Independent Auditors' Report

To the Members of Sri Sainatha Multispeciality Hospitals Private Limited

Report on the Audit of Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Ind AS financial statements of Sri Sainatha Multispeciality Hospitals Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility

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

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

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

Auditor's Responsibility (continued)

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of powers conferred by 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.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

Report on Other Legal and Regulatory Requirements (continued)

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 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 financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

M Rajani Chandar
Partner
Membership Number: 216195

Place: Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited

Annexure-A to the Independent Auditors' Report

The Annexure-A referred to in the Independent Auditors' Report of even date to the Members of Sri Sainatha Multispeciality Hospitals Private Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed 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, in case of, immovable properties (Buildings on leasehold land), as disclosed in the Note no 4 to the financial statements, the lease agreements are held in the name of the Company.

(ii) The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liabilities Partnerships or Other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Therefore, the provisions of Clause (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of Section 73, 74, 75 and 76 of the Act and Rules framed there under.

(vi) Pursuant to the rules by the Central Government of India, the Company is required to maintain cost records as specified under Section 148 (1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(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, Sales-tax, Service tax, Duty of Customs, Luxury tax, Value added tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As informed to us, the Company does not have any dues on account of Duty of Excise. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Luxury tax, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable

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

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company does not have any loans or borrowings from financial institutions, government nor has it issued any debentures during the year.

(ix) The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, monies raised by way of term loans have been applied, on an overall basis for the purposes for which they were obtained.

(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) The provisions of Section 197 read with schedule V of the Act are applicable only to public Company. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into, transactions with the related parties in compliance with the provisions of Section 188 of the Act and the details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related party disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, Clause 3(xiii) of the said Order is not applicable to the Company.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Thus, 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 transaction with the directors or persons connected with him. Accordingly, Clause 3(xv) of the Order is not applicable.

(xvi) 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 Order are not applicable to the Company.

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

M Rajani Chandar
Partner
Membership Number: 216195

Place: Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited

Annexure- B to the Independent Auditors' Report on the Ind AS Financial Statements

The Annexure B referred to in paragraph 2 (f) of our Report of even date to the Members of Sri Sainatha Multispeciality Hospitals Private Limited on the financial statements for the year ended 31 March 2018.

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

We have audited the internal financial controls with reference to financial statements of Sri Sainatha Multispeciality Hospitals Private Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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'). 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 Act.

Auditors' Responsibility

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

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

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

Sri Sainatha Multispeciality Hospitals Private Limited
Annexure- B to the Independent Auditors' Report (continued)

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, 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 over Financial Reporting issued by the ICAI.

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

M Rajani Chandar
Partner
Membership Number: 216195

Place: Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited
Notes to the financial statements for the year ending 31 March 2018

1. Reporting Entity

Sri Sainatha Multispeciality Hospitals Private Limited (the 'Company) was incorporated on 24 May 2007 as a private limited company. The company domiciled in India, with its registered office situated at P-4,Besides Blue Fox Hotel, Mythri Vihar, Ameerpet, Hyderbad,Telagana. The company is primarily engaged in the business of rendering medical and healthcare services. The Company is a subsidiary of Aster DM Healthcare Limited and the ultimate parent company is Union Investments Private limited, Mauritius.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013(" the Act") and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Director on 14 May 2018. 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, unless otherwise indicated.

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	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

The preparation of financial statements required management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on the historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively. Information about critical adjustments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are given below:

a) Useful lives of property, plant and equipment assets

The charge in respect of periodic depreciation is derived after estimating the assets expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Company's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year.

b) Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained.

c) Provisions and contingent liabilities

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d) Employee Benefit Plans

The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These includes the determination of the discount rate, future salary increased and mortality rates. However, any changes in these assumptions may have impact on the reported amount of obligation and expenses.

e) Taxes

Significant judgments are involved in determining the provision for income taxes and deferred taxes including the amount expected to be paid or involved expected to be paid or recovered in connection with uncertain tax positions.

2.5 Measurement of fair values

Financial Assets:

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognized at fair value, in case of financial assets which are recognized at fair value through profit and loss (FVTPL), its transaction cost is recognized in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset. Financial assets are subsequently reclassified as measured at

- amortized cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

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

Measured at amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in the order to collect contractual cash flows that are solely payment of principal and interest, are subsequently measured at amortized cost using the effective interest rate (‘EIR’) method less impairment, if any is recognized in the Statement of Profit and Loss.

Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in the OCI is reclassified from the equity to ‘other income’ in the Statement of Profit and Loss.

Measured at fair value through profit or loss:

A financial asset is not classified as either amortized cost or FVOCI is classified as FVTPL. Such financial assets are measured at face value with all changes in fair value, including interest income and dividend income if any recognised as ‘other income’ in the statement of profit and loss.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortized cost, using the effective interest rate (EIR) method net of any expected credit loss. The EIR is the rate that discounts estimated future cash income through expected life of financial instrument.

Derecognition

The company derecognises financial asset on the contractual rights cash flows from the financial asset expire, or it transfers the contractual rights receive the cash flows from the asset.

Impairment of financial asset

Expected credit losses are recognised for all the financial assets subsequent to initial recognition other than financial assets in FVTPL category. For financial assets other than trade receivables, as per Ind AS 109, the company recognizes 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to lifetime expected losses i.e expected cash shortfall. The impairment losses and reversals are recognised in the statement of profit and loss.

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 assets.

Write-off

The gross carrying amount of a financial asset is written off either partly or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to 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.

Financial Liabilities:

Initial recognition and measurement: Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement

Financial liabilities are subsequently measure at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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:

A. it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
B. it is held primarily for the purpose of being traded;
C. it is expected to be realised within 12 months after the reporting date; or
D. 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:

A. it is expected to be settled in the Company's normal operating cycle;
B. it is held primarily for the purpose of being traded;
C. it is due to be settled within 12 months after the reporting date; or
D. 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 rated if 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 rated 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 cist 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.

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.

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.

With effect from 1 April 2014, pursuant to the notification of Schedule II of the Companies Act, 2013, Management has internally reassessed and revised the useful lives of the tangible fixed assets to compute depreciation to confirm to the requirements of the Act. 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 disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

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 Amortization

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.

Amortization:

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

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

On transition to IND AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1 April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of such property, plant and equipment.

Impairment of non-financial assets

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 do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

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 value added 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.

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. 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 statement of profit or loss.

g. Revenue recognition

Medical and healthcare services

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

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.

Revenue from sale of medical consumables and drugs 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.

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.

Dividend

Dividend income is recognised when the Company's right to receive dividend is established

h. Leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals 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.

i. 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. 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.

j. 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.

k. 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.

l. 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.

m. 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.

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.

n. 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.

Sri Sainatha Multispeciality Hospitals Private Limited
Balance sheet as at 31 March 2018
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	**4**	337,650,215	371,087,818
Intangible assets	**5**	269,641	613,410
Financial assets			
Other financial assets	**6**	10,801,505	11,633,538
Other non-current assets	**7**	1,761,847	6,487,404
Income tax assets (net)	**27**	75,856,600	51,124,357
Total non-current assets		**426,339,808**	**440,946,527**
Current assets			
Inventories	**8**	10,206,294	16,481,874
Financial assets			
Trade receivables	**9**	115,748,346	94,531,938
Cash and cash equivalents	**10**	9,896,236	6,595,629
Other bank balances	**11**	5,287,640	26,064,613
Other financial assets	**6**	7,498,199	19,425,415
Other current assets	**7**	3,013,944	4,119,971
Total current assets		**151,650,659**	**167,219,440**
Disposal group assets held for sale	**12**	-	15,274,262
Total current assets		**151,650,659**	**182,493,702**
Total Assets		**577,990,467**	**623,440,229**
Equity and liabilities			
Equity			
Equity Share capital	**13**	70,159,380	70,159,380
Other equity	**14**		
Securities premium		273,423,754	273,423,754
Retained earnings		(1,395,108)	3,499,739
Others (including items of other comprehensive income)		2,072,000	(577,000)
Total equity		**344,260,026**	**346,505,873**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	**15**	30,236,809	40,055,953
Provisions	**16**	4,539,644	7,831,000
Total non-current liabilities		**34,776,453**	**47,886,953**
Current liabilities			
Financial Liabilities			
Borrowings	**15**	-	6,003,940
Trade payables	**17**	100,663,159	104,568,739
Other financial liabilities	**18**	91,912,390	110,151,971
Provisions	**16**	563,901	2,203,000
Other current liabilities	**19**	5,814,538	6,119,753
Total current liabilities		**198,953,988**	**229,047,403**
Total liabilities		**233,730,441**	**276,934,356**
Total equity and liabilities		**577,990,467**	**623,440,229**
Significant accounting policies and notes to accounts	**3**		

The notes referred to above form an integral part of these 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

for and on behalf of the Board of Directors of
Sri Sainatha Multispeciality Hospitals Private Limited
CIN: U85110TG2007PTC054118

M Rajani Chandar
Partner
Membership No.: 216195

Dr. G Satish Reddy
Managing Director
DIN: 00459801

Dr. C Raghu
Director
DIN: 01329504

Hyderabad
Date: 14 May 2018

Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited
Statement of profit and loss for the year ended 31 March 2018
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Continuing operations			
Revenue from operations	**20**	523,364,047	421,920,629
Other income	**21**	3,274,202	7,148,146
Total income		**526,638,249**	**429,068,775**
Expenses			
Purchases of medicines and consumables	**22**	114,008,206	111,236,064
Change in inventories	**23**	1,484,396	(1,063,427)
Employee benefits expense	**24**	104,510,659	93,808,078
Finance costs	**25**	5,098,048	4,649,785
Depreciation and amortisation expense	**4, 5**	42,438,884	45,301,011
Other expenses	**26**	275,410,450	241,669,028
Total expenses		**542,950,643**	**495,600,539**
Profit from continuing operations before income tax		**(16,312,394)**	**(66,531,764)**
Tax expense			
Current tax	**27**	-	-
Deferred tax	**27**	-	-
Loss from continuing operations		**(16,312,394)**	**(66,531,764)**
Discontinued operation	**37**		
Profit from discontinued operation		11,417,547	3,149
Tax expense of discontined operation		-	-
Profit from discontinued operation (after tax)		**11,417,547**	**3,149**
Loss after tax		**(4,894,847)**	**(66,528,615)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/ (loss) on net defined benefit liability		2,649,000	(891,000)
Total comprehensive loss		**(2,245,847)**	**(67,419,615)**
Loss per share (equity share of face value of Rs.10 each)	**29**		
Basic		(0.70)	(9.48)
Diluted		(0.70)	(9.48)
Significant accounting policies and notes to accounts	**3**		

The notes referred to above form an integral part of these 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

for and on behalf of the Board of Directors of
Sri Sainatha Multispeciality Hospitals Private Limited
CIN: U85110TG2007PTC054118

M Rajani Chandar
Partner
Membership No.: 216195

Dr. G Satish Reddy
Managing Director
DIN: 00459801

Dr. C Raghu
Director
DIN: 01329504

Hyderabad
Date: 14 May 2018

Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

A. Equity share capital

	Note	Equity shares	Amount
Balance as at 31 March 2016		**3,926,000**	**39,260,000**
Changes in equity share capital during 2016-17	14	3,089,938	30,899,380
As at 31 March 2017		**7,015,938**	**70,159,380**
Changes in equity share capital during 2017-18	14	-	-
As at 31 March 2018		**7,015,938**	**70,159,380**

B. Other equity

Particulars	Preference share capital	Reserves and Surplus		Other items of Other Comprehensive Income	Total
		Securities Premium	Retained earnings		
Balance as at 31 March 2016	**30,899,470**	**273,423,844**	**70,028,354**	**314,000**	**374,665,668**
Conversion to equity during the year	(30,899,380)				**(30,899,380)**
Share issue expense	(90)	(90)			**(180)**
Loss for the year		-	(66,528,615)	-	**(66,528,615)**
Remeasurement of net defined benefit liability		-	-	(891,000)	**(891,000)**
Balance as at 31 March 2017	-	**273,423,754**	**3,499,739**	**(577,000)**	**276,346,493**
Conversion to equity during the year	-				
Share issue expense	-	-			-
Loss for the year		-	(4,894,847)	-	**(4,894,847)**
Premium on conversion of CCPS to equity shares		-	-	-	-
Remeasurement of net defined benefit liability		-	-	2,649,000	**2,649,000**
Balance as at 31 March 2018	-	**273,423,754**	**(1,395,108)**	**2,072,000**	**274,100,646**

Significant accounting policies and notes to accounts **3**

The notes referred to above form an integral part of these 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

M Rajani Chandar
Partner
Membership No.: 216195

Hyderabad
Date: 14 May 2018

for and on behalf of the Board of Directors of
Sri Sainatha Multispeciality Hospitals Private Limited
CIN: U85110TG2007PTC054118

Dr. G Satish Reddy
Managing Director
DIN: 00459801

Dr. C Raghu
Director
DIN: 01329504

Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited
Cash flow statement for the year ended 31 March 2018
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Loss before tax as per the statement of profit and loss	**(4,894,847)**	**(66,528,615)**
Adjustments for		
Depreciation and amortisation	42,438,884	51,159,374
Provision for doubtful capital advance	13,666,639	-
Allowances for credit losses on financial assets	8,214,124	23,168,754
Finance costs	5,258,124	4,649,785
Interest income	(764,882)	(2,256,163)
Operating loss before working capital changes	**63,918,042**	**10,193,135**
Decrease/ (Increase) in trade receivables	(29,430,532)	9,801,730
Decrease/ (Increase) in inventories	6,275,580	(618,559)
Decrease in other financial assets	11,466,228	1,858,305
Decrease in other assets	2,757,022	768,937
(Decrease)/ Increase in trade payables	(3,905,580)	35,207,699
Decrease)/ Increase in liabilities and provisions	(11,062,564)	20,372,426
Cash generated from operations	**40,018,195**	**77,583,673**
Taxes paid	(24,732,244)	(3,259,250)
Net cash generated from operating activities (A)	**15,285,951**	**74,324,423**
Cash flows from investing activities		
Purchase of fixed assets (Property, plant and equipment, intangible assets, capital work-in-progress, capital advances and capital creditors)	(15,570,085)	(127,138,124)
Proceeds from sale of fixed assets	1,647,623	-
Bank deposits (having maturity of more than twelve months from balance sheet date)	230,621	(16,357)
Maturity of bank deposits (having original maturity of more than three months)	20,776,973	12,248,042
Interest received	1,827,283	1,217,066
Net cash generated from/ (used) in investing activities (B)	**8,912,415**	**(113,689,373)**
Cash flows from financing activities		
Proceeds from issue of equity share capital (net of share issue expenses)	-	(180)
Proceeds/ (repayment) from borrowings	(14,635,696)	37,107,438
Interest paid	(5,258,124)	(4,702,091)
Net cash generated from/ (used) in financing activities (C)	**(19,893,820)**	**32,405,167**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**4,304,547**	**(6,959,783)**
Cash and cash equivalents at the beginning of the year	5,591,689	12,551,472
Cash and cash equivalents at the end of the year	**9,896,236**	**5,591,689**

Notes:

1. Components of cash and cash equivalents as at (Refer note 2.10)	**As at 31 March 2018**	**As at 31 March 2017**
Balance with banks		
- in current accounts	9,703,200	6,317,586
Cash on hand	193,036	278,043
	9,896,236	**6,595,629**
Less: Bank overdraft	-	(1,003,940)
Cash and cash equivalent in the statement of cash flow	**9,896,236**	**5,591,689**

The notes referred to above form an integral part of these 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

M Rajani Chandar
Partner
Membership No.: 049642

Hyderabad
Date: 14 May 2018

for and on behalf of the Board of Directors of
Sri Sainatha Multispeciality Hospitals Private Limited
CIN: U85110TG2007PTC054118

Dr. G Satish Reddy
Managing Director
DIN: 00459801

Dr. C Raghu
Director
DIN: 01329504

Hyderabad
Date: 14 May 2018

Sri Sainatha Multispeciality Hospitals Private Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

4 Property, plant and equipment and capital work-in-progress

A Reconciliation of carrying amount

Particulars	Leasehold improvements	Furniture and fixtures	Plant and machinery (including office equipments)	Computers	Medical equipments	Vehicles	Total (A)	Capital work-in-progress (B)	Total (A+B)
Cost / Deemed cost									
Balance at 1 April 2016	129,532,412	2,654,968	10,454,290	2,187,994	107,342,109	1,750,006	253,921,779	40,574,063	294,495,842
Additions	66,858,737	11,932,333	56,882,778	881,772	61,120,294	-	197,675,914	-	197,675,914
Disposals	-	-	-	-	-	-	-	(40,574,063)	(40,574,063)
Reclassification to assets held for sale as part of disposal group	(1,878,331)	(562,958)	(791,303)	(455,342)	(12,017,315)	(12,500)	(15,717,749)	-	(15,717,749)
Balance at 31 March 2017	**194,512,818**	**14,024,343**	**66,545,765**	**2,614,424**	**156,445,088**	**1,737,506**	**435,879,944**	**-**	**435,879,944**
Balance at 1 April 2017	194,512,818	14,024,343	66,545,765	2,614,424	156,445,088	1,737,506	435,879,944	-	435,879,944
Additions	3,312,464	463,878	589,422	1,056,943	3,274,804	-	8,697,512	-	8,697,512
Disposals	-	-	-	-	-	(800,000)	(800,000)	-	(800,000)
Balance at 31 March 2018	**197,825,282**	**14,488,221**	**67,135,187**	**3,671,367**	**159,719,892**	**937,506**	**443,777,456**	**-**	**443,777,456**
Accumulated Depreciation									
Balance at 1 April 2016	6,300,348	430,770	1,606,112	630,888	4,951,119	524,744	14,443,981	-	14,443,981
Depreciation charge for the year	16,984,869	1,407,600	6,082,043	844,665	25,101,320	426,026	50,846,523	-	50,846,523
Disposals	-	-	-	-	-	-	-	-	-
Reclassification to assets held for sale as part of disposal group	-	(107,669)	(70,350)	(119,229)	(201,130)	-	(498,378)	-	(498,378)
Balance at 31 March 2017	**23,285,217**	**1,730,701**	**7,617,805**	**1,356,324**	**29,851,309**	**950,770**	**64,792,126**	**-**	**64,792,126**
Balance at 1 April 2017	23,285,217	1,730,701	7,617,805	1,356,324	29,851,309	950,770	64,792,126	-	64,792,126
Depreciation charge for the year (Refer note 1)	21,784,668	1,371,438	3,132,241	514,352	15,006,111	286,304	42,095,114	-	42,095,114
Disposals	-	-	-	-	-	(760,000)	(760,000)	-	(760,000)
Balance at 31 March 2018	**45,069,885**	**3,102,139**	**10,750,046**	**1,870,676**	**44,857,420**	**477,074**	**106,127,241**	**-**	**106,127,241**
Carrying value									
As at 31 March 2017/ 01 April 2017	**171,227,601**	**12,293,642**	**58,927,960**	**1,258,100**	**126,593,779**	**786,736**	**371,087,818**	**-**	**371,087,818**
As at 31 March 2018	**152,755,397**	**11,386,082**	**56,385,141**	**1,800,691**	**114,862,472**	**460,432**	**337,650,215**	**-**	**337,650,215**

B. **Security**

As at 31 March 2018, medical equipments with a carrying amount of Rs. 57,012,399 (31 March 2017: Rs.60,022,422) are subject to first charge to secure loans from Banks. Refer note 15 (a) to 16 (f).

Note :1

During the year, the company revised the useful life of certain categories of property, plant and equipment to align the lives in line with Schedule II of Companies Act, 2013. Below are the details of revision:

Class of asset	**Useful life till March 31, 2017 (in years)**	**Revised useful life (in years)**
Medical equipment	10	10/13 on specific identification
Furniture	5	10
Plant and Machinery	5	15

The aforesaid revision is construed as a change in accounting estimate and the impact on account of such change is reflected prospectively in the financial statements in accordance with the requirements of Ind-AS 8. The revision resulted in decrease in depreciation expense for the year by Rs.15,558,990 and decrease in depreciation expenses for future years by Rs. 15.700.460.

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

5 Other intangible assets

	Software	Total
Gross carrying amount		
Balance at 1 April 2016	979,061	979,061
Additions	244,000	244,000
Reclassification to assets held for sale as part of disposal group	(76,646)	(76,646)
Balance at 31 March 2017	**1,146,415**	**1,146,415**
Balance at 1 April 2017	1,146,415	1,146,415
Additions	-	-
Disposals	-	-
Balance at 31 March 2018	**1,146,415**	**1,146,415**
Amortisation expense		
Balance at 1 April 2016	241,909	241,909
Amortisation for the year	312,851	312,851
Reclassification to assets held for sale as part of disposal group	(21,755)	(21,755)
Balance at 31 March 2017	**533,005**	**533,005**
Balance at 1 April 2017	533,005	533,005
Amortisation for the year	343,770	343,770
Reclassification to assets held for sale as part of disposal group	-	-
Balance at 31 March 2018	**876,774**	**876,774**
Carrying value		
As at 31 March 2017/ 01 April 2017	**613,410**	**613,410**
As at 31 March 2018	**269,641**	**269,641**

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

		As at 31 March 2018	As at 31 March 2017
6	**Other financial assets**		
	Non-current		
	Unsecured, considered good		
	Security deposits	2,873,495	1,899,751
	Rental deposits	7,928,010	9,503,166
	Bank deposits with more than 12 months maturity from the reporting date	-	230,621
		10,801,505	**11,633,538**
	Current		
	Unsecured, considered good		
	Unbilled revenue	4,198,199	5,063,014
	Interest accrued and not due on deposits	-	1,062,401
	Other advances	3,300,000	13,300,000
		7,498,199	**19,425,415**
	Total other financial assets	**18,299,704**	**31,058,953**
7	**Other assets**		
	Non-current		
	Capital advances		
	considered good	-	3,074,564
	considered doubtful	3,074,564	-
		3,074,564	3,074,564
	Less: Provision for doubtful advances	(3,074,564)	-
		-	3,074,564
	Prepayments	1,761,847	3,412,840
		1,761,847	**6,487,404**
	Current		
	Prepaid expenses	1,618,511	2,563,061
	Advance to suppliers	897,138	1,140,002
	Advance to staff and others	498,295	416,908
		3,013,944	**4,119,971**
	Total other assets	**4,775,791**	**10,607,375**
8	**Inventories**		
	Stock in trade including medical consumables	10,206,294	16,481,874
	(valued at cost or net realisable value whichever is lower)		
		10,206,294	**16,481,874**
9	**Trade receivables**		
	Current		
	Unsecured		
	considered good	115,748,346	94,531,938
	considered doubtful	34,038,262	25,824,138
		149,786,608	**120,356,076**
	Less : Allowances for doubtful receivable	(34,038,262)	(25,824,138)
		115,748,346	**94,531,938**

(i) No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) The company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in Note 36

The movement in the allowances for credit losses is respect of trade receivable during the year was as follows:

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Opening balance	**25,824,138**	**2,655,384**
Impairment loss recognised	8,214,124	23,168,754
Reversal during the period	-	-
Closing balance	**34,038,262**	**25,824,138**

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

		As at 31 March 2018	As at 31 March 2017
10	**Cash and cash equivalents**		
	Balance with banks		
	- in current accounts	9,703,200	6,317,586
	Cash on hand	193,036	278,043
		9,896,236	**6,595,629**
	Less: Bank overdraft	-	(1,003,940)
	Cash and cash equivalent in the statement of cash flow	**9,896,236**	**5,591,689**

(i) Short term deposits are made for varying period ranging from 1 day to three months, depending on the immediate cash requirement of the Company and earn interest at the respective short - term deposit rates.

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

During the year, the Company had specified bank notes or other denomination note as defined in the Ministry of Corporate Affairs notification G.S.R. 308(E) dated 31 March 2017, on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particluars	**SBNs***	**Other Denomination Notes**
Closing balance as on 8 November 2016	431,500	1,108,960
Add: receipts for permitted transactions	5,169,000	5,799,471
Less:payments for permitted transactions	-	(1,341,044)
Less: balance depoisted in bank accounts	(5,600,500)	(5,151,155)
Closing cash in hand as on 30 December 2016	**-**	**416,232**

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

11	**Other bank balance**		
	Margin money deposits due to mature within 12 months of the reporting date	5,287,640	4,564,613
	Deposit accounts (with original maturity of more than 3 months but less than 12 months)	-	21,500,000
		5,287,640	**26,064,613**

12 Disposal group held for sale

In February 2017, Management has decided to sell the Kukatpally unit. Accordingly, that part of facility is presented as disposal group held for sale. Efforts to sell the disposal group completed in current year, via slump sale of kukatpally unit on 14 September 2017.

Assets and liabilities of the disposal group held for sale

As at 31 March 2017, the disposal group held for sale has been stated at carrying amount and sold on 14 September 2017 (being lower of their fair value less costs to sell) and thus no asset held for sale exists as on 31 March 2018:

Property plant and equipment	-	15,219,371
Other intangible assets	-	54,891
Assets held for sale	**-**	**15,274,262**

Measurement of fair values

The non-recurring fair value measurement for the disposal group has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

The Company has used cost apporach as valuation technique in measuring fair value of the disposal group. The cost apporach considers the current replacement costs of replicating the facility, including cost of transportation, installation and start-up.

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

	As at 31 March 2018	As at 31 March 2017
13 Share capital		
Authorised		
Class A equity shares	10,000	10,000
1,000 (31 March 2017:1,000) equity shares of INR 10 each		
Class B equity shares	101,048,760	101,048,760
10,104,876 (31 March 2017: 10,104,876) equity shares of INR 10 each		
	101,058,760	**101,058,760**
Issued, subscribed and paid-up		
Class A equity shares		
1,000 (31 March 2017 1,000) equity shares of INR 10 each	10,000	10,000
Class B equity shares		
7,014,938 (31 March 2017: 7,014,938) equity shares of INR 10 each	70,149,380	70,149,380
	70,159,380	**70,159,380**

Notes:

(a) Rights, preferences and restrictions attached to equity shares:
The Company has two classes of equity shares

Class A equity shares: Class A equity shares are held by Aster DM Healhcare Limited. The holders of Class 'A' Equity Shares shall be entitled to 3,200 votes per Class 'A' Equity Share on each item put to vote at the shareholders' meeting, such that the holders of Class 'A' Equity shares shall at all times have 51% of the voting rights in the Company till the Compulsorily Convertible Preference Shares (CCPS) Conversion Date. If the Company proposes to make a preferential/rights bonus issue of the Class 'A' Equity Shares, the Company shall simultaneously issue to Aster DM Healthcare Limited such number Class 'A' Equity Shares such that the voting rights of Aster DM Healthcare Limited post such preferential rights bonus shares issuance made by the Company in respect of Class 'A' Equity Shares in the Company shall be at least 51 %. In the event of any scheme, arrangement or amalgamation in accordance with the Act and subject to other approvals and other Applicable Law which presents for amalgamation of the Company with or into any other entity and which results in a share swap or exchange of shares, Aster DM Healthcare Limited shall receive such number of equity shares with differential voting rights or such other instrument of the other entity such that the voting rights of Aster DM Healthcare Limited in such other entity shall not be less than 51%.

Class B Equity shares: Equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) is in proportion to the shareholders' share as specified in the share subscription agreement. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. In case of liquidation or winding up of the Company, the distributions to the holders of equity shares shall, subject to the applicable provisions of the Act, only be made after the requisite distributions are made to the holders of class A equity shares. Further, on 26th Oct17, The transfer of shares from Escrow account held by the Promoteres is legally transferred to DM HealthCare Pvt. ltd.

(b) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31 March 2018		As at 31 March 2017	
Particulars	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Class A equity shares of INR. 10 each fully paid up				
Aster DM Healthcare Limited, India, the holding company	1,000	10,000	1,000	10,000
Class B equity shares of INR. 10 each fully paid up				
Aster DM Healthcare Limited, India, the holding company	4,071,188	40,711,880	3,289,938	32,899,380

Note: Class B Equity Shares of 7,015,938 held and kept in Escrow account by the Promoters were transferred to Aster DM Healthcare as per the Shareholding Deed on 26 October 2017, thus, the Class B equity shares of Aster DM Healthcare limited holds of 4,071,188 shares amounting to Rs.40,711,880 as on 31 March 2018.

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

13 Equity share capital (continued)

(c) Reconciliation of the shares outstanding at the beginning and end of the reporting period:

	Class A equity shares		Class B equity shares	
Particulars	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Shares outstanding at 31 March 2016	**1,000**	**10,000**	**3,925,000**	**39,250,000**
Shares issued during the year	-	-	3,089,938	30,899,380
Transferred to securities premium	-	-	-	-
Shares outstanding at 31 March 2017	**1,000**	**10,000**	**7,014,938**	**70,149,380**
Shares issued during the year	-	-	-	-
Transferred to securities premium	-	-	-	-
Shares outstanding at 31 March 2018	**1,000**	**10,000**	**7,014,938**	**70,149,380**

(d) Details of shareholders holding more than 5% shares of the Company

Name of shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares	**%**	**Number of shares**	**%**
Class A equity shares of INR. 10 each fully paid up				
Aster DM Healthcare Limited, India,	1,000	100%	1,000	100%
Class B Equity shares of Rs. 10 each fully paid-up				
Aster DM Healthcare Limited, India,	4,071,188	58.0%	3,289,938	#DIV/0!
Dr. B.V.S Raju	685,937	9.8%	881,250	#DIV/0!
Dr. C. Raghu	645,937	9.2%	841,250	#DIV/0!
Dr. G. Satish Reddy	685,937	9.8%	881,250	#DIV/0!
Mr. P. Sobhan Prakash	685,937	9.8%	881,250	#DIV/0!

(e) Details of buyback, bonus shares, issue for consideration other than for cash for past 5 years

The Company has not allotted any fully paid-up equity shares by way of bonus shares nor has bought back any class of equity shares nor has there been any issue for consideration other than for cash during the period of five years immediately preceding the balance sheet date.

14 Other equity

Securities premium

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

Retained earnings

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit or loss and other comprehensive income.

Remeasurement of defined benefit liability

Comprises of actuarial gains / losses on remeasurement of defined benefit obligation.

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

	As at 31 March 2018	As at 31 March 2017
15 Borrowings		
Non-current		
Term loans from banks - *Secured*	30,129,573	39,625,109
Vehicle loans from banks - *Secured*	107,236	430,844
	30,236,809	**40,055,953**
Current		
Secured loans from banks		
Cash credit	-	5,000,000
Bank overdraft	-	1,003,940
	-	**6,003,940**
Total borrowings	**30,236,809**	**46,059,893**

***Including current maturities of long-term borrowings, in case of term loans**

a. HDFC Bank
Vehicle loan of INR 222,000 with balance outstanding INR 76,869 as on balance sheet date (PY: INR 123,802) is to be re-paid in 60 equal monthly installments of INR 4,960 each commencing from Sep 14 with interest ranging from 12.02% p.a. The loans are secured by hypothecation of vehicle procured from the said loans.

b. HDFC Bank
Vehicle loan of INR 222,000 with balance outstanding INR 76,869 as on balance sheet date (PY: INR 123,802) is to be re-paid in 60 equal monthly installments of INR 4,960 each commencing from Sep 14 with interest ranging from 12.02% p.a. The loans are secured by hypothecation of vehicle procured from the said loans.

c. Federal Bank
Equipment loan of INR 8,900,000 with balance outstanding INR 2,826,734 as on balance sheet date (PY: 6,774,053) is to be re-paid in 27 equal monthly installments of INR 370,272 each commencing from Oct 16 with interest ranging from 9.52% p.a to 9.99% p.a. The loans are secured by hypothecation of medical equipments procured from the said loans.

d. Federal Bank
Equipment loan of INR 1,300,000 with balance outstanding INR 697,029 as on balance sheet date (PY: 1,089,543) is to be re-paid in 38 equal monthly installments of INR 38,623 each commencing from Oct 16 with interest ranging from 9.52% p.a to 9.99% p.a. The loans are secured by hypothecation of medical equipments procured from the said loans.

e. Federal Bank
Equipment loan of INR 44,100,000 with balance outstanding INR 35,826,662 as on balance sheet date (PY: INR 40,890,506) is to be re-paid in 84 equal monthly installments of INR 731,884 each commencing from Oct 16 with interest ranging from 9.52% p.a to 9.99% p.a. The loans are secured by hypothecation of medical equipments procured from the said loans.

f. Federal Bank
Equipment loan of INR 500,000 with balance outstanding INR 287,666 as on balance sheet date (PY: 425,817) is to be re-paid in 41 equal monthly installments of INR 14,505 each commencing from Oct 16 with interest ranging from 9.52% p.a to 9.99% p.a. The loans are secured by hypothecation of medical equipments procured from the said loans.

		As at 31 March 2018	As at 31 March 2017
16	**Provisions**		
	Non-current		
	Provision for employee benefits - Gratuity		
	Gratuity	4,539,644	7,831,000
		4,539,644	**7,831,000**
	Current		
	Provision for employee benefits		
	Gratuity	563,901	2,203,000
		563,901	**2,203,000**
	Total Provisions	**5,103,545**	**10,034,000**

Provision for employee benefits - Gratuity

Post employment obligations

A. Gratuity

The Company has a defined benefit retirement (Un- funded) plan ('The Gratuity Plan') covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The Gratuity plan for provides for a lumpsum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment of amount that are based on one-half month's salary for each year of completed service (service of six months and above is rounded off as one year) restricted to INR 2,000,000 (31 March 2017: 1,000,000). Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

Based on actuarial valuation, the following table summarises the status of the gratuiy plan, the funded status, amounts recognised in the balance sheet and the component of net benefit expense recognised in the statement of profit and loss:

a. Amount recognised in balance sheet

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of funded obligations	5,103,545	10,034,000
Fair value of plan assets	-	-
Net defined benefit liability	**5,103,545**	**10,034,000**

b. Reconciliation of present value of the defined benefit obligation

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	**10,034,000**	**6,476,000**
Included in statement of profit and loss		
Current service cost	1,378,000	2,181,000
Past service cost	-	-
Loss/ (Gain) from Settlement	(1,216,000)	-
Interest cost	702,000	486,000
Included in other comprehensive income		
Actuarial loss / (gain) form changes in financial assumptions	(331,000)	1,811,000
Actuarial loss / (gain) from experience over the past period	(2,318,000)	(920,000)
Others		
Benefits paid	**(3,145,455)**	-
Balance at the end of the year	**5,103,545**	**10,034,000**

c. Actuarial assumptions

Particulars	As at 31 March 2018	As at 31 March 2017
Discount Rate (p.a.)	7.6%	7%
Salary escalation rate (p.a.)	10%	10%
Attrition rate (p.a.)	Below 35 yrs: 35% 35 yrs & above 3%	Below 35 yrs: 35% 35 yrs & above 3%

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

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

e. Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (- / + 1% movement)	616,000	518,000	1,033,000	868,000
Salary escalation rate (+ / - 1% movement)	595,000	512,000	992,000	853,000
Attrition rate (- / + 1% movement)	154,000	139,000	283,000	253,000

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

The weighted duration of the defined benefit obligation on 31 March 2018 is 8 years (31 March 2017 : 8 years)

16 Provisions (continued)

B. 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 not eligible for carry forward and is paid to the employees at the end of the year and is charged to the Statement of profit and loss.

C. Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund, and Employee state Insurance which is a defined contribution plan. The contribution are charged to the Statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident fund for the year aggregated to 6,035,793 (31 March 2017: 6,550,778) and Employers state insurance for the year aggregated to 3,345,576 (31 March 2017: 3,319,759)

	As at 31 March 2018	As at 31 March 2017
17 Trade payables		
Dues to micro and small enterprises*	283,322	794,218
Due to others	100,379,837	103,774,521
	100,663,159	**104,568,739**

Amounts payable to Micro, Small and Medium enterprises

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year is as follows:		
-Principal amount payable to suppliers as at the year-end	283,322	794,218
-Interest accrued on the above amount as at the year end	14,271	22,496
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	86,702	111,454
The amount of interest accrued and remaining unpaid at the end of the year	526,491	425,519
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 enterprise	-	-

	As at 31 March 2018	As at 31 March 2017
18 Other financial liabilities		
Current		
Current maturities of long-term borrowings (refer Note 16)	9,555,020	9,371,570
Accrued employee benefits / payable to staff	27,887,927	41,109,069
Dues to creditors for capital goods	4,873,040	14,820,177
Accrued expenses and dues to other creditors	47,806,765	43,030,646
Security and other deposits	1,023,478	1,817,053
Dues to holding company	766,160	3,456
	91,912,390	**110,151,971**

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 36

19 Other liabilities

Current		
Deferred income	1,632,173	955,423
Statutory dues	4,182,365	5,164,330
	5,814,538	**6,119,753**

Sri Sainatha Multispeciality Hospitals Private Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

		For the year ended 31 March 2018	For the year ended 31 March 2017
20	**Revenue from Continued operations**		
	Income from hospital and medical services	497,818,576	397,318,645
	Sale of medicines	25,545,471	24,601,984
		523,364,047	**421,920,629**
21	**Other income**		
	Interest income on bank deposits	764,882	2,256,163
	Income from investment	-	-
	Net Gain on sale of property , Plant & Equipment	335,000	-
	Other non-operating income	1,663,285	4,247,965
	Unwinding of discount on security deposits	511,035	644,018
		3,274,202	**7,148,146**
22	**Purchases**		
	Medicines and consumables	114,008,206	111,236,064
		114,008,206	**111,236,064**
23	**Change in**		
	medicines and medical consumables:		
	Opening stock	11,690,690	10,627,263
	Effect of exchange difference		
	Closing stock	10,206,294	11,690,690
		1,484,396	**(1,063,427)**
24	**Employee benefits expense**		
	Salaries and allowances	93,708,082	84,242,729
	Contribution to provident and other funds	9,691,308	6,320,164
	Staff welfare expense	1,111,269	3,245,185
		104,510,659	**93,808,078**
25	**Finance cost**		
	Interest expense	5,098,048	4,649,785
		5,098,048	**4,649,785**
26	**Other expenses**		
	Professional fee paid to doctors	138,962,361	123,929,518
	Printing & Stationery	11,109,630	11,844,839
	General hospital expenses	9,435,473	11,201,451
	Power, water and fuel	16,704,124	12,539,404
	Rent (Refer no. 31)	43,089,475	38,999,020
	Insurance expenses	1,164,547	791,244
	Repairs and maintenance		
	Repairs and maintenance-Building	1,308,010	-
	Repairs and maintenance-Hospital equipments	9,714,768	1,110,006
	Repairs and maintenance-Others	4,550,650	8,891,422
	Communication Expenses	4,543,203	1,971,645
	Ambulance Hire Charges	7,320,958	5,855,141
	Health Camp Expenses	794,490	3,001,346
	Outsourcing charges - labs, minor procedures, etc	3,785,665	1,958,669
	Rates and taxes	1,693,707	1,510,186
	Legal, professional and other consultancy	3,530,491	2,129,524
	Travelling and conveyance	4,224,158	3,958,778
	Provision for doubtful Capital Advance	3,074,564	-
	Allowances for credit losses on financial assets	8,214,124	9,891,112
	Miscellaneous expenses	2,190,052	2,085,723
		275,410,450	**241,669,028**

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

28 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2018	As at 31 March 2017
a. Commitments		
Estimated amount of contracts remaining to be executed on capital account	-	973,912
Bank guarantee	5,287,640	4,564,613
Total	**5,287,640**	**5,538,525**
b. Pending litigations		
Medical claims against the Company	12,422,421	12,422,421
Total	**12,422,421**	**12,422,421**

29 Earnings per share (EPS)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Loss for the year attributable to the equity shareholders	(4,894,847)	(66,528,615)
Weighted average number of equity shares of Rs. 10 each used for calculation of basic earning per share	7,015,938	7,015,938
Compulsorily convertible preference share	-	-
Weighted average number of equity shares of Rs. 10 each used for calculation of diluted earning per share	7,015,938	7,015,938
Loss per share, basic	(0.70)	(9.48)
Loss per share, diluted	(0.70)	(9.48)

Ordinary shares that will be issued upon the conversion of compulsorily convertible preference shares into equity, are included in the calculation of basic earnings per share from the date all necessary conditions for conversion were satisfied.
There are no potentially dilutive equity shares.

30 Auditor's remuneration (included in legal and professional charges, net of service tax)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
As auditor		
- Statutory audit	450,000	450,000
Total	**450,000**	**450,000**

31 Leases

The Company is obligated under non-cancellable operating leases for its office and hospital premises. Total rental expenses under such leases amounted to Rs. 42,044,030 and Rs. 44,030,606 for the year end 31 March 2018 and 31 March 2017 respectively. Future minimum lease payments due under non-cancellable operating leases are as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Payable in less than one year	37,455,491	44,990,640
Payable between one to five years	137,252,795	200,950,116
Payable after more than five years	12,129,303	46,367,688

The Company is obligated under cancellable operating leases for residential space. Total rental expense under cancellable operating leases during the period was Rs. 4,887,467 and Rs. 4,810,842 for the year end 31 March 2018 and 31 March 2017 respectively.

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017

27 Income taxes

(a) Amount recognised in statement of profit and loss

Current tax	-	-
Tax of earlier years	-	-
Deferred tax	-	-
	-	-

(b) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before

Particulars		
Loss before income taxes	(4,894,847)	(66,528,615)
Enacted tax rates in India	30.90%	30.90%
Tax expenses /(asset)	(1,512,508)	(20,557,342)
Taxable temporary differences recognised	6,552,019	5,515,635
Unrecognised deferred tax assets	(5,039,511)	15,041,707
Income tax expense	-	-

Income tax assets/(liability)

	As at 31 March 2018	As at 31 March 2017
Income tax assets	75,856,601	51,124,357
Current income tax liabilities	-	-
Net income tax assets/(liability) at the end	**75,856,601**	**51,124,357**

	As at 31 March 2018	As at 31 March 2017
(c) Deferred tax assets/(liabilities)		
Deferred income tax assets		
Trade receivables	4,394,962	2,941,980
Provision for employee benefits	854,614	1,409,315
Accrued employee benefits / payable to staff	1,302,443	1,164,341
Unabsorbed depreciation and business loss	-	-
Lease equalisation	-	-
Total deferred income tax assets	6,552,019	5,515,635
Deferred tax liabilities		
Property, plant and equipment and computer software	6,552,019	5,515,635
Unabsorbed depreciation and business loss	-	-
Provision for employee benefits	-	-
Total deferred income tax liabilities	6,552,019	5,515,635
Deferred income tax assets/(liabilities) after set off (Refer Note below)	-	-

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.

In assessing the realizability of deferred tax assets, the management considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. Deferred tax asset in respect of unused tax have not been recognized on account of historical losses and unfavourable cashflow for a prolonged period by the Company.

(d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

Particulars	**31 March 2018**		**31 March 2017**	
	Gross amount	**Deferred tax**	**Gross amount**	**Deferred tax**
Deductible temporary differences	29,540,365	9,127,973	32,276,836	9,973,542
Unabsorbed Depreciation U/s 32 - tax losses	28,557,522	8,824,274	40,568,387	12,535,632
Total	**58,097,887**	**17,952,247**	**72,845,223**	**22,509,174**

(e) Tax losses

Tax losses for which no deferred tax asset was recognised expire as follows:

Particulars	**31 March 2018**		**31 March 2017**	
	Tax loss	**Expire**	**Tax loss**	**Expire**
Unabsorbed Depreciation U/s 32 - tax losses	28,557,522	Never expire	40,568,387	Never expire
Total	**28,557,522**		**40,568,387**	

Sri Sainatha Multispeciality Hospitals Private Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees (INR), except share data and where otherwise stated)

32 Related parties

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

Enterprises where control exist

(a)	Holding company	Aster DM Healthcare Limited, India
(b)	Ultimate holding Company	Union Investment P Limited, Mauritius

Other related parties with whom the group had transactions during the year

(c) Key managerial personnel and relatives

Dr. Satish Reddy	Managing Director
Dr. C. Raghu	Director
Dr. Raju B S V	Director

(ii) Related party transactions:
The Company has entered into the following transactions with related parties during the year ended 31 March 2018

Sl.No.	Name of related party	Description of the transaction.	Volume of transactions		Outstanding balance	
			Year ended 31 March 2018	Year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
1	Dr. Satish Reddy	Managerial remuneration *	2,400,000	2,400,000	-	-
2	Dr. Satish Reddy	Professional fee	6,915,014	5,657,238	2,716,407	208,410
3	Dr. C Raghu	Professional fee	12,723,126	18,034,366	1,257,922	3,185,052
4	Dr. Raju B S V	Professional fee	10,056,050	11,995,719	1,642,076	2,143,544
5	Aster DM Healthcare Limited	Issue of preference shares	-	-	-	-
		Consultancy fee	-	-	-	-
		Re-imbursement of expense	766,160	3,456	766,160	3,456
		Interest on loan	-	-	-	-
		Repayment of outstanding balance	-	-	-	-
		Unsecured loan repaid	-	-	-	-

* The above figure does not include provision for gratuity as the same is determined for the Company as a whole based on an actuarial valuation. The remuneration is paid to the directors in their professional capacity as doctors.

ii) For certain loans availed by the Company, KMP of the Company have given personal guarantee. Refer note 15 for details on the same.

33 Segment reporting

The Company is primarily engaged in rendering Medical and Health services, which in the context of Ind AS 108 - "Operating Segments", notified by the Companies (Accounts) Rules, 2014 is considered the only operating segment. The Company is domiciled in India. Since the operations of the Company exist only in India and all its assets are located only in India, disclosures required under paragraphs 32-34 of Ind AS 108 are not applicable.

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

34 Capital management

Capital includes equity attributable to the equity holders and debt. The primary policy of the Company's caital management policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.The Company does not have any externally imposed capital requirements whether statutory or otherwise.

The Company's debt to equity ratio at the reporting date is as follows:

	31-Mar-18	31-Mar-17
Total Borrowings (including current maturities)	39,791,829	55,431,463
Less: Cash and cash equivalent and other bank balances	15,183,876	32,660,242
Net debt	**24,607,953**	**22,771,221**
Equity	344,260,026	346,505,873
Total equity	**344,260,026**	**346,505,873**
Net debt equity ratio	**0.07**	**0.07**

35 Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the balance sheet are as follows:

	Carrying values		Fair value	
	31-Mar-18	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**
Financial assets at amortised cost				
Non-current				
Other financial assets	10,801,505	11,633,538	10,801,505	11,633,538
Total non-current	**10,801,505**	**11,633,538**	**10,801,505**	**11,633,538**
Current				
Trade receivables	115,748,346	94,531,938	115,748,346	94,531,938
Cash and cash equivalents	9,896,236	6,595,629	9,896,236	6,595,629
Other bank balances	5,287,640	26,064,613	5,287,640	26,064,613
Other financial assets	7,498,199	19,425,415	7,498,199	19,425,415
Total current	**138,430,421**	**146,617,595**	**138,430,421**	**146,617,595**
Financial asset at fair value through profit and loss				
Current				
Investments	-	-	-	-
	-	-	-	-
Total financial assets	**149,231,926**	**158,251,133**	**149,231,926**	**158,251,133**
Financial liabilities at amortised cost				
Non-current				
Borrowings	30,236,809	40,055,953	30,236,809	40,055,953
	30,236,809	**40,055,953**	**30,236,809**	**40,055,953**
Current				
Borrowings	9,555,020	6,003,940	9,555,020	6,003,940
Trade payables	100,663,159	104,568,739	100,663,159	104,568,739
Other financial liabilities	91,912,390	110,151,971	91,912,390	110,151,971
	202,130,569	**220,724,650**	**202,130,569**	**220,724,650**
	232,367,378	**260,780,603**	**232,367,378**	**260,780,603**

Fair value hierarchy

The fair value measurements are categorized in to different levels in the fair value hierarchy based on the inputs to valuation techniques used.The different levels are defined as follows:

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

Level 2 : inputs other than quoted prices that is observable for the asset or liability, either directly or indirectly.

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

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

36 Financial risk management

i) Risk management framework

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.
The Company’s board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company’s audit and risk management committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet it contractual obligation leading to financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

The carrying amounts of the financial assets as disclosed in Note 6, 9, 10 and 11 represent the maximum credit risk exposure.

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 the trade receivables are monitored on a continuous basis by the receivables team.
The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to 123.56 million (31 March 2017: 94.53 million). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	As at 31 March 2018	As at 31 March 2017
Balance at the beginning	25,824,138	2,655,384
Impairment loss recognised	8,214,124	23,168,754
Balance at the end	**34,038,262**	**25,824,138**

No single customer accounted for more than 10% of the revenue as of 31 March 2018 and 31 March 2017. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent, other bank balances and other current and non-current financial assets is considered negligible, as the Company generally transacts with reputable banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Further, the company does not have any investments as on the reporting date.

iii) 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 liability when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents adequate to finance the operations and to mitigate the effects of fluctuations in cash flow. Currently, the Company as per policy, limits the borrowings of funds only to fund the employee car lease program. As at 31 March 2018, the Company has net current asset of 49.88 million (31 March 2017: 61.82 million).

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

As at 31 March 2018

Particulars	Carrying amount	Current	Non- current	Total
		Within 12 months	1-5 years	
Borrowings	30,236,809	9,555,020	30,236,809	39,791,829
Trade Payables	100,663,159	100,663,159	-	100,663,159
Other financial liabilities (excluding borrowings and trade payables)	91,912,390	91,912,390	-	91,912,390
	222,812,358	**202,130,569**	**30,236,809**	**232,367,378**

As at 31 March 2017

Particulars	Carrying amount	Current	Non- current	Total
		Within 12 months	1-5 years	
Borrowings	46,059,893	6,003,940	40,055,953	46,059,893
Trade Payables	104,568,739	104,568,739	-	104,568,739
Other financial liabilities (excluding borrowings and trade payables)	110,151,971	110,151,971	-	110,151,971
	260,780,603	**220,724,650**	**40,055,953**	**260,780,603**

(All amounts in Indian rupees (INR), except share data and where otherwise stated)

36 Financial risk management (continued)

iv) Market Risk

Market risk is the risk that change in market prices such as interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. Objective of market risk management is to manage and limit exposure of the Company's earnings and equity to losses.

v) Interest 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 interest rate profile of the Companies interest bearing financial instruments is as follows:

Particulars	31-Mar-18	31-Mar-17
Fixed rate instruments		
Financial assets (non-current)	-	230,621
Bank balances (current)	5,287,640	26,064,613
Cash and and cash equivalents (Deposits accounts)	-	-
Borrowings (non-current)	107,236	430,844
Borrowings (current)	-	5,000,000
Variable rate instruments		
Cash and and cash equivalents (Current accounts)	9,703,200	6,317,586
Borrowings (non-current)	30,129,573	39,625,109
Borrowings (current)	-	1,003,940

vi) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of the Company's assets are located in India and Indian rupee being the functional currency for the Company. The Company's exposure to the risk of changes in foreign exchange rates is minimal and not significant.