

# B S R & Associates LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

**To the Members of Sri Sainatha Multispeciality Hospitals Private Limited**

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

### Opinion

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

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

### Basis for Opinion

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

### Other Information

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

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

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

**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Independent Auditors' Report (continued)**

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.

**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Independent Auditors' Report (continued)**

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

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31 March 2020, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Independent Auditors' Report (continued)**

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

- f) With respect to the adequacy of the internal financial controls with reference to the Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Ind AS financial statements - Refer Note 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 Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Ind AS financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to the director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/ W-100024



**Akhil Kapadiya**

*Partner*

Membership No.: 212991

UDIN: 20212991AAAAAM8152

Place: Hyderabad

Date: 16 June 2020

**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Annexure A to the Independent Auditors' Report on the Ind AS financial statements**

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified during the year and no material discrepancies were observed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, the provisions of Clauses 3(i)(c) of the said Order is not applicable to the Company.
- ii. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('Act'). Accordingly, the provisions of Clauses 3(iii)(a), (b) and (c) of the said Order are not applicable to the Company.
- iv. According to the information and explanations given to us, 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 Section 186 of the Act. Accordingly, the provisions of Clause 3(iv) of the said Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, the provisions of Clause 3(v) of the said Order is not applicable to the Company.
- vi. We have broadly reviewed the records maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been slight delays in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable except for certain dues in respect of Provident Fund as detailed below. As explained to us, the Company did not have any undisputed statutory dues on account of Sales tax, Service tax, Duty of Excise, Value Added Tax and Duty of Customs. Also refer Note 28(c) to the Ind AS financial statements.

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Annexure A to the Independent Auditors' Report on the Ind AS financial statements (continued)**

| Name of the Statute   | Nature of Dues | Amount (INR) | Period to which amount relates | Due date   | Date of Payment |
|---|----------------|--------------|--------------------------------|--|-----------------|
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Provident Fund | 139,789      | March 2019                     | 15 <sup>th</sup> of the next month to which the amount relates | Not yet paid    |

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

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B S R & Associates LLP

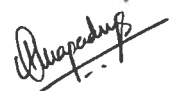
**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Annexure A to the Independent Auditors' Report on the Ind AS financial statements (continued)**

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

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration Number: 116231W/W-100024



**Akhil Kapadiya**

*Partner*

Membership No.: 212991

UDIN: 20212991AAAAAM8152

Place: Hyderabad

Date: 16 June 2020

**Annexure B to the Independent Auditors' report on the Ind AS Financial Statements of Sri Sainatha Multispeciality Hospitals Private Limited for the year ended 31 March 2020**

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

**Opinion**

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

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

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

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

**Auditors' Responsibility**

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

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

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**Annexure B to the Independent Auditors' report on the Ind AS Financial Statements of Sri Sainatha Multispeciality Hospitals Private Limited for the year ended 31 March 2020**

**Auditors' Responsibility (continued)**

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

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

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

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

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

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/ W-100024



**Akhil Kapadiya**

*Partner*

Membership No.: 212991

UDIN: 20212991AAAAAM8152

Place: Hyderabad

Date: 16 June 2020

| Quality Checks :  | Completed                           |
|---|-------------------------------------|
| Spelling / diction / comparison                             | <input checked="" type="checkbox"/> |
| Indexing / pagination / paras                               | <input checked="" type="checkbox"/> |
| Calculation / arithmetical accuracy/<br>rounding off errors | <input checked="" type="checkbox"/> |
| <b>Done by :</b>  |                                     |
| Name and Designation.....                                   | Purnima Susana, AD                  |
| Signature and Date.....                                     | PS 16 June 2020                     |
| Engagement Partner.....                                     | Akhil Kapadiya                      |
| Project Code.....   | ISS7809                             |

**Sri Sainatha Multispeciality Hospitals Private Limited**

**Balance sheet**

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

|  | Notes | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|-------|------------------------|------------------------|
| <b>Assets</b>  |       |                        |                        |
| <b>Non-current assets</b>  |       |                        |                        |
| Property, plant and equipment  | 4     | 27,26,31,202           | 30,72,19,573           |
| Right-of-use assets  | 5     | 6,05,56,886            | -                      |
| Intangible assets  | 6     | 14,85,172              | 1,27,205               |
| <b>Financial assets</b>  |       |                        |                        |
| (i) Other financial assets   | 7     | 1,10,30,615            | 1,40,27,977            |
| Deferred tax assets (net)  | 27    | 1,00,17,720            | 66,49,300              |
| Other non-current assets   | 8     | -                      | 23,93,193              |
| Non-current tax assets (net)   |       | 4,20,56,302            | 4,05,33,646            |
| <b>Total non-current assets</b>  |       | <b>39,77,77,897</b>    | <b>37,09,50,894</b>    |
| <b>Current assets</b>  |       |                        |                        |
| Inventories  | 9     | 1,17,87,020            | 94,74,831              |
| <b>Financial assets</b>  |       |                        |                        |
| (i) Trade receivables  | 10    | 16,45,68,533           | 17,75,98,636           |
| (ii) Cash and cash equivalents   | 11    | 14,64,209              | 29,90,103              |
| (iii) Bank balances other than (ii) above  | 12    | 1,61,41,596            | 1,78,44,421            |
| (iv) Other financial assets  | 7     | 24,16,247              | 48,05,986              |
| Other current assets   | 8     | 51,90,487              | 23,79,252              |
| <b>Total current assets</b>  |       | <b>20,15,68,092</b>    | <b>21,50,93,229</b>    |
| <b>Total Assets</b>  |       | <b>59,93,45,989</b>    | <b>58,60,44,123</b>    |
| <b>Equity and liabilities</b>  |       |                        |                        |
| <b>Equity</b>  |       |                        |                        |
| Equity share capital   | 13    | 7,01,59,380            | 7,01,59,380            |
| Other equity   | 14    | 24,48,19,511           | 29,57,32,209           |
| <b>Total equity</b>  |       | <b>31,49,78,891</b>    | <b>36,58,91,589</b>    |
| <b>Liabilities</b>   |       |                        |                        |
| <b>Non-current liabilities</b>   |       |                        |                        |
| <b>Financial Liabilities</b>   |       |                        |                        |
| (i) Borrowings   | 15    | 1,63,73,351            | 2,15,05,900            |
| (ii) Lease liabilities   |       | 7,92,95,312            | -                      |
| (iii) Other financial liabilities  | 18    | 7,93,728               | -                      |
| Provisions   | 16    | 59,43,545              | 55,39,545              |
| <b>Total non-current liabilities</b>   |       | <b>10,24,05,936</b>    | <b>2,70,45,445</b>     |
| <b>Current liabilities</b>   |       |                        |                        |
| <b>Financial Liabilities</b>   |       |                        |                        |
| (i) Borrowings   | 15    | 8,20,813               | 50,36,475              |
| (ii) Lease liabilities   |       | 4,01,73,966            | -                      |
| (iii) Trade payables   |       | -                      | 85,495                 |
| - Total outstanding dues of micro, small and medium enterprises                      |       | -                      | 85,495                 |
| - Total outstanding dues to creditors other than micro, small and medium enterprises | 17    | 8,28,15,922            | 11,35,64,685           |
| (iv) Other financial liabilities   | 18    | 5,16,81,037            | 6,49,77,435            |
| Provisions   | 16    | 13,88,000              | 28,04,764              |
| Other current liabilities  | 19    | 50,81,424              | 66,38,235              |
| <b>Total current liabilities</b>   |       | <b>18,19,61,162</b>    | <b>19,31,07,089</b>    |
| <b>Total liabilities</b>   |       | <b>28,43,67,098</b>    | <b>22,01,52,534</b>    |
| <b>Total Equity and Liabilities</b>  |       | <b>59,93,45,989</b>    | <b>58,60,44,123</b>    |

**Significant accounting policies and notes to accounts**

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

As per our report of even date attached

for BSR & Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

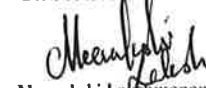
  
Akhil Kapadiya  
Partner

Membership No.: 212991

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

  
Satish Kalyan  
Managing Director  
DIN: 00459801

  
Dr. B S V Raju  
Director  
DIN: 02714821

  
Meenakshi Lakshmanan  
Company Secretary  
Membership No A49609



Place: Hyderabad  
Date: 16/06/2020

Place: Hyderabad  
Date: 16/06/2020

**Sri Sainatha Multispeciality Hospitals Private Limited**

**Statement of profit and loss**

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

|  | Notes   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|---------|-------------------------------------|-------------------------------------|
| <b>Income</b>  |         |                                     |                                     |
| Revenue from operations                                      | 20      | 55,31,63,165                        | 56,22,55,015                        |
| Other income   | 21      | 75,41,472                           | 82,76,246                           |
| <b>Total income</b>  |         | <b>56,07,04,637</b>                 | <b>57,05,31,261</b>                 |
| <b>Expenses</b>  |         |                                     |                                     |
| Purchases of medicines and consumables                       | 22      | 11,60,00,492                        | 12,23,79,858                        |
| Change in inventories  | 23      | (23,12,189)                         | 7,31,464                            |
| Employee benefits expense                                    | 24      | 11,26,87,440                        | 9,80,66,368                         |
| Finance costs  | 25      | 1,51,09,710                         | 36,71,142                           |
| Depreciation and amortisation expense                        | 4, 5, 6 | 6,52,32,893                         | 4,15,73,550                         |
| Other expenses   | 26      | 24,37,09,037                        | 28,20,37,317                        |
| <b>Total expenses</b>  |         | <b>55,04,27,383</b>                 | <b>54,84,59,699</b>                 |
| <b>Profit before tax</b>                                     |         | <b>1,02,77,254</b>                  | <b>2,20,71,562</b>                  |
| <b>Tax expense</b>   |         |                                     |                                     |
| Current tax  | 27      | 34,10,800                           | 66,49,300                           |
| Deferred tax on MAT credit entitlement                       | 27      | (34,10,800)                         | (66,49,300)                         |
| Earlier year tax   |         | 25,47,999                           | -                                   |
| <b>Profit for the year</b>                                   |         | <b>77,29,255</b>                    | <b>2,20,71,562</b>                  |
| <b>Other Comprehensive Income</b>                            |         |                                     |                                     |
| <i>Items that will not be reclassified to profit or loss</i> |         |                                     |                                     |
| Remeasurement (loss)/ gain on net defined benefit liability  |         | 1,63,000                            | (4,40,000)                          |
| Income-tax effect of re-measurement of defined benefit plans |         | (42,380)                            | -                                   |
| <b>Total comprehensive income</b>                            |         | <b>78,49,875</b>                    | <b>2,16,31,562</b>                  |
| <b>Earning per equity share (Face value of INR 10 each)</b>  | 29      |                                     |                                     |
| Basic  |         | 1.10                                | 3.15                                |
| Diluted  |         | 1.10                                | 3.15                                |

**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 **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024



**Akhil Kapadiya**

Partner

Membership No.: 212991

for and on behalf of the Board of Directors of

**Sri Sainatha Multispeciality Hospitals Private Limited**

CIN: U85110TG2007PTC054118



**Dr. Satish Reddy**

Managing Director

DIN: 00459801



**Meenakshi Lakshmanan**

Company Secretary

Membership No A49609



**Dr. B S V Raju**

Director

DIN: 02714821



Place: Hyderabad

Date: 16/06/2020

Place: Hyderabad

Date: 16/06/2020

**Sri Sainatha Multispeciality Hospitals Private Limited**

**Cash flow statement**

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

|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>   |                                     |                                     |
| <b>Profit before tax</b>  | <b>1,02,77,254</b>                  | <b>2,20,71,562</b>                  |
| <i>Adjustments for</i>  |                                     |                                     |
| Depreciation and amortisation   | 6,52,32,893                         | 4,15,73,550                         |
| Allowances for credit losses on financial assets  | 99,93,460                           | 1,08,38,614                         |
| Finance costs   | 1,51,09,710                         | 36,71,142                           |
| Interest income   | (7,63,109)                          | (11,56,548)                         |
| Unwinding of discount on security deposit   | (5,87,259)                          | (5,42,736)                          |
| <b>Operating Profit before working capital changes</b>  | <b>9,92,62,949</b>                  | <b>7,64,55,584</b>                  |
| Decrease/ (increase) in trade receivables   | 30,36,643                           | (7,26,88,904)                       |
| (Increase)/ decrease in inventories   | (23,12,189)                         | 7,31,464                            |
| Decrease in other financial assets  | 21,59,443                           | 23,02,139                           |
| (Increase)/ decrease in other assets  | (1,85,919)                          | 10,93,963                           |
| Decrease in trade payables  | (3,08,34,258)                       | (89,78,891)                         |
| Decrease in liabilities and provisions  | (1,08,99,199)                       | (45,38,371)                         |
| <b>Cash generated from/ (used) in operations</b>  | <b>6,02,27,470</b>                  | <b>(56,23,017)</b>                  |
| Taxes paid, net of refunds  | (74,81,455)                         | 2,86,66,689                         |
| <b>Net cash generated from operating activities (A)</b>   | <b>5,27,46,015</b>                  | <b>2,30,43,673</b>                  |
| <b>Cash flows from investing activities</b>   |                                     |                                     |
| Acquisition of property, plant and equipment, intangible assets and (net of capital work-in-progress, capital advances and capital creditors) | (1,51,26,549)                       | (85,79,034)                         |
| Bank deposits (having maturity of more than twelve months from balance sheet date)  | 23,85,323                           | (22,93,662)                         |
| Bank deposits (having original maturity of more than three months)  | 17,02,825                           | (1,25,56,785)                       |
| Interest received   | 4,31,866                            | 11,56,548                           |
| <b>Net cash used in investing activities (B)</b>  | <b>(1,06,06,535)</b>                | <b>(2,22,72,933)</b>                |
| <b>Cash flows from financing activities</b>   |                                     |                                     |
| Repayment of long term borrowings   | (66,67,272)                         | (90,49,170)                         |
| Interest paid   | (40,35,513)                         | (36,64,177)                         |
| Payment of lease liabilities  | (2,87,46,927)                       | -                                   |
| <b>Net cash used in financing activities (C)</b>  | <b>(3,94,49,712)</b>                | <b>(1,27,13,347)</b>                |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>   | <b>26,89,767</b>                    | <b>(1,19,42,607)</b>                |
| <b>Cash and cash equivalents at the beginning of the year</b>   | <b>(20,46,372)</b>                  | <b>98,96,236</b>                    |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>6,43,396</b>                     | <b>(20,46,372)</b>                  |

**Notes:**

**1. Components of cash and cash equivalents as at (Refer note 11 and note 15)**

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Balance with banks  |                        |                        |
| - in current accounts   | 12,15,091              | 25,72,600              |
| Cash on hand  | 2,49,118               | 4,17,503               |
|   | <b>14,64,209</b>       | <b>29,90,103</b>       |
| Less: Bank overdraft  | (8,20,813)             | (50,36,475)            |
| <b>Cash and cash equivalent in the statement of cash flow</b> | <b>6,43,396</b>        | <b>(20,46,372)</b>     |

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

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024



**Akhil Kapadiya**

Partner

Membership No.: 212991

for and 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. B S V Raju**  
Director  
DIN: 02714821

  
**Meenakshi Lakshmanan**  
Company Secretary  
Membership No A49609



Place: Hyderabad

Date: 16/06/2020

Place: Hyderabad

Date: 16/06/2020

**Sri Sainatha Multispeciality Hospitals Private Limited**

**Statement of Changes in Equity**

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

**A. Equity share capital**

|  | Note | Equity shares | Amount      |
|--|------|---------------|-------------|
| As at 31 March 2018                            |      | 70,15,938     | 7,01,59,380 |
| Changes in equity share capital during 2018-19 | 13   | -             | -           |
| As at 31 March 2019                            |      | 70,15,938     | 7,01,59,380 |
| Changes in equity share capital during 2019-20 | 13   | -             | -           |
| As at 31 March 2020                            |      | 70,15,938     | 7,01,59,380 |

**B. Other equity**

| Particulars   | Reserves and Surplus |                   | Total         |
|---|----------------------|-------------------|---------------|
|   | Securities Premium   | Retained earnings |               |
| Balance as at 31 March 2018                                   | 27,34,23,754         | 6,76,893          | 27,41,00,647  |
| Profit for the year   | -                    | 2,20,71,562       | 2,20,71,562   |
| Remeasurement of net defined benefit liability                | -                    | (4,40,000)        | (4,40,000)    |
| Balance as at 31 March 2019                                   | 27,34,23,754         | 2,23,08,455       | 29,57,32,209  |
| Profit for the year   | -                    | 77,29,255         | 77,29,255     |
| Impact on account of transition to Ind AS 116 (Refer note 31) | -                    | (5,87,62,573)     | (5,87,62,573) |
| Remeasurement of net defined benefit liability                | -                    | 1,20,620          | 1,20,620      |
| Balance as at 31 March 2020                                   | 27,34,23,754         | (2,86,04,243)     | 24,48,19,511  |

**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

  
Akhil Kapadiya

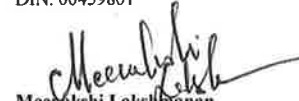
Partner

Membership No.: 212991

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

  
Dr. S S R Reddy  
Managing Director  
DIN: 00459801

  
Dr. B S V Raju  
Director  
DIN: 02714821

  
Meevakshi Lakshmanan  
Company Secretary  
Membership No A49609

Hyderabad

Date: 16/06/2020

Hyderabad

Date: 16/06/2020



**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**1. Reporting Entity**

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, Hyderabad, Telangana. 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”) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (‘the Act’) and other relevant provision of the Act under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair values, notified under the Act and Rules prescribed thereunder.

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

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

**2.2 Functional and presentation currency**

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

**2.3 Basis of measurement**

The financial statements have been prepared and presented under the historical cost basis except for the following items:

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

**2.4 Use of judgments, estimates and assumptions**

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

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

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**2. Basis of preparation (continued)**

**2.4 Use of judgments, estimates and assumptions (continued)**

**Assumptions and estimation uncertainties**

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

- Note 4 and 6 - measurement of useful life and residual value of property, plant and equipment and intangible assets;
- Note 27 – recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;
- Note 28 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 16 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 36 – Impairment of financial assets and non-financial assets;
- Note 5 & 31 – determination of the lease term and whether the Company is reasonably certain to exercise extension options or not.

**2.5 Measurement of fair values**

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

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

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

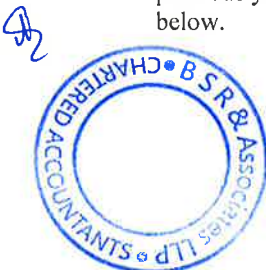
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

Note 35 - financial instruments;

**2.6 Change in significant accounting policies**

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



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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**2. Basis of preparation (continued)**

**2.6 Change in significant accounting policies (continued)**

*i. Definition of lease*

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

*ii. As a lessee*

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

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

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

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

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies**

**a. Current –non-current classification**

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

**Assets**

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

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

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

**Liabilities**

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

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

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

Deferred tax assets are classified as non-current assets.

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

**b. Foreign exchange transactions**

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

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

Foreign currency differences are generally recognised in the statement of profit and loss.

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**c. Property, Plant and Equipment**

**Recognition and measurement**

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

**Capital work in progress**

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

**Depreciation and amortisation**

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

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

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

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

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

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



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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**c. Property, Plant and Equipment (continued)**

**Depreciation and amortisation (continued)**

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

**d. Intangible assets and Amortisation**

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

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

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

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

**e. Inventories**

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

**f. Employee benefits**

**Short term employee benefits**

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

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Sri Sainatha Multispeciality Hospitals Private Limited  
Notes to the financial statements for the year ending 31 March 2020  
(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)

3.1 Summary of significant accounting policies (continued)

f. Employee benefits (continued)

Post-employment benefits

i. Defined contribution plans

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

ii. Defined benefit plans

Gratuity

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

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

The gratuity scheme is administered by Life Insurance Corporation of India (Group Gratuity Scheme). Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. The Company recognizes gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

Compensated absences

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



*Signature*



*Signature*

**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**g. Revenue**

**Revenue from contract with customers**

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

*Disaggregation of revenue*

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

*Contract balances*

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

*Performance obligations and revenue recognition policies*

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

*a. Medical and healthcare services*

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

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

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

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**g. Revenue (continued)**

*b. Sale of medicines*

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

**h. Interest**

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

**i. Leases**

*Policy applicable from 1 April 2019*

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.



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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**i. Leases (continued)**

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short-term leases and leases of low-value assets*

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

*Policy applicable before 1 April 2019*

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

**j. Taxation**

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

**Current tax**

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

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

**Deferred tax**

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.





**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**j. Taxation (continued)**

Deferred tax 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.

**k. Cash and cash equivalents**

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

**l. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.2 Summary of significant accounting policies (continued)**

**m. Earnings per share**

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

**n. Provisions and contingent liabilities**

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

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

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

**o. Borrowing costs**

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

**p. Financial instruments**

*i. Recognition and initial measurement*

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

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

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**p. Financial instruments (continued)**

*ii. Classification and subsequent measurement*

**Financial Assets:**

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

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

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

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

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

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

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

**Subsequent measurement and gains and losses**

|                                    |  |
|------------------------------------|--|
| Financial assets at FVTPL          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.   |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Equity investments at FVOCI        | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.                         |



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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**p. Financial instruments (continued)**

*ii. Classification and subsequent measurement (continued)*

**Financial liabilities**

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

*iii. Derecognition*

**Financial assets**

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

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

**Financial liabilities**

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

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

*iv. Offsetting*

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



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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**q. Impairment**

*i. Impairment of financial instruments*

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

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

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

*Measurement of expected credit losses*

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

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

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

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**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements for the year ending 31 March 2020**  
**(All amounts in Indian Rupees in lacs, except for share data or as otherwise stated)**

**3.1 Summary of significant accounting policies (continued)**

**q. Impairment (continued)**

*i. Impairment of financial instruments (continued)*

*Write-off*

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

*ii. Impairment of non-financial assets*

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

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

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

**r. Recent accounting pronouncements:**

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



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Sri Sainatha Multispecialty 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) |
|----------------------------------|------------------------|------------------------|---|-----------|--------------------|----------|-------------|------------------------------|-------------|
| <b>Balance at 1 April 2018</b>   | 197,825,282            | 14,488,221             | 67,135,187  | 3,671,367 | 159,719,892        | 937,506  | 443,777,455 | -                            | 443,777,455 |
| Additions                        | 130,200                | 336,517                | 406,616   | 2,370,550 | 7,736,589          | -        | 11,000,472  | -                            | 11,000,472  |
| Deletions                        | -                      | -                      | -   | -         | -                  | -        | -           | -                            | -           |
| <b>Balance at 31 March 2019</b>  | 197,955,482            | 14,824,738             | 67,541,803  | 6,041,917 | 167,476,481        | 937,506  | 454,777,927 | -                            | 454,777,927 |
| <b>Balance at 1 April 2019</b>   | 197,955,482            | 14,824,738             | 67,541,803  | 6,041,917 | 167,476,481        | 937,506  | 454,777,927 | -                            | 454,777,927 |
| Additions                        | -                      | 489,433                | 320,405   | 2,814,470 | 7,136,230          | -        | 10,760,538  | -                            | 10,760,538  |
| Deletions                        | -                      | -                      | -   | -         | -                  | -        | -           | -                            | -           |
| <b>Balance at 31 March 2020</b>  | 197,955,482            | 15,314,171             | 67,862,208  | 8,856,387 | 174,612,711        | 937,506  | 465,538,465 | -                            | 465,538,465 |
| <b>Accumulated Depreciation</b>  |                        |                        |   |           |                    |          |             |                              |             |
| <b>Balance at 1 April 2018</b>   | 45,069,885             | 3,102,139              | 10,750,046  | 1,870,676 | 44,857,420         | 477,074  | 106,127,240 | -                            | 106,127,240 |
| Depreciation charge for the year | 22,018,848             | 1,292,149              | 4,825,423   | 820,015   | 12,187,052         | 287,627  | 41,431,114  | -                            | 41,431,114  |
| Deletions                        | -                      | -                      | -   | -         | -                  | -        | -           | -                            | -           |
| <b>Balance at 31 March 2019</b>  | 67,088,733             | 4,394,288              | 15,575,469  | 2,690,691 | 57,044,472         | 764,701  | 147,558,354 | -                            | 147,558,354 |
| <b>Balance at 1 April 2019</b>   | 67,088,733             | 4,394,288              | 15,575,469  | 2,690,691 | 57,044,472         | 764,701  | 147,558,354 | -                            | 147,558,354 |
| Depreciation charge for the year | 25,206,049             | 1,324,488              | 3,968,130   | 1,728,001 | 13,087,636         | 34,605   | 45,348,909  | -                            | 45,348,909  |
| Deletions                        | -                      | -                      | -   | -         | -                  | -        | -           | -                            | -           |
| <b>Balance at 31 March 2020</b>  | 92,294,782             | 5,718,776              | 19,543,599  | 4,418,692 | 70,132,108         | 799,306  | 192,907,263 | -                            | 192,907,263 |
| <b>Carrying value</b>            |                        |                        |   |           |                    |          |             |                              |             |
| As at 31 March 2019              | 130,866,749            | 10,430,450             | 51,966,334  | 3,351,226 | 110,432,009        | 172,805  | 307,219,573 | -                            | 307,219,573 |
| As at 31 March 2020              | 105,660,700            | 9,595,395              | 48,318,609  | 4,437,695 | 104,480,603        | 138,200  | 272,631,202 | -                            | 272,631,202 |

B. Security

As at 31 March 2020, medical equipments with a carrying amount of INR 30,343,004 (31 March 2019: INR 36,045,175) are subject to first charge to secure loans from Banks. Refer note 15.

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**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)

**5 Right-of-use assets**

|   | Buildings         | Total             |
|---|-------------------|-------------------|
| <b>Carrying Amount</b>                  |                   |                   |
| Balance at 1 April 2019 (on transition) | 80,140,274        | 80,140,274        |
| Additions                               | -                 | -                 |
| Disposals                               | -                 | -                 |
| <b>Balance at 31 March 2020</b>         | <b>80,140,274</b> | <b>80,140,274</b> |
| <b>Accumulated amortisation</b>         |                   |                   |
| As at 1 April 2019                      | -                 | -                 |
| Amortisation for the year               | 19,583,388        | 19,583,388        |
| Disposals                               | -                 | -                 |
| <b>Balance at 31 March 2020</b>         | <b>19,583,388</b> | <b>19,583,388</b> |
| <b>Carrying amount</b>                  |                   |                   |
| <b>As at 31 March 2020</b>              | <b>60,556,886</b> | <b>60,556,886</b> |

**6 Other intangible assets**

|                                 | Software         | Total            |
|---------------------------------|------------------|------------------|
| <b>Cost / Deemed cost</b>       |                  |                  |
| Balance at 1 April 2018         | 1,146,415        | 1,146,415        |
| Additions                       | -                | -                |
| Deletions                       | -                | -                |
| <b>Balance at 31 March 2019</b> | <b>1,146,415</b> | <b>1,146,415</b> |
| Balance at 1 April 2019         | 1,146,415        | 1,146,415        |
| Additions                       | 1,658,563        | 1,658,563        |
| Deletions                       | -                | -                |
| <b>Balance at 31 March 2020</b> | <b>2,804,978</b> | <b>2,804,978</b> |
| <b>Accumulated amortisation</b> |                  |                  |
| Balance at 1 April 2018         | 876,774          | 876,774          |
| Amortisation for the year       | 142,436          | 142,436          |
| Deletions                       | -                | -                |
| <b>Balance at 31 March 2019</b> | <b>1,019,210</b> | <b>1,019,210</b> |
| Balance at 1 April 2019         | 1,019,210        | 1,019,210        |
| Amortisation for the year       | 300,596          | 300,596          |
| Deletions                       | -                | -                |
| <b>Balance at 31 March 2020</b> | <b>1,319,806</b> | <b>1,319,806</b> |
| <b>Carrying value</b>           |                  |                  |
| <b>As at 31 March 2019</b>      | <b>127,205</b>   | <b>127,205</b>   |
| <b>As at 31 March 2020</b>      | <b>1,485,172</b> | <b>1,485,172</b> |



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**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)

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>7 Other financial assets</b>   |                        |                        |
| <b>Non-current</b>  |                        |                        |
| <i>Unsecured, considered good</i>   |                        |                        |
| Security deposits   | 1,918,817              | 2,804,299              |
| Rental deposits   | 8,872,216              | 8,930,016              |
| Bank deposits with more than 12 months maturity from the reporting date (refer i below)   | 239,582                | 2,293,662              |
|   | <u>11,030,615</u>      | <u>14,027,977</u>      |
| i. Includes margin money deposits of INR 239,582 (31 March 2019: INR 2,293,662) against Bank guarantees issued by banks, which are lien marked with Government authorities. |                        |                        |
| <b>Current</b>  |                        |                        |
| <i>Unsecured, considered good</i>   |                        |                        |
| Contract assets - unbilled revenue  | 2,416,247              | 4,805,986              |
|   | <u>2,416,247</u>       | <u>4,805,986</u>       |
| <b>Total other financial assets</b>   | <u>13,446,862</u>      | <u>18,833,962</u>      |

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>8 Other assets</b>                        |                        |                        |
| <b>Non-current</b>                           |                        |                        |
| Capital advances                             | -                      | 1,090,615              |
| considered doubtful                          | -                      | -                      |
|  | -                      | 1,090,615              |
| <b>Less: Provision for doubtful advances</b> | -                      | -                      |
|  | -                      | 1,090,615              |
| Prepaid expenses                             | -                      | 1,302,578              |
|  | -                      | <u>2,393,193</u>       |
| <b>Current</b>                               |                        |                        |
| Prepaid expenses                             | 3,511,328              | 1,060,553              |
| Advance to suppliers                         | 197,409                | 801,710                |
| Capital advances                             | 1,322,738              | -                      |
| Advance to staff and others                  | 159,012                | 516,989                |
|  | <u>5,190,487</u>       | <u>2,379,252</u>       |
| <b>Total other assets</b>                    | <u>5,190,487</u>       | <u>4,772,445</u>       |

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>9 Inventories</b>  |                        |                        |
| Stock in trade including medical consumables<br>(valued at cost or net realisable value whichever is lower) | 11,787,020             | 9,474,831              |
|   | <u>11,787,020</u>      | <u>9,474,831</u>       |

Note: Net of provision of expiry stock INR 261,252 (31 March 2019: INR 656,586). Refer note 15 for stock offered as securities against borrowings.

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>10 Trade receivables</b>                     |                        |                        |
| <b>Current</b>                                  |                        |                        |
| <i>Unsecured</i>                                |                        |                        |
| Considered good                                 | 164,568,533            | 177,598,636            |
| Considered doubtful                             | 26,803,196             | 44,876,876             |
|   | <u>191,371,729</u>     | <u>222,475,512</u>     |
| <b>Less: Allowances for doubtful receivable</b> | <u>(26,803,196)</u>    | <u>(44,876,876)</u>    |
|   | <u>164,568,533</u>     | <u>177,598,636</u>     |

(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 loss allowances related to trade receivables are disclosed in Note 36.

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

| Particulars   | For the year ended 31<br>March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Opening balance   | 44,876,876                          | 34,038,262                          |
| Less - Disallowances offset during the year (Refer note 20) | (28,067,140)                        | -                                   |
| Impairment loss recognised                                  | 9,993,460                           | 10,838,614                          |
| <b>Closing balance</b>                                      | <u>26,803,196</u>                   | <u>44,876,876</u>                   |

(iii) Refer note 15 for receivables offered as securities against borrowings.



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Sri Sainathn Multispeciality Hospitals Private Limited

Notes to the financial statements (continued)

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

|                                     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| <b>11 Cash and cash equivalents</b> |                        |                        |
| Balance with banks                  | -                      | -                      |
| - in current accounts               | 1,215,091              | 2,572,600              |
| Cash on hand                        | 249,118                | 417,503                |
|                                     | <u>1,464,209</u>       | <u>2,990,103</u>       |

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>12 Other bank balance</b>   |                        |                        |
| Margin money deposits due to mature within 12 months of the reporting date (refer i below) | 5,935,089              | 6,208,692              |
| Deposit accounts (with original maturity of more than 3 months but less than 12 months)    | 10,206,507             | 11,635,729             |
|  | <u>16,141,596</u>      | <u>17,844,421</u>      |

i. Includes margin money deposits of INR 5,935,089 (31 March 2019: INR 6,208,692) against Bank guarantees issued by banks, which are lien marked with Government authorities.

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>13 Equity Share Capital</b>                                      |                        |                        |
| <i>Authorised share capital</i>                                     |                        |                        |
| <i>Class A equity shares</i>  | 10,000                 | 10,000                 |
| 1,000 (31 March 2019: 1,000) equity shares of INR 10 each           |                        |                        |
| <i>Class B equity shares</i>  | 101,048,760            | 101,048,760            |
| 10,104,876 (31 March 2019: 10,104,876) equity shares of INR 10 each |                        |                        |
|   | <u>101,058,760</u>     | <u>101,058,760</u>     |

*Issued, subscribed and paid-up*

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>Class A equity shares</i>                                      |                        |                        |
| 1,000 (31 March 2019: 1,000) equity shares of INR 10 each         | 10,000                 | 10,000                 |
| <i>Class B equity shares</i>                                      |                        |                        |
| 7,014,938 (31 March 2019: 7,014,938) equity shares of INR 10 each | 70,149,380             | 70,149,380             |
|   | <u>70,159,380</u>      | <u>70,159,380</u>      |

*Notes:*

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

The Company has two classes of equity shares as follows

**Class A equity shares:** Class A equity shares are held by Aster DM Healthcare 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.



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

13 Equity share capital (continued)

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

| Particulars   | As at 31 March 2020 |            | As at 31 March 2019 |            |
|---|---------------------|------------|---------------------|------------|
|   | Number of shares    | Amount     | Number of shares    | Amount     |
| <i>Class A equity shares of INR 10 each fully paid up</i> |                     |            |                     |            |
| Aster DM Healthcare Limited, India, the holding Company   | 1,000               | 10,000     | 1,000               | 10,000     |
| <i>Class B equity shares of INR 10 each fully paid up</i> |                     |            |                     |            |
| Aster DM Healthcare Limited, India, the holding Company   | 5,423,063           | 54,230,630 | 4,071,188           | 40,711,880 |

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

| Particulars                                | Class A equity shares |               | Class B equity shares |                   |
|--|-----------------------|---------------|-----------------------|-------------------|
|  | Number of shares      | Amount        | Number of shares      | Amount            |
| Shares outstanding at 31 March 2018        | 1,000                 | 10,000        | 7,014,938             | 70,149,380        |
| Shares issued during the year              | -                     | -             | -                     | -                 |
| <b>Shares outstanding at 31 March 2019</b> | <b>1,000</b>          | <b>10,000</b> | <b>7,014,938</b>      | <b>70,149,380</b> |
| Shares issued during the year              | -                     | -             | -                     | -                 |
| <b>Shares outstanding at 31 March 2020</b> | <b>1,000</b>          | <b>10,000</b> | <b>7,014,938</b>      | <b>70,149,380</b> |

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

| Name of shareholder                                       | As at 31 March 2020 |       | As at 31 March 2019 |       |
|---|---------------------|-------|---------------------|-------|
|   | Number of shares    | %     | Number of shares    | %     |
| <i>Class A equity shares of INR 10 each fully paid up</i> |                     |       |                     |       |
| Aster DM Healthcare Limited, India                        | 1,000               | 100%  | 1,000               | 100%  |
| <i>Class B Equity shares of INR 10 each fully paid-up</i> |                     |       |                     |       |
| Aster DM Healthcare Limited, India                        | 5,423,063           | 77.3% | 4,071,188           | 58.0% |
| Dr. B.V.S Raju  | 342,969             | 4.9%  | 685,937             | 9.8%  |
| Dr. C. Raghu  | 322,968             | 4.6%  | 645,937             | 9.2%  |
| Dr. G. Satish Reddy                                       | 342,968             | 4.9%  | 685,937             | 9.8%  |
| Mr. P. Sobhan Prakash                                     | 342,968             | 4.9%  | 685,937             | 9.8%  |

(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

|                                       | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------|------------------------|------------------------|
| <b>Securities premium</b>             |                        |                        |
| Balance at the beginning of the year  | 273,423,754            | 273,423,754            |
| Additions during the year             | -                      | -                      |
| <b>Balance at the end of the year</b> | <b>273,423,754</b>     | <b>273,423,754</b>     |

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

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Retained earnings</b>                                      |                        |                        |
| Balance at the beginning of the year                          | 22,308,455             | 676,893                |
| Impact on account of transition to Ind AS 116 (Refer note 31) | (58,762,573)           | -                      |
| Profit for the year   | 7,729,255              | 22,071,562             |
| Remeasurement of defined benefit obligation, net of tax       | 120,620                | (440,000)              |
| <b>Balance at the end of the year</b>                         | <b>(28,604,243)</b>    | <b>22,308,455</b>      |

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

Remeasurements of net defined obligations represents any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.



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**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)

|                         | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------|------------------------|------------------------|
| <b>15 Borrowings</b>    |                        |                        |
| <b>Non-current</b>      |                        |                        |
| <b>Secured</b>          |                        |                        |
| Term loans from banks   | 16,373,351             | 21,505,900             |
|                         | <u>16,373,351</u>      | <u>21,505,900</u>      |
| <b>Current</b>          |                        |                        |
| <b>Secured</b>          |                        |                        |
| Bank overdraft          | 820,813                | 5,036,475              |
|                         | <u>820,813</u>         | <u>5,036,475</u>       |
| <b>Total borrowings</b> | <u>17,194,164</u>      | <u>26,542,375</u>      |

**Details of securities, terms and conditions on loans**

a. Federal Bank

Equipment loan of INR 1,300,000 with balance outstanding of INR Nil as on balance sheet date (31 March 2019: INR 304,456) was re-paid in 38 equal monthly installments of INR 38,623 each commencing from October 2016 with interest ranging from 9.52% p.a to 9.99% p.a. The loans were secured by hypothecation of medical equipments procured from the said loans.

b. Federal Bank

Equipment loan of INR 44,100,000 with balance outstanding of INR 24,075,387 as on balance sheet date (31 March 2019: INR 30,288,508) is to be re-paid in 84 equal monthly installments of INR 731,884 each commencing from October 2016 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.

c. Federal Bank

Equipment loan of INR 500,000 with balance outstanding of INR Nil as on balance sheet date (31 March 2019: INR 149,695) was re-paid in 41 equal monthly installments of INR 14,505 each commencing from October 2016 with interest ranging from 9.52% p.a to 9.99% p.a. The loans were secured by hypothecation of medical equipments procured from the said loans.

d. Federal Bank

The Company has availed working capital loan with balance outstanding of INR 820,813 (31 March 2019: INR 5,036,475). These loans are repayable on demand and carries an interest rate as MCLR + spread which has been 10% p.a during the year. The loan is secured by 10% margins on stock and receivables.

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>16 Provisions</b>                       |                        |                        |
| <b>Non-current</b>                         |                        |                        |
| Provision for employee benefits - Gratuity |                        |                        |
| Gratuity                                   | 5,943,545              | 5,539,545              |
|  | <u>5,943,545</u>       | <u>5,539,545</u>       |
| <b>Current</b>                             |                        |                        |
| Provision for employee benefits            |                        |                        |
| Gratuity                                   | -                      | 399,000                |
| Compensated absences                       | 1,388,000              | 2,405,764              |
|  | <u>1,388,000</u>       | <u>2,804,764</u>       |
| <b>Total Provisions</b>                    | <u>7,331,545</u>       | <u>8,344,309</u>       |

**Provision for employee benefits - Gratuity**

**Post employment obligations**

**A. Gratuity**

The Company has a defined benefit retirement (funded) plan ("The Gratuity Plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The Gratuity plan 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 2019: INR 2,000,000). The gratuity plan is a funded plan and the Company makes contributions to LIC of India. The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

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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)

16 Provisions (continued)

Based on actuarial valuation, the following table summarises the status of the gratuity 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            | As at            |
|--------------------------------------|------------------|------------------|
|                                      | 31 March 2020    | 31 March 2019    |
| Present value of funded obligations  | 7,205,545        | 5,938,545        |
| Fair value of plan assets            | 1,262,000        | -                |
| <b>Net defined benefit liability</b> | <b>5,943,545</b> | <b>5,938,545</b> |

b. Reconciliation of present value of the defined benefit obligation

| Particulars  | As at            | As at            |
|--|------------------|------------------|
|  | 31 March 2020    | 31 March 2019    |
| Balance at the beginning of the year   | 5,938,545        | 5,103,545        |
| <b>Included in statement of profit and loss</b>  |                  |                  |
| Current service cost   | 1,724,000        | 1,574,000        |
| Past service cost  | 171,000          | -                |
| Interest cost  | 433,000          | 388,000          |
| <b>Included in other comprehensive income</b>  |                  |                  |
| Actuarial loss / (gain) from changes in financial assumptions  | (885,000)        | 192,000          |
| Actuarial loss / (gain) from experience over the past period   | 831,000          | 248,000          |
| Return on Plan assets, excluding amount included in net interest on the net defined benefit loss/ (gain) | -                | -                |
| <b>Others</b>  |                  |                  |
| Benefits paid  | (1,007,000)      | (1,567,000)      |
| <b>Balance at the end of the year</b>  | <b>7,205,545</b> | <b>5,938,545</b> |

Reconciliation of the present value of plan assets

|  |                  |          |
|--|------------------|----------|
| Balance at the beginning of the year   | -                | -        |
| Contributions paid into the plan by employer   | 2,081,000        | -        |
| Benefits paid  | (1,007,000)      | -        |
| Interest income  | 79,000           | -        |
| Return on Plan assets, excluding amount included in net interest on the net defined benefit loss/ (gain) | 109,000          | -        |
| Actuarial gain/ (loss) on plan assets  | -                | -        |
| <b>Balance at the end of the year</b>  | <b>1,262,000</b> | <b>-</b> |

Net defined benefit liability / (asset)

|             |           |           |
|-------------|-----------|-----------|
| Current     | -         | 399,000   |
| Non-current | 5,943,545 | 5,539,545 |

c. Expense recognized in the Statement of profit and loss

| Particulars          | For the year ended | For the year ended |
|----------------------|--------------------|--------------------|
|                      | 31 March 2020      | 31 March 2019      |
| Current service cost | 1,724,000          | 1,574,000          |
| Past service cost    | 171,000            | -                  |
| Interest cost        | 433,000            | 388,000            |
| Interest income      | (79,000)           | -                  |
|                      | <b>2,249,000</b>   | <b>1,962,000</b>   |

Remeasurements recognised in Other comprehensive income

|  |                |                |
|--|----------------|----------------|
| Actuarial (gain)/ loss on defined benefit obligation | (54,000)       | 440,000        |
| Return on plan assets excluding interest income      | 109,000        | -              |
|  | <b>163,000</b> | <b>440,000</b> |

d. Actuarial assumptions

| Particulars                   | As at                                  | As at                                  |
|-------------------------------|--|--|
|                               | 31 March 2020                          | 31 March 2019                          |
| Discount Rate (p.a.)          | 6.4%                                   | 7.3%                                   |
| Salary escalation rate (p.a.) | 3%                                     | 10%                                    |
| Attrition rate (p.a.)         | Below 35 yrs: 35%<br>35 yrs & above 3% | Below 35 yrs: 35%<br>35 yrs & above 3% |
| Return on plan assets         | 7.3%                                   | 7.6%                                   |
| Mortality table               | IALM 2012-14 Ult                       | IALM 2012-14Ult                        |



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**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)

**16 Provisions (continued)**

**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 relevant factors.

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

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

**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 2020 |          | As at 31 March 2019 |          |
|--|---------------------|----------|---------------------|----------|
|  | Increase            | Decrease | Increase            | Decrease |
| Discount rate (- / + 1% movement)          | 852,000             | 717,000  | 737,000             | 620,000  |
| Salary escalation rate (+ / - 1% movement) | 831,000             | 714,000  | 710,000             | 611,000  |
| Attrition rate (- / + 1% movement)         | 165,000             | 150,000  | 198,000             | 178,000  |

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.

**f. Expected contribution to the plan for the next annual reporting period**

The company expects to contribute a sum of INR 300,000 to the plan for the next annual reporting period.

The weighted duration of the defined benefit obligation on 31 March 2020 is 8 years (31 March 2019 : 8 years)

**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 eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the Statement of Profit and Loss. During the year ended 31 March 2020, the Company has incurred an expense on compensated absences amounting to INR 360,313 (31 March 2019: INR 733,638).

**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 INR 6,908,345 (31 March 2019: INR 4,218,550) and Employers state insurance for the year aggregated to INR 1,947,744 (31 March 2019: INR 2,549,130)



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**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)

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>17 Trade payables</b>   |                        |                        |
| Total outstanding dues of micro small and medium enterprises (refer note below)    | -                      | 85,495                 |
| Total outstanding dues to creditors other than micro, small and medium enterprises | 60,162,801             | 80,168,517             |
| Professional fee payable   | 22,653,121             | 33,396,168             |
|  | <b>82,815,922</b>      | <b>113,650,180</b>     |

**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 2020 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   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| 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  | -                                   | 85,495                              |
| - Interest accrued on the above amount as at the year end   | -                                   | 687                                 |
| 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 | -                                   | 42,102                              |
| The amount of interest accrued and remaining unpaid at the end of the year  | -                                   | 409,129                             |
| 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                              | 409,129                             | -                                   |

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>18 Other financial liabilities</b>                      |                        |                        |
| <b>Non-current</b>   |                        |                        |
| Capital creditors  | 793,728                | -                      |
|  | <b>793,728</b>         | <b>-</b>               |
| <b>Current</b>   |                        |                        |
| Current maturities of long-term borrowings (refer Note 15) | 7,702,036              | 9,236,759              |
| Accrued employee benefits / payable to staff               | 24,016,613             | 13,709,829             |
| Capital creditors  | 5,116,036              | 8,385,089              |
| Accrued expenses and dues to other creditors               | 10,495,433             | 30,676,562             |
| Security and other deposits                                | 1,000,103              | 1,042,103              |
| Dues to holding company                                    | 3,350,816              | 1,927,093              |
|  | <b>51,681,037</b>      | <b>64,977,435</b>      |

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

|                                 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------|------------------------|------------------------|
| <b>19 Other liabilities</b>     |                        |                        |
| <b>Current</b>                  |                        |                        |
| Advance received from customers | 782,296                | 2,345,951              |
| Statutory dues                  | 4,299,128              | 4,292,284              |
|                                 | <b>5,081,424</b>       | <b>6,638,235</b>       |



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**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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>20 Revenue from operations</b>  |                                     |                                     |
| Revenue from hospital and medical services   | 526,909,227                         | 539,292,815                         |
| Revenue from pharmacy  | 26,253,938                          | 22,962,200                          |
|  | <u>553,163,165</u>                  | <u>562,255,015</u>                  |
| <b>Reconciliation of revenue from hospital services with the contracted prices</b> |                                     |                                     |
| Gross Revenue  | 526,909,227                         | 558,929,702                         |
| Less: discounts, disallowances etc   | 28,067,140                          | 19,636,887                          |
| Less: Disallowances offset against the provision (Refer note 10)                   | (28,067,140)                        | -                                   |
|  | <u>526,909,227</u>                  | <u>539,292,815</u>                  |
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>21 Other income</b>   |                                     |                                     |
| Interest income on bank deposits   | 763,109                             | 1,156,548                           |
| Interest income on IT Refund   | 2,350,585                           | 3,590,633                           |
| Other miscellaneous income   | 3,840,519                           | 2,986,329                           |
| Unwinding of discount on security deposits   | 587,259                             | 542,736                             |
|  | <u>7,541,472</u>                    | <u>8,276,246</u>                    |
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>22 Purchases</b>  |                                     |                                     |
| Medicines and consumables  | 116,000,492                         | 122,379,858                         |
|  | <u>116,000,492</u>                  | <u>122,379,858</u>                  |
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>23 Change in<br/>medicines and medical consumables:</b>                         |                                     |                                     |
| Opening stock  | 9,474,831                           | 10,206,295                          |
| Closing stock  | 11,787,020                          | 9,474,831                           |
|  | <u>(2,312,189)</u>                  | <u>731,464</u>                      |
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>24 Employee benefits expense</b>  |                                     |                                     |
| Salaries, bonus and allowances *   | 98,762,347                          | 86,976,754                          |
| Contribution to provident and other funds  | 8,856,089                           | 6,767,680                           |
| Expenses related to gratuity and compensated absence                               | 2,626,432                           | 3,135,638                           |
| Staff welfare expense  | 2,442,572                           | 1,186,296                           |
|  | <u>112,687,440</u>                  | <u>98,066,368</u>                   |

\*During the previous year the Company reversed INR 7,616,618 of provision for wages made during the previous years 2015-16, 2016-17 and the same has been offset against the previous year salary expense.

|                             | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-----------------------------|-------------------------------------|-------------------------------------|
| <b>25 Finance cost</b>      |                                     |                                     |
| Interest expense            | 3,455,856                           | 3,664,177                           |
| Interest on lease liability | 11,074,197                          | -                                   |
| Interest on taxes           | 321,907                             | 6,965                               |
| Other borrowing costs       | 257,750                             | -                                   |
|                             | <u>15,109,710</u>                   | <u>3,671,142</u>                    |



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**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)

|   | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended<br/>31 March 2019</b> |
|---|---|---|
| <b>26 Other expenses</b>                                  |   |   |
| Professional fee paid to doctors                          | 136,222,501                                 | 140,767,843                                 |
| Printing & Stationery                                     | 5,167,149                                   | 6,876,804                                   |
| General hospital expenses                                 | 11,410,265                                  | 9,292,496                                   |
| Power, water and fuel                                     | 18,016,828                                  | 16,726,813                                  |
| Rent (Refer no. 31)                                       | 2,431,800                                   | 44,322,032                                  |
| Insurance expenses  | 996,072                                     | 323,951                                     |
| Repairs and maintenance-Building                          | 2,353,858                                   | 1,259,156                                   |
| Repairs and maintenance-Hospital equipments               | 14,761,855                                  | 12,158,145                                  |
| Repairs and maintenance-Others                            | 8,039,875                                   | 5,878,958                                   |
| Communication Expenses                                    | 4,913,489                                   | 6,325,769                                   |
| Ambulance Hire Charges                                    | 11,541,046                                  | 13,064,361                                  |
| Health Camp Expenses                                      | 511,661                                     | 784,225                                     |
| Outsourcing charges - labs, minor procedures, etc         | 1,759,068                                   | 2,428,301                                   |
| Rates and taxes   | 6,936,403                                   | 1,414,638                                   |
| Legal, professional and other consultancy (Refer note 30) | 3,738,477                                   | 3,225,449                                   |
| Travelling and conveyance                                 | 2,443,492                                   | 4,226,729                                   |
| Allowances for credit losses on financial assets          | 9,993,460                                   | 10,838,614                                  |
| Miscellaneous expenses                                    | 2,471,738                                   | 2,123,033                                   |
|   | <b>243,709,037</b>                          | <b>282,037,317</b>                          |

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

27 Income taxes

|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>A. Amount recognised in statement of profit and loss</b> |                                     |                                     |
| Current tax   | 3,410,800                           | 6,649,300                           |
| Tax of earlier years  | 2,547,999                           | -                                   |
| Deferred tax on MAT credit entitlement                      | (3,410,800)                         | (6,649,300)                         |
|   | <b>2,547,999</b>                    | <b>-</b>                            |

**B. Tax expense for the year reconciliation of effective tax rate:**

| Particulars  |                  |             |
|--|------------------|-------------|
| Profit before income taxes   | 10,277,254       | 22,071,562  |
| Enacted tax rates in India   | 27.82%           | 27.82%      |
| Tax expenses   | 2,859,132        | 6,140,309   |
| Utilization of tax losses (deferred tax assets not recognized earlier) | (2,859,132)      | (6,140,309) |
| Tax expense of earlier years   | 2,547,999        | -           |
| <b>Income tax expense</b>  | <b>2,547,999</b> | <b>-</b>    |

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

**C. Components of deferred tax assets and liabilities:**

| Particulars   | Balance as at<br>1 April 2019 | Recognised in<br>Statement of Profit and<br>Loss | Recognised through other<br>comprehensive income | Balance as at<br>31 March 2020 |
|---|-------------------------------|--|--|--------------------------------|
| MAT credit entitlement                              | 6,649,300                     | 3,410,800  | -  | 10,060,100                     |
| Property, plant and equipment and intangible assets | (5,799,207)                   | 2,227,761  | -  | (3,571,446)                    |
| Trade receivables (loss allowances)                 | 2,147,424                     | (1,014,131)                                      | -  | 1,133,292                      |
| Provision for employee benefits                     | 1,653,234                     | (821,812)  | (42,380)   | 789,042                        |
| Accrued employee benefits / payable to staff        | 1,998,549                     | (391,818)  | -  | 1,606,731                      |
|   | <b>6,649,300</b>              | <b>3,410,800</b>                                 | <b>(42,380)</b>                                  | <b>10,017,720</b>              |

| Particulars   | Balance as at<br>1 April 2018 | Recognised in<br>Statement of Profit and<br>Loss | Recognised through other<br>comprehensive income | Balance as at<br>31 March 2019 |
|---|-------------------------------|--|--|--------------------------------|
| MAT credit entitlement                              | -                             | 6,649,300  | -  | 6,649,300                      |
| Property, plant and equipment and intangible assets | (6,552,019)                   | 752,812  | -  | (5,799,207)                    |
| Trade receivables (loss allowances)                 | 2,159,660                     | (12,236)   | -  | 2,147,424                      |
| Provision for employee benefits                     | 1,740,228                     | (86,994)   | -  | 1,653,234                      |
| Accrued employee benefits / payable to staff        | 2,652,131                     | (653,582)  | -  | 1,998,549                      |
|   | <b>-</b>                      | <b>6,649,300</b>                                 | <b>-</b>   | <b>6,649,300</b>               |

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

**D. Deferred tax assets not recognised on grounds of prudence**

Deferred tax assets have not been recognised in respect of

| Particulars  | 31 March 2020     |                   | 31 March 2019     |                  |
|--|-------------------|-------------------|-------------------|------------------|
|  | Gross amount      | Deferred tax      | Gross amount      | Deferred tax     |
| Deductible temporary differences                             | 5,189,984         | 1,443,853         | 8,424,668         | 2,343,743        |
| Unabsorbed Depreciation U/s 32 - tax losses                  | 17,675,077        | 4,917,207         | 23,087,621        | 6,422,976        |
| Impact on account of transition to Ind AS 116 (Refer note 1) | 58,762,573        | 16,347,748        | -                 | -                |
| <b>Total</b>   | <b>81,627,634</b> | <b>22,708,808</b> | <b>31,512,289</b> | <b>8,766,719</b> |

**E. Tax losses**

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

| Particulars                                 | 31 March 2020     |          | 31 March 2019     |          |
|---|-------------------|----------|-------------------|----------|
|   | Tax loss          | Expire   | Tax loss          | Expire   |
| Unabsorbed Depreciation U/s 32 - tax losses | 17,675,077        | Infinite | 23,087,621        | Infinite |
| <b>Total</b>                                | <b>17,675,077</b> |          | <b>23,087,621</b> |          |



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**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)

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>a. Commitments</b>  |                        |                        |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 6,382,930              | 6,374,424              |
| <b>Total</b>   | <b>6,382,930</b>       | <b>6,374,424</b>       |
| <b>b. Pending litigations</b>  |                        |                        |
| Medical claims against the Company   | 13,082,421             | 12,422,421             |
| <b>Total</b>   | <b>13,082,421</b>      | <b>12,422,421</b>      |

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

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

**29 Earnings per share (EPS)**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Profit for the year attributable to the equity shareholders   | 7,729,255                           | 22,071,562                          |
| Weighted average number of equity shares of INR 10 each used for calculation of basic earning per share   | 7,015,938                           | 7,015,938                           |
| Weighted average number of equity shares of INR 10 each used for calculation of diluted earning per share | 7,015,938                           | 7,015,938                           |
| Profit per share, basic   | 1.10                                | 3.15                                |
| Profit per share, diluted   | 1.10                                | 3.15                                |

**30 Auditor's remuneration (included in Legal, professional and other consultancy, net of tax)**

| Particulars       | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-------------------|-------------------------------------|-------------------------------------|
| As auditor        |                                     |                                     |
| - Statutory audit | 450,000                             | 450,000                             |
| <b>Total</b>      | <b>450,000</b>                      | <b>450,000</b>                      |

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**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)

**31 Leases**

A. On transition to Ind AS 116, the Company recognised INR 78,379,437 of right-of-use assets and INR 137,142,010 of lease liabilities, recognising the difference of INR 58,762,573 in retained earnings. Right-of-use assets are adjusted for prepayments of INR 1,760,837. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The rate applied is 9.13%.

B. The changes in the carrying values of right of use assets for the year ended 31 March 2020 has been stated in note 5.

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

|                               | <b>For the year ended<br/>31 March 2020</b> |
|-------------------------------|---|
| Balance as at 1 April 2019    | 137,142,010                                 |
| Addition to lease liability   | -   |
| Interest on lease liabilities | 11,074,197                                  |
| Payment of lease liabilities  | 28,746,928                                  |
| Balance as at 31 March 2020   | <u>119,469,279</u>                          |
| Non-current lease liabilities | 79,295,312                                  |
| Current lease liabilities     | 40,173,966                                  |

**As at  
31 March 2020**

**D. Lease liabilities**

**Maturity analysis – contractual undiscounted cash flows**

|   |                    |
|---|--------------------|
| Less than one year                                    | 51,303,753         |
| One to five years                                     | 84,980,809         |
| More than five years                                  | -                  |
| Total undiscounted lease liabilities at 31 March 2020 | <u>136,284,562</u> |

**For the year ended  
31 March 2020**

**E. Amount recognised in Statement of Profit and Loss**

|  |                   |
|--|-------------------|
| Depreciation on right-of-use assets  | 19,583,388        |
| Interest on lease liabilities  | 11,074,197        |
| Expenses relating to short term leases   | 2,431,800         |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | -                 |
|  | <u>33,089,385</u> |

**F. Amount recognised in Statement of Cashflows**

|                              |                   |
|------------------------------|-------------------|
| Payment of lease liabilities | 28,746,927        |
|                              | <u>28,746,927</u> |



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*Parent company*



**Sri Sainatha Multispeciality Hospitals Private Limited**

**Notes to the financial statements (continued)**

(All amounts in Indian rupees, 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         |
| (c) Fellow subsidiary             | Malabar Institute of Medical Sciences Limited |
| (d) Key managerial personnel      |   |
| Dr. Satish Reddy Gandavarapu      | Managing Director                             |
| Devanand K T                      | CEO   |
| Meenakshi Lakshman                | Company Secretary                             |
| (e) Directors and their relatives |   |
| Dr. C. Raghu                      | Director                                      |
| Dr. Raju B S V                    | Director                                      |
| Sobhanprakash Puvvadu             | Director                                      |
| Sreenath Pocha Reddy              | Director                                      |
| Wilson Joseph Thadathil           | Director                                      |
| Vikram Singh Beniwal              | Director                                      |
| Dr. Uma Sreedevi                  | Wife of Dr. C Raghu                           |
| Dr. B Susmitha                    | Wife of Dr. Raju B S V                        |

(ii) Related party transactions:

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

| Sl. No. | Name of related party                         | Description of the transaction. | Volume of transactions   |                          | Outstanding balance receivable/(payable) |                     |
|---------|---|---------------------------------|--------------------------|--------------------------|--|---------------------|
|         |   |                                 | Year ended 31 March 2020 | Year ended 31 March 2019 | As at 31 March 2020                      | As at 31 March 2019 |
| 1       | Dr. Satish Reddy                              | Managerial remuneration *       |                          | 24,00,000                | -  | -                   |
| 2       | Dr. Satish Reddy                              | Professional fee                | 80,06,539                | 54,25,590                | (2,97,467)                               | (4,41,616)          |
| 3       | Dr. C Raghu                                   | Professional fee                | 1,27,58,133              | 1,19,62,906              | (10,15,657)                              | (16,56,982)         |
| 4       | Dr. Raju B S V                                | Professional fee                | 1,01,49,992              | 75,48,228                | (7,57,521)                               | (17,07,613)         |
| 5       | Dr. Uma Sreedevi                              | Professional fee                | 24,37,298                | 2,91,500                 | (2,00,090)                               | (1,76,085)          |
| 6       | Dr. B Susmitha                                | Professional fee                | 13,47,872                | 8,57,026                 | (1,23,033)                               | (1,12,130)          |
| 7       | Devanand KT                                   | Managerial remuneration *       | 35,00,000                | -                        | (3,50,000)                               | -                   |
| 8       | Devanand KT                                   | Re-imburement of expense        | 1,89,119                 | -                        | -  | -                   |
| 9       | Aster DM Healthcare Limited                   | Re-imburement of expense        | 14,73,323                | 11,13,503                | (33,90,816)                              | 19,27,093           |
| 10      | Malabar Institute of Medical Sciences Limited | Re-imburement of expense        | 40,000                   | -                        | 40,000                                   | -                   |

\* 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.

**33 Segment reporting**

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

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



*B. Venkatesh*



**Sri Sainatha Multispeciality Hospitals Private Limited**  
**Notes to the financial statements (continued)**

(All amounts in Indian rupees, 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 capital 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:

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Total Borrowings (including current maturities)        | 24,896,200             | 35,779,134             |
| Less: Cash and cash equivalent and other bank balances | 17,845,387             | 23,128,186             |
| Net debt   | <u>7,050,813</u>       | <u>12,650,948</u>      |
| Equity   | 314,978,891            | 365,891,589            |
| <b>Total equity</b>                                    | <u>314,978,891</u>     | <u>365,891,589</u>     |
| <b>Net debt equity ratio</b>                           | <b>0.02</b>            | <b>0.03</b>            |

**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             |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Financial assets at amortised cost</b>      |                        |                        |                        |                        |
| <b>Non-current</b>                             |                        |                        |                        |                        |
| (i) Other financial assets                     | 11,030,615             | 14,027,977             | 11,030,615             | 14,027,977             |
| <b>Total non-current</b>                       | <u>11,030,615</u>      | <u>14,027,977</u>      | <u>11,030,615</u>      | <u>14,027,977</u>      |
| <b>Current</b>                                 |                        |                        |                        |                        |
| (i) Trade receivables                          | 164,568,533            | 177,598,636            | 164,568,533            | 177,598,636            |
| (ii) Cash and cash equivalents                 | 1,464,209              | 2,990,103              | 1,464,209              | 2,990,103              |
| (iii) Bank balances other than (ii) above      | 16,141,596             | 17,844,421             | 16,141,596             | 17,844,421             |
| (iv) Other financial assets                    | 2,416,247              | 4,805,986              | 2,416,247              | 4,805,986              |
| <b>Total current</b>                           | <u>184,590,585</u>     | <u>203,239,146</u>     | <u>184,590,585</u>     | <u>203,239,146</u>     |
| <b>Total financial assets</b>                  | <u>195,621,200</u>     | <u>217,267,123</u>     | <u>195,621,200</u>     | <u>217,267,123</u>     |
| <b>Financial liabilities at amortised cost</b> |                        |                        |                        |                        |
| <b>Non-current</b>                             |                        |                        |                        |                        |
| (i) Borrowings                                 | 16,373,351             | 21,505,900             | 16,373,351             | 21,505,900             |
| (ii) Lease liabilities                         | 79,295,312             | -                      | 79,295,312             | -                      |
| (iii) Other financial liabilities              | 793,728                | -                      | 793,728                | -                      |
|  | <u>96,462,391</u>      | <u>21,505,900</u>      | <u>96,462,391</u>      | <u>21,505,900</u>      |
| <b>Current</b>                                 |                        |                        |                        |                        |
| (i) Borrowings                                 | 820,813                | 5,036,475              | 820,813                | 5,036,475              |
| (ii) Trade payables                            | 82,815,922             | 113,650,180            | 82,815,922             | 113,650,180            |
| (iii) Other financial liabilities              | 51,681,037             | 64,977,434             | 51,681,037             | 64,977,434             |
| (iv) Lease liabilities                         | 40,173,966             | -                      | 40,173,966             | -                      |
|  | <u>175,491,738</u>     | <u>183,664,089</u>     | <u>175,491,738</u>     | <u>183,664,089</u>     |
|  | <u>271,954,129</u>     | <u>205,169,989</u>     | <u>271,954,129</u>     | <u>205,169,989</u>     |

**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)



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Sri Sainatha Multispecialty Hospitals Private Limited  
Notes to the financial statements (continued)

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

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

| Particulars                                  | 31 March 2020      | 31 March 2019      |
|--|--------------------|--------------------|
| Government and government affiliated parties | 93,521,809         | 145,232,596        |
| Other parties                                | 71,046,724         | 32,366,041         |
| <b>Total</b>                                 | <b>164,568,533</b> | <b>177,598,637</b> |

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

| Particulars                                  | Not Due           | 0-1 year          | 1-2 years         | More than 2 years | Loss Allowance      | Total              |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| Government and government affiliated parties | 26,287,269        | 43,519,968        | 26,189,173        | 17,642,812        | (20,117,413)        | 93,521,809         |
| Other parties                                | 15,953,874        | 52,469,191        | 7,091,330         | 2,218,112         | (6,685,783)         | 71,046,724         |
| <b>Total</b>                                 | <b>42,241,143</b> | <b>95,989,159</b> | <b>33,280,503</b> | <b>19,860,924</b> | <b>(26,803,196)</b> | <b>164,568,533</b> |

31-Mar-19

| Particulars                                  | Not Due           | 0-1 year           | 1-2 years         | More than 2 years | Loss Allowance      | Total              |
|--|-------------------|--------------------|-------------------|-------------------|---------------------|--------------------|
| Government and government affiliated parties | 56,073,874        | 96,872,282         | 22,747,755        | 3,508,813         | (33,970,128)        | 145,232,596        |
| Other parties                                | 22,769,599        | 18,045,906         | 1,364,049         | 1,093,234         | (10,906,747)        | 32,366,041         |
| <b>Total</b>                                 | <b>78,843,473</b> | <b>114,918,188</b> | <b>24,111,804</b> | <b>4,602,047</b>  | <b>(44,876,875)</b> | <b>177,598,637</b> |

| Allowance for Credit Loss                       | As at             |                   |
|---|-------------------|-------------------|
|   | 31 March 2020     | 31 March 2019     |
| Balance at the beginning                        | 44,876,876        | 34,038,262        |
| Disallowances offset (Refer note 20)            | (28,067,140)      | -                 |
| Expected credit loss recognised (Refer note 26) | 9,993,460         | 10,838,614        |
| Balance at the end                              | <b>26,803,196</b> | <b>44,876,876</b> |

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

| Name of the customer | 31 March 2020 | 31 March 2019 |
|----------------------|---------------|---------------|
| Customer 1           | -             | 112,709,798   |

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

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.

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

As at 31 March 2020

| Particulars                                   | Carrying amount    | Contractual cash out flows |                    | Total              |
|---|--------------------|----------------------------|--------------------|--------------------|
|   |                    | Current                    | Non-current        |                    |
|   |                    | Within 12 months           | 1-5 years          |                    |
| Borrowings (including current portion)        | 24,896,200         | 8,522,849                  | 17,846,953         | 26,369,802         |
| Lease liabilities (including current portion) | 119,469,279        | 51,303,753                 | 84,980,809         | 136,284,562        |
| Trade Payables                                | 82,815,922         | 82,815,922                 | -                  | 82,815,922         |
| Other financial liabilities                   | 44,772,729         | 43,979,001                 | 793,728            | 44,772,729         |
|   | <b>271,954,130</b> | <b>186,621,525</b>         | <b>103,621,490</b> | <b>290,243,015</b> |

As at 31 March 2019

| Particulars                            | Carrying amount    | Contractual cash out flows |                   | Total              |
|--|--------------------|----------------------------|-------------------|--------------------|
|  |                    | Current                    | Non-current       |                    |
|  |                    | Within 12 months           | 1-5 years         |                    |
| Borrowings (including current portion) | 35,779,134         | 14,273,234                 | 23,441,431        | 37,714,665         |
| Trade Payables                         | 113,650,180        | 113,650,180                | -                 | 113,650,180        |
| Other financial liabilities            | 55,740,675         | 55,740,675                 | -                 | 55,740,675         |
|  | <b>205,169,989</b> | <b>183,664,089</b>         | <b>23,441,431</b> | <b>207,105,520</b> |



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**Sri Sainatha Multispeciality Hospitals Private Limited**

**Notes to the financial statements (continued)**

(All amounts in Indian rupees, 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 Company's interest-bearing instruments as reported to management is as follows:

| Particulars                                  | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| <b>Fixed rate instruments</b>                |               |               |
| Financial liabilities (including borrowings) | -             | -             |
| Financial assets (includes bank deposits)    | 16,381,178    | 20,138,083    |
| <b>Variable rate instruments</b>             |               |               |
| Financial liabilities (including borrowings) | 24,896,200    | 35,779,134    |

**Sensitivity analysis**

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

| Particulars              | Impact on Profit or Loss |               | Other components of equity |               |
|--------------------------|--------------------------|---------------|----------------------------|---------------|
|                          | 31 March 2020            | 31 March 2019 | 31 March 2020              | 31 March 2019 |
| 1% increase in MCLR rate | 248,962                  | 357,791       | 248,962                    | 357,791       |
| 1% decrease in MCLR rate | (248,962)                | (357,791)     | (248,962)                  | (357,791)     |

**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.

**37 CIF Value of Imports**

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

**38 Value of Medical Consumables and Pharmacy Consumed**

| Particulars  | For the Year ended 31 March 2020 |            | For the Year ended 31 March 2019 |            |
|--------------|----------------------------------|------------|----------------------------------|------------|
|              | Rs                               | %          | Rs                               | %          |
| Imported     | -                                | -          | -                                | -          |
| Indigenous   | 113,688,303                      | 100        | 123,111,322                      | 100        |
| <b>Total</b> | <b>113,688,303</b>               | <b>100</b> | <b>123,111,322</b>               | <b>100</b> |

39 There are no political contributions made during the year.

40 There are no earnings and expenditures in foreign currency in the current year. The Company does not have any unhedged foreign currency exposure.

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

The Company does not meet the applicability criteria of provision of Corporate social responsibility as mentioned under Section 135 of the Companies Act. Accordingly no spent has been made by the Company during the current year and previous year.

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**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)

**42 Impact of COVID-19**

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

**43 Previous year figures**

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

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As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024



**Akhil Kapadiya**

Partner

Membership No.: 212991

for and on behalf of the Board of Directors of

**Sri Sainatha Multispeciality Hospitals Private Limited**

CIN: U85110TG2007PTC054118



**Dr. Satish Reddy**

Managing Director

DIN: 00459801



**Dr. B S V Raju**

Director

DIN: 02714821



**Meenakshi Lakshmanan**

Company Secretary

Membership No. A49609

Place: Hyderabad

Date: 16 June 2020

Place: Hyderabad

Date: 16 June 2020

