and Cash equivalents	419.11	56.12



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited**Notes to the financial statements (continued)**

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
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4.12 Other equity**Securities premium:**

Balance at the beginning of the year	7,454.54	7,454.54
Additions during the year	-	-
Balance at the end of the year	7,454.54	7,454.54

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

	As at 31 March 2020	As at 31 March 2019
Retained earnings		
Balance at the beginning of the year	3,364.17	2,762.42
Impact on account of transition to Ind AS 116, net of deferred tax of Rs. 289.30 (Refer note 4.27)	(750.60)	-
Profit for the year	450.48	672.71
Remeasurement of defined benefit obligation, net of tax	3.99	(30.96)
Transfer to capital redemption reserve	-	(40.00)
Balance at the end of the year	3,068.04	3,364.17

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Remeasurements of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

	As at 31 March 2020	As at 31 March 2019
Capital redemption reserve		
Balance at the beginning of the year	40.00	-
Additions during the year	-	40.00
Balance at the end of the year	40.00	40.00

Capital redemption reserve was created for redemption of preference shares and the balance represents the unutilised amount after complete redemption of the same.



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited**Notes to the financial statements (continued)**

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
4.13 Borrowings		
Non-current		
<i>Secured loans</i>		
Term loans from banks, refer note 1	3,317.43	3,040.15
Equipment loans from financial institutions, refer note 2	270.68	746.76
Vehicle loans, refer note 3	42.02	8.05
<i>Unsecured loans</i>		
11% non-convertible cumulative redeemable preference shares, refer note 4	30.00	30.00
	3,660.13	3,824.96
Current		
<i>Secured loans from banks</i>		
Balances with banks in overdraft account	-	91.53

Details of securities, terms and conditions on loans**1. Term loan from banks****HDFC Bank:**

Represents Term loan of Rs. 4,800 (PY: Rs. 3,800) with outstanding balance of Rs. 4,015.06 (PY: Rs. 3,432.17) is to be re-paid in monthly installments ranging from 75 to 84 months based on the repayment schedule provided by the bank commencing from 01 December 2016. The rate of interest charged by the bank ranged from 8.95% to 9.25% (PY: 9.20% to 9.80%).

Primary Security: Equitable mortgage of lease hold rights on 304,302.47 Sq. Ft built up areas (3 cellars + Ground+ 8 floors) on subleased land of 4,628.77 sq. feets site in survey no. 1072, T.S.o:247/248, Ward no 17, Nagarampalem, Guntur.

Secondary Security: Hypothecation of stock and book debts less than 180 days. Margins on stock and book debts are 25%.

2. Equipment Loans from financial institutions**a. De Lage Landen Financial Services India (Private) Limited**

Various Equipment loans amounting to Rs. 2,114 (PY: Rs. 2,114.00) having balance outstanding as on balance sheet date Rs. 754.70 (PY: Rs. 1,182.56) is to be re-paid in monthly installments ranging from 59 to 84 months with interest rate ranging from 7.57% p.a to 11.25% p.a (PY 7.57% to 11.25 %) based on the repayment schedule provided by the financial institution. The loans are secured by hypothecation of equipment's procured from the said loans and also secured by personal guarantees of promoter directors.

3. Vehicle Loans

Vehicle loans amounting to Rs. 89.26 (PY: Rs. 61.95) having balance outstanding as on balance sheet date Rs. 57.29 (PY: Rs. 17.23) is to be re-paid in equal monthly installments ranging from 37 to 60 months with interest rate ranging from 8.70% p.a to 9.80% p.a (PY 9.25% to 9.80 %) and is secured by hypothecation of vehicles financed by the bank.

4. 11% non-convertible cumulative redeemable preference shares ('RPS') :

Authorized preference share capital is Rs. 1,000 lakhs with face value of each share is Rs. 100.

30,000 redeemable preference shares having face value of Rs. 100 each carrying a fixed dividend of 11% p.a issued by the Company. RPS is redeemable at par upon maturity, which is twelve years from the date of allotment with the Company having an option to redeem the RPS at any time. Holders of RPS are not entitled to any voting rights.



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Notes to the financial statements (continued)
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
4.14 Provisions		
Non-current		
<i>Provision for employee benefits</i>		
Gratuity (refer Note: 4.29)	174.17	105.88
Compensated absences	-	101.27
	<u>174.17</u>	<u>207.15</u>
Current		
<i>Provision for employee benefits</i>		
Gratuity	45.16	41.73
Compensated absences	94.36	33.91
	<u>139.52</u>	<u>75.64</u>
Total provisions	<u><u>313.68</u></u>	<u><u>282.79</u></u>
	As at 31 March 2020	As at 31 March 2019
4.15 Trade payables		
Total outstanding dues of micro small and medium enterprises (refer note 4.30)	-	-
Total outstanding dues to creditors other than micro small and medium enterprises	1,824.85	1,776.91
	<u>1,824.85</u>	<u>1,776.91</u>
	As at 31 March 2020	As at 31 March 2019
4.16 Other financial liabilities		
Non-current		
Deferred guarantee commission	20.73	-
	<u>20.73</u>	<u>-</u>
Current		
Current maturities of long-term borrowings	1,196.92	836.99
Interest accrued but not due on borrowings	26.09	27.88
Dividend on redeemable preference shares	5.92	5.90
Dues to creditors for capital goods	160.01	94.80
Accrued salaries and benefits	589.45	447.70
Payables to related parties (refer note 4.36)	4.04	8.02
Deferred guarantee commission	5.81	-
Other payables	158.67	128.65
	<u>2,146.91</u>	<u>1,549.94</u>
	As at 31 March 2020	As at 31 March 2019
4.17 Other current liabilities		
Current		
Advances received from customers	81.14	187.50
Statutory dues payables	140.22	189.58
	<u>221.36</u>	<u>377.08</u>



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
4.18 Revenue from operations		
Revenue from hospital services	18,327.38	17,881.64
Revenue from pharmacy and others	2,428.72	2,258.15
Revenue from clinical & market studies	205.54	288.03
Revenue from canteen sales and others	476.31	413.84
	<u>21,437.95</u>	<u>20,841.66</u>
Reconciliation of revenue from hospital services with the contracted prices		
Gross Revenue	18,741.40	18,344.20
Less: discounts, disallowances etc.	(414.02)	(462.56)
	<u>18,327.38</u>	<u>17,881.64</u>
	For the year ended 31 March 2020	For the year ended 31 March 2019
4.19 Other income		
Interest income		
- from banks	6.22	0.94
- from others	-	0.68
Unwinding of discount on Security deposits	6.70	31.09
Gain on sale of mutual funds	9.62	4.82
Financial assets at FVTPL - Net change in fair value	1.94	0.98
Net gain on sale of property, plant & equipment	-	1.16
Guarantee commission income	1.67	-
Miscellaneous income	3.80	2.82
	<u>29.95</u>	<u>42.49</u>
	For the year ended 31 March 2020	For the year ended 31 March 2019
4.20 Cost of materials consumed in relation to Medical and Pharmacy and Change in inventory		
(a) Purchase of medicines and consumables	<u>5,120.06</u>	<u>5,249.60</u>
(b) Change in inventories		
Opening stock	543.38	505.59
Less: Closing stock, refer note 4.8	(663.23)	(543.38)
	<u>(119.85)</u>	<u>(37.79)</u>
	For the year ended 31 March 2020	For the year ended 31 March 2019
4.21 Employee benefits expense		
Salaries, wages and bonus*	5,601.55	5,374.98
Contribution to provident and other funds (refer note: 4.29)	335.37	377.89
Expenses related to gratuity (refer note: 4.29)	82.11	77.69
Staff welfare expense	31.16	43.60
	<u>6,050.19</u>	<u>5,874.15</u>
	For the year ended 31 March 2020	For the year ended 31 March 2019
* Amount is net of recoveries towards certain expenses		
	For the year ended 31 March 2020	For the year ended 31 March 2019
4.22 Finance cost		
Interest expense on borrowings from banks	343.39	358.96
Interest expense on borrowings from financial institutions	79.19	111.02
Interest expense on lease liabilities	364.42	-
Other borrowing cost	96.26	59.10
Dividend on redeemable preference shares classified as financial liability, measured at amortised cost (including dividend distribution tax)	3.99	5.90
	<u>887.25</u>	<u>534.98</u>
	For the year ended 31 March 2020	For the year ended 31 March 2019
4.23 Depreciation and amortisation		
Depreciation on tangible assets	1,273.37	1,275.98
Amortisation on intangible assets	13.67	18.80
Amortisation on Right-of-use assets	192.25	-
	<u>1,479.29</u>	<u>1,294.78</u>



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
4.24 Other expenses		
Consultancy charges	4,403.72	4,359.66
Power and fuel	527.86	477.40
Catering and patient welfare expenses	378.53	413.84
Rent (refer note: 4.27)	50.43	410.41
Hospital maintenance	223.06	242.60
Advertisement expenses	197.95	187.41
GST Input ineligible	207.14	181.60
Service contract charges	227.49	144.99
Bad debts written off	43.12	45.51
Provision for discounts, disallowances & doubtful debts	164.54	113.70
Printing and stationery	121.60	118.07
Legal and professional charges	101.94	107.36
Repair and maintenance		
- Medical equipment	39.68	27.56
- Hospital building	30.76	6.84
- Computers	9.88	5.46
- Others	86.50	39.70
Vehicle maintenance	68.13	67.55
Travelling expenses	57.00	62.76
Telephone charges	57.42	60.49
Rates and taxes	84.25	61.72
Insurance	35.61	24.02
Corporate Social Responsibility (refer note: 4.31)	10.00	12.11
Donations	5.05	9.59
Security services	16.38	0.79
Loss on sale of fixed assets	0.01	-
Miscellaneous expenses	158.12	95.27
	7,306.17	7,276.41
Auditors remuneration (net of services)		
Audit fees	11.25	11.25
Other Services	-	-
	11.25	11.25



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

Particulars	As at	As at
	31 March 2020	31 March 2019
4.25 Contingent liabilities and commitments (to the extent not provided for)		
a. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	13.00	22.47
Total	13.00	22.47

b. In the financial year 2014-15, a party filed a petition against the Company and a leasehold land owner on the grounds that the sub lease given by the leased owner was not valid. The Company is contesting the petition. Based on a legal opinion obtained, the Management does not reasonably expect that such legal action, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions.

c. The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. The company has started complying with this prospectively from the month of March 2019. In respect of the past period there are significant implementation and interpretative challenges that the management is facing and is awaiting for clarity to emerge in this regard, pending which, this matter has been disclosed under the Contingent liability section in the financial statements. The impact of the same is not ascertainable.

d. The Company has a process, whereby periodically all long term contracts are assessed for material foreseeable losses. Based on such reassessment at the year end, it is noted that no provision is required to be made for any material foreseeable losses as per applicable regulatory framework.

4.26 Earnings per share (EPS)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit after tax attributable to the equity shareholders	450.48	672.71
Number of shares at the beginning of the year	10,785,825	10,785,825
Weighted average number of equity shares outstanding during the year	10,785,825	10,785,825
Basic EPS of par value of Rs.10 (Rs.)	4.18	6.24
Diluted EPS of par value of Rs.10 (Rs.)	4.18	6.24

4.27 Leases

A. On transition to Ind AS 116, the Company recognised Rs. 3,012.26 of right-of-use assets and Rs. 4,052.16 of lease liabilities, recognising the difference of Rs. 750.60 net of deferred tax of Rs 289.30 in retained earnings. Right-of-use assets are adjusted for prepayments of Rs. 80.84. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The rate applied is 9.25%.

B. The changes in the carrying values of right of use assets for the year ended 31 March 2020 has been stated in note 2.3

C. Following are the changes in the lease liabilities for the year ended 31 March 2020:

Particulars	Amount
Balance at 1 April 2019 (on transition)	4,052.16
Additions	117.58
Finance cost accrued during the period	364.42
Payment of lease liabilities	(376.99)
Balance as at 31 March 2020	4,157.17
Non-current lease liabilities	4,024.72
Current lease liabilities	132.45



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.27 Leases (continued)

	As at 31 March 2020
D. Lease liabilities	
Maturity analysis – contractual undiscounted cash flows	
Less than one year	436.88
One to five years	1,816.04
More than five years	7,266.41
Total undiscounted lease liabilities at 31 March 2020	<u>9,519.33</u>
	For the year ended 31 March 2020
E. Amount recognised in Statement of Profit and Loss	
Interest on lease liabilities	364.42
Expenses relating to short term leases	50.43
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-
	<u>414.85</u>
F. Amount recognised in Statement of Cashflows	
Payment of lease liabilities	376.99
	<u>376.99</u>

4.28 Segment reporting

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

The Company operates in India and revenue generations is from a wide spread of the customers and hence the group wide disclosures of major customers are not applicable.



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.29 Assets and liabilities relating to employee benefits

i) Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund ('PF') and Employees State Insurance scheme ('ESI') which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contribution to PF and ESI charged to the Statement of profit and loss is Rs. 230.37 (PY: Rs 229.66) and ESI is Rs. 105.00 (PY: Rs. 148.23).

ii) Defined benefit plan

The Company provides gratuity for its employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognized funds in India. Liability with regard to this plan is determined by an actuarial valuation as at the end of the year and are charged to the Statement of profit and loss.

Following table sets out the status of employee benefits as at balance sheet date

Particulars	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation liability	398.68	356.49
Plan assets	(179.35)	(208.88)
Net defined benefit liability	219.33	147.61

A. Funding

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the 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:

Particulars	As at 31 March 2020	As at 31 March 2019
-------------	------------------------	------------------------

B. Reconciliation of the present value of defined benefit obligation

Balance at the beginning of the year	356.49	308.73
Current service cost	71.33	70.41
Interest cost	25.42	23.69
Benefits paid	(48.54)	(25.23)
<i>Actuarial (gains)/ loss recognised in the other comprehensive income</i>		
- experience adjustments	(0.93)	332.47
- changes in financial assumptions	(5.09)	(353.58)
Balance at the end of the year	398.68	356.49

Reconciliation of the present value of plan assets

Balance at the beginning of the year	208.88	227.18
Contributions paid into the plan by employer	5.00	-
Benefits paid	(48.54)	(25.23)
Expected return on plan assets	14.64	16.41
Actuarial gain/ (loss) on plan assets	(0.63)	(9.48)
Balance at the end of the year	179.35	208.88

Net defined benefit liability / (asset)

Current	45.16	41.73
Non-current	174.17	105.88



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.29 Assets and liabilities relating to employee benefits (continued)

C. Expense recognized in the Statement of profit and loss

Particulars	For the year ended	For the year ended
	31 March 2020	31 March 2019
Current service cost	71.33	70.41
Interest cost	25.42	23.69
Interest income	(14.64)	(16.41)
	82.11	77.69

Remeasurements recognised in Other comprehensive income

Actuarial (gain)/ loss on defined benefit obligation	(6.02)	(21.11)
Return on plan assets excluding interest income	0.63	9.48
	(5.39)	(11.63)
	76.72	66.06

D. Summary of actuarial assumptions

Financial assumptions	As at	As at
	31 March 2020	31 March 2019
Discount rate	6.82%	7.65%
Future salary growth rate	0% to 3%	3.00%
Return on Plan assets	9.25%	9.25%
Mortality table	IALM (2012-14)	LIC(2006-2008)

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

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

Salary Escalation Rate: The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

Assumptions regarding future mortality have been based on published statistics and mortality tables.

F. Maturity profile of the defined benefit obligation

Particulars	As at	As at
	31 March 2020	31 March 2019
Expected cash flows over the next (valued on undiscounted basis):		
Within 1 year	45.16	41.72
2 to 5 years	184.48	170.68
6 to 10 years	183.88	172.22

The weighted average duration of the defined benefit obligation is 9.8 years (PY: 10.04 years).

iii) Compensated absences

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year-end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the Statement of Profit and Loss. During the year ended 31 March 2020, the Company has incurred an expense on compensated absences amounting to (Rs. 40.83) (PY: Rs. 30.44).

iv) Sensitivity Analysis

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

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	(23.51)	26.48	(20.62)	23.20
Future Salary Growth (1% movement)	29.73	(26.78)	26.04	(23.45)
Withdrawal rate (1% movement)	4.99	(5.70)	4.93	(5.66)

v) The Company has to pay Rs. 45.16 (PY Rs.73.80) as contribution towards its defined benefit obligation in the next financial year.



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.30 Details of dues to Micro and small enterprises as defined under the MSMED Act, 2006

- a) The amount remaining unpaid to micro and small suppliers at the end of the year is Rs. Nil (FY 19: Nil)
- b) The amount of interest paid by the buyer as per the MSMED Act,2006 is Rs Nil (FY 19: Nil)
- c) The amount of the payment made to micro and small suppliers beyond the appointed day during each accounting year is Rs. Nil (FY 19: Nil)
- d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 is Rs. Nil (FY 19: Nil)
- e) The amount of interest accrued and remaining unpaid at the end of each accounting year is Rs. Nil (FY 19: Nil)
- f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowances as a deductible expenditure under the MSMED Act, 2006 is Rs. Nil (FY 19: Rs. Nil)

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on the information provided by the management.

4.31 Corporate Social Responsibility ('CSR') activities (section 135 of the Companies Act, 2013)

As per the section 135 of the Companies Act, 2013, and the rules therein, the Board of Directors have formed a CSR Committee. The proposed CSR activities is preventive health care.

Gross amount required to be spent by the Company during the year was Rs. 14.02 (PY: Rs. 3.56). Out of the total amount, an amount of Rs. 10.00 (PY: Rs. 12.11) has been spent by the Company.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Average net profit of the companies for last three Financial Years	701.02	178.19
Prescribed CSR expenditure to be spent (2% of the average net profit)	14.02	3.56
Amount spent towards Preventive health care	10.00	12.11
Amount unspent / yet to be paid in cash	4.02	-

4.32 CIF Value of Imports

The Company does not have any imports of capital or other goods during the year.

4.33 Value of Medical Consumables and Pharmacy Consumed

Particulars	For the Year ended 31 March 2020		For the Year ended 31 March 2019	
	Rs	%	Rs	%
Imported	-	-	-	-
Indigenous	5,000.21	100	4,755.49	100
Total	5,000.21	100	4,755.49	100

4.34 There are no political contributions made during the year.

4.35 There are no earnings and expenditures in foreign currency in the current period. The Company does not have any un-hedged foreign currency exposure.



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.36 Related parties

(i) Names of related parties and description of relationship with the Company:

(a) Holding Company	Aster DM Healthcare Limited, India
(b) Ultimate Holding Company	Union Investment P Limited, Mauritius
(c) Subsidiary Companies	Aster Ramesh Duhita LLP Sanghamitra Hospitals Private Limited Komali Fertility Centre LLP
(d) Key managerial personnel (KMP) M. S. Rama Mohan Rao Dr. P Ramesh Babu Mr. P Ravi Kiran Mr. Nagendra Kumar Sagi	Chairman and Director Managing Director Director and Chief Financial Officer Company Secretary
(e) Other Non Executive Directors Mandayapurath Azad Moopen Sreenath Pocha Reddy Thadathil Wilson Vikram Singh Beniwal	
(f) Other Independent Directors Abdurahman Kartholiparamba K Bapaiah Chowdary	
(g) Relatives of KMP Mr. P Subba Rao Mrs. P S Kamala Devi Mrs. M Madhusmitha Mr. P Mahendra Babu Mrs. K Madhumathi Dr. P Vasundhara Devi Mrs. P Madhuri Mr. R Chalapathi Rao Mrs. R Radhabai Mrs. M Sailaja Mrs. P Maha Lakshmi	Father of Managing Director Mother of Managing Director Daughter of Managing Director Brother of Managing Director Sister of Managing Director Sister of Chairman and Director Wife of Mr. P Mahendra Babu Father in law of Managing Director Mother in law of Managing Director Daughter-in-law of Chairman Wife of Dr. P. Ramesh Babu

(ii) **Related party transactions:**

The Company has entered into the following transactions with related parties during the year ended 31st March 2020

(ii) **Transactions with key managerial persons including Directors:**

Particulars	Name of the Related Party	For the year ended	
		31 March 2020	31 March 2019
Rent	Dr P Ramesh Babu	42.26	44.01
	Total	42.26	44.01
Remuneration	Dr P Ramesh Babu	176.00	264.00
	Mr. P Ravi Kiran	60.50	66.00
	Total	236.50	330.00

(iii) **Balances with key managerial persons including Directors:**

Particulars	Name of the Related Party	For the year ended	
		31 March 2020	31 March 2019
Rent Deposit	Dr P Ramesh Babu	30.00	30.00
Rent Payable	Dr P Ramesh Babu	1.82	-
Remuneration Payable	Mr. Ravi Kiran Pothineni	0.43	-
	Total	32.25	30.00



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in INR Lakhs, except share data and where otherwise stated)

4.36 Related parties (continued)

(iv) Transactions with related parties other than key managerial persons :

Particulars	Name of the Related Party	For the year ended	
		31 March 2020	31 March 2019
Rent Paid	P.Mahalakshmi	12.89	13.38
	Dr.P. Vasundhara Devi	40.71	42.48
	P.Subba Rao	20.36	21.24
	P.S.Kamala Devi	20.36	21.24
	K.Madhumathi	40.71	42.48
	M.Sailaja	26.18	25.49
	P.Mahendra Babu	40.71	42.48
	Total	201.92	208.79
License fee income	Aster Ramesh Duhita LLP	14.16	14.16
	Komali fertility Centre LLP	15.00	3.75
	Total	29.16	17.91
Purchase of pharmacy and medical consumables	Aster DM health care ltd	-	0.28
Professional services received	Aster DM health care ltd	0.70	4.08
Reimbursement of travelling expenses	Aster DM health care ltd	0.39	1.38
Staff recruitment services received	Aster DM health care ltd	-	2.56
Remuneration paid	P.Mahalakshmi	9.00	9.00
	Dr.P. Vasundhara Devi	6.00	6.00
	M.Sailaja	0.33	11.90
	P.Madhusmitha	5.88	5.88
	P.Mahendra Babu	40.25	42.00
	Nagendra Kumar Sagi	11.63	10.95
	Total	73.09	85.73
Advance towards capital contribution	Aster Ramesh Duhita LLP	19.01	12.00
Investment	Aster Ramesh Duhita LLP	-	22.25
	Komali fertility Centre LLP	-	40.00
	Sanghamitra Hospitals private limited	-	2,915.10
Deemed investment - Corporate Guarantee *	Sanghamitra Hospitals private limited	28.21	-

* The Company has given corporate guarantee to bank against the loan taken by its subsidiary. Also refer note 4.4(ii)

(v) Balances with related parties other than key managerial persons :

Particulars	Name of the Related Party	As at	
		31 March 2020	31 March 2019
Remuneration/ Salary payable	P.Mahalakshmi	0.60	0.59
	P.Madhusmitha	0.42	0.42
	P.Mahendra Babu	0.69	2.69
	Dr.P. Vasundhara Devi	0.45	-
	Total	2.16	3.70
Rent Payable	P.Mahalakshmi	1.66	0.23
	Dr.P.Ramesh Babu	-	0.31
	P.Mahendra Babu	0.72	-
	Dr.P. Vasundhara Devi	0.87	-
	P.Subba Rao	0.14	-
	P.S.Kamala Devi	0.68	-
	K.Madhumathi	0.27	-
	M.Sailaja	1.12	-
	Total	5.46	0.54
Purchase of pharmacy and medical consumables	Aster DM health care ltd	0.28	0.28
Professional services received	Aster DM health care ltd	-	4.08
Reimbursement of travelling expenses	Aster DM health care ltd	1.20	1.38
Staff recruitment services received	Aster DM health care ltd	2.56	2.56
Advance paid	Aster Ramesh Duhita LLP	31.01	12.00
Rent Deposits paid	P.Mahalakshmi	5.61	5.30
	Dr.P. Vasundhara Devi	30.00	30.00
	P.Subba Rao	15.00	15.00
	P.S.Kamala Devi	15.00	15.00
	K.Madhumathi	30.00	30.00
	P.Mahendra Babu	30.00	30.00
	Total	125.61	125.30
Investment	Aster Ramesh Duhita LLP	47.75	47.75
	Komali fertility Centre LLP	40.00	40.00
	Sanghamitra Hospitals private limited	2,943.32	2,915.10
	Total	3,031.07	3,002.85

Note

i) The KMP and relatives of KMP are covered by the Company's gratuity policy and are eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to individuals have not been included in the aforementioned disclosures as these are not determined on individual basis.

ii) For certain loans availed by the Company, KMP of the Company have given personal guarantee. Refer note 4.13



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in INR Lakhs, except share data and where otherwise stated)

4.37 Capital Management

The Company aims to maintain sound capital base so as to maintain investor and creditor confidence and to sustain future development and growth of its business. The Management monitors the adjusted net debt to equity ratio.

For the purpose of adjusted net debt to equity ratio, adjusted net debt is long term and short term borrowings adjusted with cash and cash equivalents. Total equity comprises of issued share capital and all other equity reserves.

The Company's adjusted net debt to equity ratio as at the balance sheet date was as follows:

	As at 31 March 2020	As at 31 March 2019
Total equity attributable to the equity shareholders of the Company (A)	11,641.16	11,937.29
Long-term borrowings excluding current maturities	3,660.13	3,824.96
Current maturities of long term borrowings	1,196.92	836.99
Short-term borrowings	-	91.53
Total borrowings	4,857.05	4,753.48
Less: cash and cash equivalents	419.11	56.12
Adjusted net debt (B)	4,437.94	4,697.37
Adjusted net debt to equity ratio (B/A)	0.38	0.39



4.38 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Levels in Fair value hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2020

	Note	Carrying amount			Total	Fair value			
		Financial assets - FVPL	Financial assets - Amortised cost	Financial liabilities - amortised cost		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Current investments	4.4	1,154.65	-	-	1,154.65	1,154.65	-	-	1,154.65
		1,154.65	-	-	1,154.65	1,154.65	-	-	1,154.65
Financial assets not measured at fair value									
Trade receivables	4.9	-	2,651.65	-	2,651.65	-	-	-	-
Cash and cash equivalents	4.10	-	419.11	-	419.11	-	-	-	-
Other Financial Assets:	4.5	-	-	-	-	-	-	-	-
Security deposits		-	-	-	-	-	-	-	-
Bank deposits due to mature after 12 months from reporting date		-	188.21	-	188.21	-	-	-	-
Interest accrued but not due on deposits maturing after 12 months from reporting date		-	43.00	-	43.00	-	-	-	-
Contract assets		-	2.17	-	2.17	-	-	-	-
Advance to a related party		-	124.06	-	124.06	-	-	-	-
Advance to employees		-	31.01	-	31.01	-	-	-	-
Other Advances recoverable in cash or kind		-	66.36	-	66.36	-	-	-	-
		-	1.07	-	1.07	-	-	-	-
		-	3,526.64	-	3,526.64	-	-	-	-
Financial liabilities not measured at fair value									
Non current borrowings	4.13	-	-	3,660.13	3,660.13	-	-	-	-
Current borrowings	4.13	-	-	-	-	-	-	-	-
Non current lease liabilities		-	-	4,024.72	4,024.72	-	-	-	-
Current lease liabilities		-	-	132.45	132.45	-	-	-	-
Trade payables	4.15	-	-	1,824.85	1,824.85	-	-	-	-
Other financial liabilities	4.16	-	-	-	-	-	-	-	-
Current maturities of long-term borrowings		-	-	1,196.92	1,196.92	-	-	-	-
Interest accrued but not due on borrowings		-	-	26.09	26.09	-	-	-	-
Dividend on redeemable Preference Shares		-	-	5.92	5.92	-	-	-	-
Dues to creditors for capital goods		-	-	160.01	160.01	-	-	-	-
Accrued salaries and benefits		-	-	589.45	589.45	-	-	-	-
Other payables		-	-	162.71	162.71	-	-	-	-
Deferred guarantee commission		-	-	26.54	26.54	-	-	-	-
		-	-	11,809.78	11,809.78	-	-	-	-

31 March 2019

	Note	Carrying amount			Total	Fair value			
		Financial assets - FVPL	Financial assets - Amortised cost	Financial liabilities - amortised cost		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Current Investments	4.4	232.54	-	-	232.54	232.54	-	-	232.54
		232.54	-	-	232.54	232.54	-	-	232.54
Financial assets not measured at fair value									
Trade receivables	4.9	-	2,805.64	-	2,805.64	-	-	-	-
Cash and cash equivalents	4.1	-	56.12	-	56.12	-	-	-	-
Other Financial Assets:	4.5	-	-	-	-	-	-	-	-
Security Deposits		-	-	-	-	-	-	-	-
Bank deposits due to mature after 12 months from reporting date		-	181.04	-	181.04	-	-	-	-
Interest accrued but not due on deposits maturing after 12 months from reporting date		-	15.50	-	15.50	-	-	-	-
Contract assets		-	2.12	-	2.12	-	-	-	-
Advance to a related party		-	149.91	-	149.91	-	-	-	-
Advance to employees		-	12.00	-	12.00	-	-	-	-
Other Advances recoverable in cash or kind		-	74.30	-	74.30	-	-	-	-
		-	1.07	-	1.07	-	-	-	-
		-	3,297.70	-	3,297.70	-	-	-	-
Financial liabilities not measured at fair value									
Non current borrowings	4.13	-	-	3,824.96	3,824.96	-	-	-	-
Current borrowings	4.13	-	-	91.53	91.53	-	-	-	-
Trade payables	4.17	-	-	1,776.91	1,776.91	-	-	-	-
Other financial liabilities	4.14	-	-	-	-	-	-	-	-
Current maturities of long-term borrowings		-	-	836.99	836.99	-	-	-	-
Interest accrued but not due on borrowings		-	-	27.88	27.88	-	-	-	-
Dividend on redeemable Preference Shares		-	-	5.90	5.90	-	-	-	-
Dues to creditors for capital goods		-	-	94.80	94.80	-	-	-	-
Accrued salaries and benefits		-	-	447.70	447.70	-	-	-	-
Other payables		-	-	136.67	136.67	-	-	-	-
		-	-	7,243.35	7,243.35	-	-	-	-



Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited

Notes to the financial statements (continued)

(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.38 Financial instruments - Fair values and risk management (continued)

B. Financial risk management objectives and policies

The Company's activities exposed it to market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Company's risk management is carried out by the Board of Directors. The Board supervises overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and use of financial instrument.

The financial authority limits seek to limit and mitigate transactional risks by setting out the threshold of approvals required for entering into contractual obligations.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as equity prices.

i) Interest rate risk

The Company's exposure to market risk for changes in interest rate environment relates mainly to its debt obligations.

The Company's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts and long-term and short-term borrowings.

The Company enters into cross currency interest rate swaps to reduce its exposure to interest rate volatility. In accordance with the Company's policy the duration of such cross currency interest rate swaps must not exceed the tenure of the underlying debt.

The Company's borrowings majorly consists of project funding loans, working capital loans having variable rate of interest.

The interest rate profile of the Company's interest-bearing instruments as reported to management is as follows:

Particulars	31 March 2020	31 March 2019
Fixed rate instruments		
Financial liabilities (including borrowings)	841.99	1,229.78
Financial assets (includes bank deposits)	109.36	89.80
Variable rate instruments		
Financial liabilities (including borrowings)	4,015.06	3,523.70
	4,015.06	3,523.70
Total financial liabilities	4,966.41	4,843.28

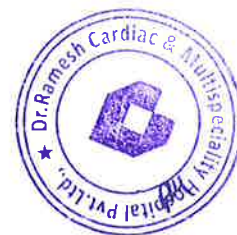
Sensitivity analysis

A reasonably possible change of 100 basis points (bp) in interest rate at the reporting date would increase / (decrease) equity and profit before tax by the following amounts. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Particulars	Impact on Profit or Loss		Other components of equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
1% increase in MCLR rate	40.15	35.24	40.15	35.24
1% decrease in MCLR rate	(40.15)	(35.24)	(40.15)	(35.24)

ii) Fair Value

The fair values of the units of mutual fund schemes are based on net asset value at the reporting date.



4.38 Financial instruments - Fair values and risk management (continued)

b) Credit risk

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

The Company's exposure to credit risk for trade receivables based on type of customer is as follows:

Particulars	31 March 2020	31 March 2019
Government and government affiliated parties	2,513.00	2,619.80
Other parties	540.28	465.80
Total	3,053.28	3,085.60

The following table provides information about the exposure to credit risk and expected credit loss from customers :

31-Mar-20

Particulars	Not Due	0-1 year	1-2 years	More than 2 years	Loss Allowance	Total
Government and government affiliated parties	582.00	1,593.00	249.00	89.00	(342.63)	2,170.37
Other parties	168.00	280.00	52.00	40.28	(59.01)	481.27
Total	750.00	1,873.00	301.00	129.28	(401.64)	2,651.64

31-Mar-19

Particulars	Not Due	0-1 year	1-2 years	More than 2 years	Loss Allowance	Total
Government and government affiliated parties	925.73	1,498.56	156.30	39.21	(217.99)	2,401.81
Other parties	238.05	129.66	70.58	27.50	(61.97)	403.82
Total	1,163.78	1,628.22	226.88	66.71	(279.96)	2,805.63

As at

Allowance for Credit Loss	31 March 2020	31 March 2019
Balance at the beginning	279.96	166.26
Bad debts written off (disallowances set off)	(25.16)	-
Expected credit loss recognised	146.84	113.70
Balance at the end	401.64	279.96

Revenue from customers accounted for more than 10% of the revenue for the year ended 31 March 2020 and 31 March 2019 is as below:

Name of the customer	As at	
	31 March 2020	31 March 2019
Customer 1	-	2,109.00

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.



Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
Notes to the financial statements (continued)
(All amounts in Indian Rupees in lakhs, except share data and where otherwise stated)

4.38 Financial instruments - Fair values and risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Company is exposed to this risk from its operating activities and financing activities. The Company's approach to managing liquidity is to ensure, as far as possible that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

The table below provides details regarding the contractual maturities of significant financial liabilities as of the reporting date. The amounts are gross and undiscounted.

As at 31 March 2020

Particulars	Carrying value	Contractual cash out flows				Total*
		Less than 1 Year	1-2 years	2-5 Years	More than 5 Years	
Borrowings (Non-current)	3,630.13	-	1,485.39	2,699.62	-	4,185.01
Borrowings, 11% redeemable Preference shares (Non-current)	30.00	-	-	-	30.00	30.00
Lease liabilities (Non-current)	4,024.72	-	463.79	1,352.25	7,266.41	9,082.45
Current maturities of long-term borrowings	1,196.92	1,196.92	-	-	-	1,196.92
Lease liabilities (Current)	132.45	436.88	-	-	-	436.88
Trade payables	1,824.85	1,824.85	-	-	-	1,824.85
Other financial liabilities (excluding current maturities of borrowings)	970.72	970.72	-	-	-	970.72
	11,809.78	4,429.37	1,949.18	4,051.87	7,296.41	17,726.82

*The contractual cash out flows are inclusive of interest amount.

As at 31 March 2019

Particulars	Carrying value	Contractual cash flows				Total*
		Less than 1 Year	1-2 years	2-5 Years	More than 5 Years	
Borrowings (Non-current)	3,794.96	-	1,281.56	3,153.23	121.46	4,556.25
Borrowings, 11% redeemable Preference shares (Non-current)	30.00	-	-	-	30.00	30.00
Current maturities of long-term borrowings	836.99	836.99	-	-	-	836.99
Cash credit and overdraft	91.53	91.53	-	-	-	91.53
Trade payables	1,776.91	1,776.91	-	-	-	1,776.91
Other financial liabilities (excluding current maturities of borrowings)	712.94	712.94	-	-	-	712.94
	7,243.33	3,418.37	1,281.56	3,153.23	151.46	8,004.62

*The contractual cash out flows are inclusive of interest amount.

4.39 Impact of COVID-19

In view of lockdown due to the outbreak of COVID pandemic, the operations of the Company were scaled down from second half of March 2020. The duration of this lockdown is uncertain at this point in time. However, the Company's operations are being scaled up in compliance with the directives issued by the Government authorities. While this has impacted the sales performance of the Company, the Management continues to closely monitor the situation. Management has taken adequate steps like rationalize fixed cost and will take appropriate action, as necessary, to scale up operations in due compliance with the applicable regulations. Accordingly, the company continues to prepare the financial statements on a going concern basis. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets and it continues to monitor changes in future economic conditions. The eventual outcome of the impact of this global health pandemic may be different from those estimated as on the date of approval of these financial results.

4.40 Previous year figures

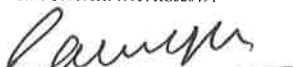
Previous year figures have been regrouped/reclassified, where ever necessary, to conform to current year's presentations.

As per our report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/W-100024


Akhil Kapadiya
Partner
Membership No. 212991

for and behalf of the Board of Directors of
Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
CIN: U73100AP1995PRC020491


Dr. P. Ramesh Babu
Managing Director
DIN: 01879456


Mr. M.S.Rama Mohan Rao
Chairman and Director
DIN: 02356742


CA.P. Ravi Kiran
CFO & Whole-Time Director
DIN: 05116806


S.Nagesh Kumar
Company Secretary
Membership No. A33490

Place: Hyderabad
Date: 17 June 2020

Place: Vijayawada
Date: 28 May 2020



B S R & Associates LLP
Chartered Accountants
Salarpuria Knowledge City,
Orwell, 6th Floor, Unit-3,
Sy. No. 83/1, Plot No. 2,
Raidurg, Hyderabad-500081

Dear Sir,

This representation letter is provided in connection with your audit of the Ind AS financial statements of Dr. Ramesh Cardiac and Multispeciality Hospital Private limited ("the company") which comprise the Balance sheet as at 31 March 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, a summary of the significant accounting policies and other explanatory information, for the purpose of expressing an opinion as to whether the Ind AS financial statements give a true and fair view in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under section 133 of the Companies Act, 2013 including applicable Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India.

We acknowledge our responsibility as set out in the terms of the audit engagement letter dated 04 March 2020 for preparing the Ind AS financial statements of the company which give a true and fair view of the state of affairs of the company as at 31 March 2020, profit/loss and other comprehensive income, changes in equity and cash flows of the company for the year ended on that date and for the preparation of the Ind AS financial statements in accordance Schedule III (Division II) to the Companies Act, 2013.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves in order to provide the following representations:

1. The Ind AS financial statements and appended notes thereto, include all material disclosures necessary for these Ind AS financial statements to show a true and fair view of the state of affairs, the profit and other comprehensive income, changes in equity and the cash flows of the company and disclosures required to be made therein under the Companies Act, 2013/ relevant Ind AS

Accounting records

2. We acknowledge our responsibility regarding:
 - (a) preparation of the annual accounts in accordance with, the applicable Ind AS and providing proper explanation relating to any material departures from those Ind AS;
 - (b) selection of accounting policies and applying them consistently and making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year, profit and loss and other comprehensive income, changes in equity and the cash flows of the company for that period;
 - (c) taking proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - (d) laying down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
 - (e) devising proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



Caution

3. We have identified and informed you of financial transactions/ matters that may have an adverse effect on the functioning of the company.
4. We confirm that:
 - a. the company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
 - b. the company has made provision, as required under applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - c. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company
5. We further confirm that:
 - (a) loans and advances made by the company on the basis of security have been properly secured and the terms on which they have been made are not prejudicial to the interests of the company or its members;
 - (b) transactions of the company which are represented merely by book entries are not prejudicial to the interests of the company;
 - (c) assets of the company consisting of shares, debentures and other securities have not been sold at a price less than that at which they were purchased by the company
 - (d) loans and advances made by the company have not been shown as deposits;
 - (e) no expenses of personal nature (other than those payable under contractual obligations or in accordance with generally accepted business practice) and/ or not related to the company's business have been charged to the Ind AS financial statements.
 - (f) where it is stated in the books and documents of the company that any shares have been allotted for cash, cash has actually been received in respect of such allotment, and if no cash has actually been so received, the position as stated in the account books and the Balance sheet is correct, regular and not misleading.
6. We have reviewed the company's accounting policies and estimation techniques for use in the preparation of the Ind AS financial statements and confirm that the accounting policies and estimation techniques selected are appropriate to give a true and fair view for the company's particular circumstances.
7. We confirm that all transactions and events have been carried out in accordance with relevant legislation or under proper authority and that all transactions undertaken by the Company have satisfactory commercial substance.
8. All transactions have been recorded in the accounting records and are reflected in the Ind AS financial statements.
9. We have communicated to you all deficiencies in internal control (including those relating to internal financial controls as referred to in section 134 to the Companies Act, 2013 and Rules there under) of which we are aware.
10. We have provided you with:
 - (a) financial records and related data comprising of all books of account and supporting documentation which are agreed and reconciled;
 - (b) access to all information, whether kept at the head office or elsewhere, of which the management is aware that are relevant to the preparation of the Ind AS financial statements, such as records, documentation and other matters including books of accounts maintained in electronic mode;
 - (c) additional information that you have requested from us for the purpose of the audit;



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- (d) all minutes of meetings of shareholders/ board of directors/ audit committee summaries of meetings held; and
 - (e) unrestricted access to persons within the company from whom you determined it necessary to obtain evidence.
 - (f) the effect of changes in the company's business activities
 - (g) significant changes in commitments, contractual obligations, debt covenants and contingent liabilities including litigations or claims.
11. The significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
12. No subsequent events have been identified that require adjustment to the assumptions and disclosures as included in the Ind AS financial statements.
13. There is neither any plan nor any intention that may affect the carrying value or classification of assets or liabilities reflected in the Ind AS financial statements.

Going concern

14. We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Company's ability to continue as a going concern, and these are fully disclosed in the notes to the financial statements, in accordance with the requirements of Ind AS 1, *Presentation of Financial Statements*.

Fraud

15. We acknowledge that because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that material misstatements due to fraud or error may occur and not be detected, even though the audit is properly planned and performed by you in accordance with the Standards on Auditing. We also acknowledge that we are also responsible to take appropriate action when a fraud is detected or reported through any of the sources. We confirm that there have been no internal reporting on offences involving fraud (e.g., vigil mechanism reports etc.), including those that are required to be submitted by cost accountant or company secretary in practice in accordance with the requirements of section 143(12) of the Companies Act, 2013.
16. We confirm the following:
- i) We have disclosed to you the results of our assessment of the risk that the Ind AS financial statements may be materially misstated as a result of fraud.
 - ii) We have disclosed to you all information in relation to:
 - a) fraud or suspected fraud that we are aware of and that affects the company and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Ind AS financial statements.
 - b) allegations of fraud or suspected fraud, affecting the company's Ind AS financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, we acknowledge our responsibility for the preparation of Ind AS financial statements that are free from material misstatement, whether due to fraud or error. In



particular, we acknowledge our responsibility for the design, implementation, maintenance and operation of accounting and internal control systems to prevent and detect fraud and error.

The conclusions reached by us are based on the rationale of facts and data that were identified during the investigation/other action taken by us to evaluate the fraud reported by you.

17. In particular, we confirm that we are responsible for the following:
 - designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements which are free from material misstatements, whether due to fraud or error.
 - to set up a vigil mechanism for reporting suspected fraud and administer the mechanism effectively,
 - take appropriate action to detect the fraud and wrongful gain or loss, if any, incurred on account of the fraud,
 - take appropriate action against the fraudsters,
 - address the control weaknesses which were the root cause for fraud and strengthen the internal control system.
18. We have not withheld from you any relevant information that we are aware of and would have an implication on the process of your responsibilities to report fraud under the Companies Act, 2013.
19. We have acted in good faith and in the best interests of the Company regarding the action taken by the management to evaluate the fraud reported by you.
20. We believe that appropriate action has been taken against employees/officers involved in the fraud and we confirm that appropriate controls have been put in place to ensure that such incidences are avoided in the future.

Compliance with laws and regulations

21. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices that could have a material effect on the Ind AS financial statements in the event of non-compliance. We are not aware of any irregularities, or allegations of irregularities, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Ind AS financial statements.
22. To the best of our knowledge and belief, the Company has not made any improper payments or payments which are illegal or against public policy.
23. The company has complied with all aspects of contractual agreements which could have a material effect on the Ind AS financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
24. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations and contractual agreements, whether or not discussed with legal counsel, whose effects should be considered when preparing the Ind AS financial statements.

Share capital

25. We have recorded or disclosed, as appropriate, for each class of share capital (with different classes of shares treated separately), the number and amount of shares authorised, the number of shares issued, subscribed and fully paid, and subscribed but not fully paid, par value per share, a reconciliation of the number of shares outstanding at the beginning and at the end of the year, shares reserved for issue under options and contracts/ commitments for



the sale of shares/ disinvestment, including the terms and amounts, and other requirements in respect of the company's capital including:

- (a) The shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by it or by subsidiaries or associates of the holding company or the ultimate holding company, in aggregate.
 - (b) Shares in the company held by each shareholder holding more than 5 per cent shares specifying the number of shares held.
26. The company has allotted shares for cash and received cash in respect of such shares allotted.
27. We have disclosed to you, as appropriate, all parties, who have, direct or indirect beneficial ownership in the Company, including executed changes throughout the year and post year end to the date of this letter.

Reserves and surplus

28. We have classified the reserves of the company appropriately, and the additions and deductions to the reserves since the last balance sheet has been shown under each of the heads specified in Schedule III (Division II) to the Companies Act, 2013.

Financial liabilities- Borrowings

29. The company has not availed any borrowings other than those disclosed in the Ind AS financial statements.
30. The disclosure of terms of repayment of each borrowing such as date of maturity, number and amount of instalments, rate of interest and other significant terms in the Ind AS financial statements is accurate and complete.
31. Borrowings were applied for the purpose for which such borrowings were obtained.
32. There has been no breach in debt covenants relating to borrowings made by the company 31 March 2020 and the date of this letter.
33. Borrowings guaranteed by the directors of the company are as stated in note 4.13 of the Ind AS financial statements.

Financial liabilities- Trade payables

34. Amounts classified as trade payables represent bona fide amounts due on account of goods purchased or services received in the normal course of business and do not include liabilities on account of other contractual obligations.

Provisions

35. All known material liabilities and provisions are included in the Ind AS financial statements. Full provision has been made for all known liabilities at the Balance sheet date including guarantees, commitments and contingencies where the items are expected to result in significant loss and are classified into long term and short-term provision and disclosed appropriately.
36. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Financial liabilities (including Borrowings, Trade payables and other financial liabilities)



37. The company has classified its financial liabilities as subsequently measured at amortised cost, except as provided by Ind AS 109.

Employee benefits

38. All employee benefits i.e., short term, long term, post-employment benefits and termination benefits that the company is committed to providing, including any arrangements that are statutory, contractual or implicit in the company’s actions, whether funded or unfunded, have been identified and properly accounted for and/or disclosed.
39. All settlements and curtailments in respect of employment benefit schemes have been identified and properly accounted for.
40. We confirm that we have made you aware of all employee benefit schemes in which employees of the company participate.
41. The liability for gratuity and compensated absences has been determined by an independent actuary as at 31 March 2020 by using projected unit credit method as prescribed under Ind AS 19, Employee Benefits. We have provided the membership data to the actuary for actuarial valuation purposes which is accurate and complete.
42. The actuarial assumptions comprising of demographic assumptions and financial assumptions are unbiased and mutually compatible. The financial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.
43. We confirm that we have considered the impact of revised gratuity limits for the purpose of actuarial valuation of gratuity for year ended 31 March 2020
44. We have made provision towards ex-gratia payable to employees and consultants which is in the nature of an incentive, considering the performance of Company. The outstanding provision as at 31 March 2020 is Rs 175 lakhs.

Property, plant and equipment

45. The expenditure charged to the capital account in the books of the company wholly represents additions to or improvements to the existing capital assets of the company, and the amounts so charged do not in any instance represent repairs and maintenance of such assets or any expenditure properly chargeable to revenue. Cost includes all incidental expenditure including the estimated costs of dismantling, removing or restoring items of property, plant and equipment, replacement costs and costs of major inspections and is net of refundable taxes e.g. GST. Fixed assets also include assets acquired on finance lease/ hire purchase Error! Bookmark not defined. which have been appropriately disclosed in the Ind AS financial statements and spare parts meeting the definition of property, plant and equipment. No capital expenditure has been charged to revenue during the year.
46. The company has adopted the useful lives prescribed under Schedule II of the Companies Act, 2013 to determine the useful lives of its fixed assets.

Asset Classification	Useful Life (Years)
Building (Leaseholds)	25
Medical Equipment	13
Electrical Installation	10
Furniture and fixtures	10
Office equipment	5



Computers	3
Computers servers and networks	6
Vehicles	8

47. Provisions for depreciation including obsolescence have been made against property, plant and equipment on the bases described in the Ind AS financial statements and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its useful life.
48. Items of property, plant and equipment have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable.

Financial assets- Investments

49. Investments do not include any investment held on behalf of any other person.
50. The Company believes that other than disclosed in investment schedule there are no further provision for impairment in respect of these investments as on 31 March 2020.

Inventories

51. We confirm that the whole of the inventory was the property of the company as at the Balance sheet date and that all inventory owned by the company, wherever located, have been recorded, including goods sent on consignment, but excludes goods sold and not delivered. Inventories do not include:
- goods purchased for which liabilities have not been provided;
 - goods returned by customers without credit to their accounts; or
 - goods billed to customers in advance of delivery.
52. Inventory quantities at the year-end were determined from the company's inventory records, after adjusting the differences identified during physical verification of inventories.
53. Inventories are valued at lower of cost or net realisable value.
54. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory.
55. Provision, where material, has been made for losses as a result of damaged, unusable or obsolete inventories to their estimated net realisable value.

Financial assets- Trade receivables

56. Amounts classified as trade receivables represent bona fide amounts due on account of goods sold or services rendered in the normal course of business. Trade receivables do not include charges for goods shipped on consignment or on approval basis. Trade receivables are expected to be realised in the normal course of business except for which provision has been made in the Ind AS financial statements. The provision made by the company for expected losses on collection of debts is adequate.

Financial assets- Cash and bank equivalents

57. The Balance Sheet includes all cash and bank balances of the company. Cash balances have been physically verified at 31 March 2020 at all locations and no discrepancies have been found.



58. There are no old and/or unusual reconciling items between bank balance as per books of account and the bank statements as at the year-end which would result in any adjustment to the Ind AS financial statements.
59. We have disclosed to you all earmarked balances with banks, balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments, repatriation restrictions if any, and bank deposits with a maturity period of more than 12 months.

Financial assets (including Investments, Trade receivables, Cash and cash equivalents, loans and other financial assets)

60. Based on the company's business model for managing the financial assets and the contractual term of cash flows, the company has classified its financial assets in the following measurement categories:
 - Those to be measured subsequently at fair value through statement of profit or loss
 - Those measured at amortised cost

Revenue

61. We confirm that revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risk and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax, value added tax and service tax etc., and is net of returns, trade discounts and quantity discounts.
62. All revenue transactions are final and there are no side agreements with customers or other terms.

Tax expense

63. We have complied with the income tax requirements within which we operate and have accounted all liabilities of income tax which are due to the relevant income tax authorities. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest. In particular:
 - In connection with any tax requirements, we are satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with the law.
 - We have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities.
64. Deferred tax asset/ liability reflects the tax impact of temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Adequate reduction in the carrying amount of the deferred tax asset have been made to the extent that it is no longer probable that sufficient taxable profit will be available to be utilised in accordance with Ind AS 12, Income Taxes
65. The Company has recognised deferred tax assets (MAT credit) as it believes that there is convincing evidence as stated in the Ind AS financial statements that there would be future taxable profits to realise these benefits.
66. The Company deducts and has deducted applicable Indian withholding taxes in respect of any payments made to non-residents/ residents.



67. Any sums payable by the Company covered by the provisions of Section 43B of Income Tax Act, such as taxes, duties, cess or fees, etc., will be paid on or before the due date for filing the return of income.
68. All orders, relevant communication and notices from the income-tax department, if any, received during the period under review have been disclosed to us.
69. The Company has reasonably quantified and disclosed all material claims and reliefs which it proposes to make in the return of income and all disallowances it could be subject to, based on past experience.
70. The Company has evaluated the impact of ICDS for the period under review as indicated above.
71. That there are no such expenses incurred in connection with earning the exempted dividend income.
72. The Company has not made any payments for expenditure in excess of INR 10,000 in cash as per section 40A (3) of the Income Tax Act.

Contingent liabilities

73. Contingent liabilities as at 31 March 2020 do not include any contingencies, which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities.
74. There are no contingent liabilities, potential liabilities, threatened litigations or capital commitments of material amounts, other than those disclosed in the notes to the Ind AS financial statements.
75. All guarantees that have been given to third parties, director, officer have been adequately disclosed in the Ind AS financial statements. Further:
 - all the obligations in respect of guarantees have been duly recorded and disclosed
 - there are no guarantees issued up to the year-end which are yet to be recorded.

Other comprehensive income

76. Components of other comprehensive income includes only those items of income and expense that are specifically required or permitted by other Ind AS to be included in other comprehensive income and are not required to be recognized in the Statement of Profit or Loss.

COVID 19 related matters

77. We have performed a comprehensive assessment of the implications of COVID 19 on the financial statements of the Company including specifically on the going concern assumption, impairment testing for property, plant and equipment, investments carried at cost / fair value, estimate of expected credit losses and revenue recognized during the year, net realizable value of inventory, valuation of financial instruments, significant estimates (including the assumptions, data, method & disclosures), etc. and have accordingly, made suitable adjustments/ disclosures to the financial statements.
78. We confirm that all scanned/ digitized/ filmed/ electronic documents provided by us to the audit team during the lockdown period are 'True Copies' of the original document which are in the possession of the Company.
79. We confirm that in preparing the management's assessment of going concern, we have taken into account all available information about the company's ability to continue as a going concern including any significant conditions & events that may cast a doubt to do so, management's intentions & plans and intentions & feasibility of such plans, financial projections, including the analysis of the potential impact in relation to the COVID-19



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outbreak. We further confirm that the budgets and forecasts used for the purpose of the management's assessment of going concern have been re-assessed in light of the COVID-19 outbreak and in our view the budgets and forecasts are reasonable, achievable and appropriate under the circumstances and consider risk factors identified and consider impact of possible downside scenarios, as applicable.

80. All events, including the impact of COVID-19 disruptions and lockdowns, subsequent to the date of the financial statements and for which Ind AS 10 require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
81. On account of COVID-19 outbreak, we have considered all relevant market conditions which might impact residual values or useful life of the assets. Basis our assessment, we have concluded that no changes are necessitated to either the residual values / useful life of the assets. We have also reviewed the depreciation method and concluded that the method is appropriate.
82. On account of COVID-19 outbreak, there was a nationwide lockdown as on March 31, 2020, accordingly, we understand that it was impracticable for you to observe the physical inventory count in person. Consequently, we understand that you observed the physical inventory count in respect of certain locations (Vijayawada Main Branch, MG Road and Guntur) using live digital technology being MS teams. We confirm that the inventories that we counted and which we displayed to you for your observations using digital technologies, exist physically, was completely and accurately counted, was not damaged and the condition of the inventory was not damaged.
83. We confirm that all our inventories are saleable and that the impact of COVID-19 on the supply chain disruptions / market demand has not resulted in the net realizable values of the inventories to be lower than its cost. Accordingly, we confirm basis the assessment made by the Company, no additional provision as at March 31, 2020 is needed.
84. We confirm that we have made you aware of all changes in remuneration policies of the Company due to COVID-19 outbreak and all such changes have been properly accounted in books of accounts.
85. Management has re-evaluated the actuarial assumptions used for the purpose of valuing employee benefit obligations in light of the COVID-19 outbreak and concludes that the assumptions on salary growth rates, attrition rates / withdrawal rates, discount rate and other key assumptions are reasonable.
86. We confirm that ECL has been calculated appropriately considering the indicators received for delayed payments from customers. We confirm that there are no cases or requests for deferment of payment from the customers apart from the ones already disclosed to you which may affect this estimate. We have also considered the likelihood of increased credit risk and consequent default emerging due to Covid-19. We confirm that the ECL model also includes forward looking information (including macro-economic information) both when assessing the significant increase in credit risk and when measuring expected credit losses.
87. We confirm that the company has not been subject to any new litigations and claims that have arisen as a result of the COVID-19 outbreak.

Other matters

88. We have disclosed to you the identity of the company's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Ind AS 24, Related Party Disclosures.
89. We confirm that related party transactions do not involve any undisclosed side agreements.
90. We confirm that all related party transactions were conducted on terms equivalent to those prevailing in an arm's length transaction and in the ordinary course of business



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91. There are no
 - onerous contracts, under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets;
 - losses arising from sale and purchase commitments
 - agreements and options to buy back assets previously sold
 - assets pledged as collateral
 - other agreements not in the ordinary course of business.
92. No payment has been made during the year whether directly or indirectly, by way of advertisement or otherwise to any political party in contravention of the provisions of the Companies Act, 2013, except as disclosed in the Ind AS financial statements.
93. No contribution has been made to National Defense Fund or any other Fund approved by the Central Government for the purpose of national defense during the year, except as disclosed in the Ind AS financial statements.
94. Operating segments have been identified based on the way in which the segments are organised within the Company for making operating decisions and in assessing performance. Subject to the specific requirements of Ind AS 108, financial information is disclosed in the same manner and based on the same policies as they are reported internally and used by that person or group of persons (the Company's chief operating decision maker) that make decisions about the resources to be allocated to the operating segments and assess their performance.
95. The company has disclosed the information with regard to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 on the basis of available information.
96. None of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
97. We agree with the findings of experts in evaluating actuarial and litigation liability and have adequately disclosed the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Ind AS financial statements and underlying accounting records. We are not aware of any matters that have had an impact on the objectivity of the experts.
98. We have disclosed the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised.
99. The company, pursuant to section 138(1) of the Companies Act, 2013 has appointed an internal auditor and all the internal audit reports furnished by the internal auditor for the year have been furnished to you Error! Bookmark not defined.
100. In respect of contracts terminated during the year, and based on the risks assessed by the management, there are no unrecorded liabilities against the company which could arise subsequently and result in potential outflow of funds.
101. The company has made investments only through two layers of investment companies as permitted under section 2(87) (d) and section 186 of Companies Act, 2013.
102. The assets and liabilities of the company have been classified as current or non-current based on the following criteria:

Assets: Current assets are items listed on the company's balance sheet that are expected to be converted into cash within one fiscal year. Conversely, noncurrent assets are long term assets that a company expect to hold over one fiscal year and cannot readily be converted into cash.



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Liabilities: current liabilities that are due and payable within one year. Non-current liabilities (Long term liabilities) are liabilities that are due after a year or more. Contingent liabilities are liabilities that may or may not arise depending on certain events.

103. We have assessed all financial assets, except those measured at fair value through profit or loss, to determine whether there is any objective evidence of impairment as a result of one or more loss events that occurred subsequent to their initial recognition, and any impairments identified have been recognised in the Ind AS financial statements, as appropriate. In respect of investments in equity instruments, we have recognised an impairment loss when there has been a significant or prolonged decline in the fair value of the instrument below cost, or other objective evidence of impairment. We have determined whether a decline in fair value below cost is 'significant' or 'prolonged' in accordance with criteria as represented to you.
104. We have considered all financial instruments within the scope of impairment requirements of Ind AS 109, other than those for which loss allowance is always measured at an amount equal to lifetime expected credit losses, in assessing whether credit risk on these instruments has increased significantly since their initial recognition. For all instruments where credit risk has increased significantly since initial recognition, loss allowance in the Ind AS financial statements is measured at an amount equal to lifetime expected credit losses
105. We confirm that in estimating the loss allowance for expected credit losses we have considered relevant, reasonable and supportable forward-looking information available without undue cost and effort at the reporting date.
106. The company has complied with the provisions relating to corporate social responsibility as prescribed under section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, Schedule VII to the Companies Act, 2013 and any other pronouncements issued by the Ministry of Corporate Affairs and the Institute of Chartered Accountants of India in this regard from time to time.
107. We confirm that on March 25, 2018, the Company had entered into an agreement with Dr.N.Sashidhar to establish and register a limited liability partnership under the Limited Liability Partnership Act, 2008 in the name of "Aster Ramesh Duhita LLP" with an initial capital contribution to be made up to Rs.100 lakhs in the ratio of 51:49 respectively. The Company's contribution amounts to Rs.47.75 Lakhs as of 31 March 2020 and Dr. N.Sashidhar has contributed Rs.25 lakhs as of 31 March 2020
108. We confirm that on 1 April 2018, the Company had entered into a share purchase agreement with the Key Promotor Group and the Remaining Shareholders Group of Sanghamitra Hospitals Private Limited (SHPL) and acquired 51% stake in SHPL. The share purchase agreement has a clause on 'put option' which states that the erstwhile promoters may request the Company to purchase their balance holding in Sanghamitra. The Company shall make best efforts to purchase the balance holdings directly or through its Affiliates and/or nominee. In the event, the Company fails to do so, the erstwhile promoters shall have the right to continue as Managing Director and shall have the right to transfer such shares to a third party not being a competitor. Management has evaluated this put option and concluded that since there is no obligation to purchase the promoter's stake, no separate accounting of the put option is necessary.



109. We confirm that on December 28, 2018, the Company entered into an agreement with Dr. Swapna Srinath to establish and register a limited liability partnership under the Limited Liability Partnership Act, 2008 in the name of "Komali Fertility Centre LLP". The Company has contributed an amount of Rs.40 lakhs as of 31 March 2020. Similar contribution has been made by Dr. Swapna Srinath as of 31 March 2020.
110. The Company has a hospital situated in Gunadala, Vijayawada which is located on land that has been taken on lease from M/s Loyola College Society vide a lease agreement dated 21 Sep 2004. The lease was initially taken for a period of 9 years and 11 months which was renewed for an additional period 15 years and 1 month. This additional lease period expired on 31 January 2019. At the time of entering into the initial lease, a separate intent letter dated 1st May 1994 was also issued by the Society stating that the Company will have an option to request for renewal of lease for a further period of 25 years from 31 January 2019 based on such terms and conditions as may be mutually agreed. In accordance with this intent letter, the Management has made an application dated 03 July 2018 to the Society to extend the lease beyond 31 January 2019. However, the Society rejected this application and has issued a notice to the Company to vacate the premises and to hand over the entire building and structure to the Society. Aggrieved by this, the Management has filed a legal case against the Society and the matter is presently sub-judices. Based on legal advice, the Management is of the view that it has a good case to seek renewal of the lease and does not expect any impact of this matter on the future operations of the hospital.
111. We confirm that the Company has made detailed assessment of all movable and immovable assets located in hospital situated in Gunadala, Vijayawada which is located on land that has been taken on lease from M/s Loyola College Society. Net book value of all immovable assets located on the said premises as at 1 April 2018 has been amortized over remaining period of two years and accordingly accelerated depreciation of Rs. 178 lacs is recorded in the books as at 31 March 2020 and as at 31 March 2020 book value of asset is nil. No accelerated depreciation has been recorded for movable assets located on the said premise as Management believes that these movable assets can be used at other locations with ease without incurring significant moving costs.
112. The disclosure related to accounting estimates are complete and appropriate under the applicable financial reporting framework.
113. All events subsequent to the date of the financial statements and for which applicable accounting standards in India require adjustment or disclosure have been adjusted or disclosed.
114. We have disclosed in the Ind AS financial statements information relevant to assessing the possible impact that application of Ind ASs, that have been issued but are not yet effective, will have on the Company's Ind AS financial statements in the period of initial application in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to the extent that this information is known or reasonably estimable.
115. The effects of uncorrected misstatements, both individually and in the aggregate, to the Ind AS financial statements as a whole is attached as an Annexure A to the representation letter.
116. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer "Annexure B
117. We confirm that the Company has MAT credit of Rs. 700 lacs as at 31 March 2020. Based on future cash flow projections, the Management is confident of utilization of these credits within the expiry periods.



118. Companies (Auditor's Report) Order, 2016

- a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The company has a regular programme of physical verification of fixed assets by which all fixed assets are verified in a phased manner over a period of 2 years. A major portion of the fixed assets was verified during the year 31 March 2020 in accordance with this programme. No material discrepancies were noticed on such verification.
- c. The title deeds of all immovable properties are held in the name of the company except in respect of the building on leasehold land located at Vijayawada having a gross book value of Rs.690.32 lakhs and net book value of Rs. Nil as at March 31, 2020 in respect of which the title is not in the name of the Company.
- d. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- e. The company has granted loans secured/ unsecured to companies/firms/ Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- f. The provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and securities given have been complied with by the company.
- g. The company has not accepted any deposits.
- h. The company has maintained the cost accounts and records as prescribed under section 148(1) of the Companies Act, 2013.
- i. Amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value added tax, GST, cess and other statutory dues have been regularly deposited by the company with the appropriate authorities. No undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value added tax, GST, cess and other statutory dues were in arrears as on the last day of the financial year concerned 31 March 2020 for a period of more than six months from the date they became payable.
- j. There have been no dues of Income-tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value added tax, GST which has not been deposited by the company on account of dispute.
- k. The company has not defaulted in repayment of loans or borrowings to a financial institution, banks, government or dues to a debenture holder during the year.
- l. The Company has utilized the money raised by way the term loans during the year for the purposes for which they were raised,
- m. No fraud by the company or any fraud on the Company by its officers or employees, has been noticed or reported during the year.



- n. Managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- o. The Company is not a Nidhi company.
- p. All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in financial statements.
- q. The Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partly convertible debentures during the year. The amounts raised, have been used for the purposes for which the funds were raised.
- r. The Company has not entered into any non-cash transactions with directors or persons connected with him.
- s. The provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For and on behalf of
Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited


.....
.....
Managing Director


Chief Financial Officer



Summary of Uncorrected Audit Misstatements
 Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited
 For year ended 31 March 2020

ID	Description of misstatement	Type of misstatement	Correcting Entry Required at Current Period End		Income Statement Effect - Debit (Credit)	Balance Sheet Effect - Debit (Credit)				Amount in lakhs		
			Accounts	Debit		(Credit)	Income effect according to Iron Curtain (Balance Sheet) method	Equity	Current Assets		Non Current Assets	Current Liabilities
1	Short recognition of deferred tax expenses	Factual	Deferred tax expense Deferred tax liabilities	205 -	205 -	(205) -	205 -	-	-	-	-	205 205
Aggregate of unadjusted audit differences (before tax)												
Tax effect of unadjusted audit differences												
Aggregate of unadjusted audit differences (after tax)												
Financial statements amounts (before tax)												
Uncorrected audit misstatements as a percentage of financial statements amounts (before tax):												
Financial statements amounts (after tax)												
Uncorrected audit misstatements as a percentage of financial information amounts (after tax):												

Discussed with management:

Name: Dr. Ramesh Babu Pothineni

Designation: Managing Director

Date: 17 June 2020

Ramesh Babu Pothineni

Signature



Summary of Uncorrected Audit Misstatements
Dr. Ramesh Cardiac and Multispecialty Hospital Private Limited
For year ended 31 March 2020

Correcting Entry Required at Current Period End				Balance Sheet Effect - Debit (Credit)					Amount in lakhs			
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income Statement Effect - Debit (Credit)	Equity	Current Assets	Non Current Assets	Current Liabilities	Non Current Liabilities	
1	Short recognition of deferred tax expenses	Factual	Deferred tax expense Deferred tax liabilities	205	205	Income effect according to Iron Currian (Balance Sheet) method	(205)	-	-	-	-	205
Aggregate of unadjusted audit differences (before tax)												
Tax effect of unadjusted audit differences												
Aggregate of unadjusted audit differences (after tax)												
Financial statements amounts (before tax)												
							11,641	5,273	18,713	4,465	7,880	
Uncorrected audit misstatements as a percentage of financial statements amounts (before tax):												
							-1.76%	0.00%	0.00%	0.00%	2.60%	
Financial statements amounts (after tax)												
							11,641	5,273	18,713	4,465	7,880	
Uncorrected audit misstatements as a percentage of financial information amounts (after tax):												
							-1.76%	0.00%	0.00%	0.00%	2.60%	

Discussed with management:

Name: Dr. Ramesh Babu Pothineni
 Designation: Managing Director
 Date: 17 June 2020

Ramesh Babu Pothineni
 Signature



Annexure A

Statement of uncorrected misstatements

Annexure B

The following representation is provided in connection with your audit of the internal financial controls with reference to financial statements in the audit of Dr. Ramesh Cardiac and Multispeciality Hospital Private Limited ("the Company") in conjunction with your audit of the Ind AS financial statements of the Company for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the Company had, in all material respects, an adequate internal financial controls system with reference to financial statements and the operating effectiveness of such controls in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed by the Central Government in accordance with Section 143(10) of the 2013 Act, to the extent applicable to an audit of internal financial controls with reference to financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

1. We are responsible for establishing and maintaining adequate and effective internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India ("ICAI") and the preparation and presentation of the Ind AS financial statements as set out in the terms of the audit engagement dated and, in particular, the assertions to you on the internal financial controls.
2. We have performed an evaluation and made an assessment of the adequacy and effectiveness of the company's internal financial controls.
3. We have not used the procedures performed by you during the audit of internal financial controls with reference to financial statements as part of the basis for our assessment of the effectiveness of internal financial controls.
4. Based on the assessment carried out by us and the evaluation of the results of the assessment, we conclude that the Company has adequate internal financial controls system that was operating effectively as at the 31 March 2020.
5. There were no instances of fraud resulting in a material misstatement to the company's Ind AS financial statements and any other fraud that does not result in a material misstatement to the company's financial statements but involves senior management or management or other employees who have a significant role in the company's internal financial controls.
6. The control deficiencies identified in the previous engagement of audit of internal financial controls and communicated to the Company and those charged with governance have been remediated.
7. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
8. We have provided you with:
 - All information, such as records and documentation, and other matters that are relevant to your assessment of internal financial controls;
 - Additional information that you have requested from us; and
 - Unrestricted access to those within the entity.



9. There are no changes in the internal financial controls system from 31 March 2020 till the date of this representation letter.
10. The changes to the internal financial controls since 31 March 2020 and the proposed changes that are under consideration by the Company do not impact our assessment, evaluation and conclusion of the internal financial controls system as at 31 March 2020.

