

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of Malnad Hospitals & Institute of Oncology Private Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Malnad Hospitals & Institute of Oncology Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor's Responsibility**

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act, the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - 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.

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- iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the order" or "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firms' Registration No. 008072S)



**V. Balaji**  
Partner  
(Membership No. 203685)

**BENGALURU, May 23, 2017**

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **Malnad Hospital & Institute of Oncology Private Limited** (“the Company”) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions

of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firms' Registration No. 008072S)



**V. Balaji**  
Partner  
(Membership No. 203685)

**BENGALURU, May 23, 2017**

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a programme of verification of fixed assets to cover all items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management. According to the information and explanation given to us, no material discrepancies were noted on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax as on March 31, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and did not have any borrowings from government.

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- (ix) The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firms' Registration No. 008072S)



**V. Balaji**  
Partner  
(Membership No. 203685)

**BENGALURU, May 23, 2017**

Mainad Hospital & Institute of Oncology Private Limited

| Balance Sheet as at                                 | Note No | 31-Mar-17    | 31-Mar-16    | Rs. in Million<br>01-Apr-15 |
|---|---------|--------------|--------------|-----------------------------|
| <b>ASSETS</b>                                       |         |              |              |                             |
| <b>Non-current assets</b>                           |         |              |              |                             |
| (a) Property, Plant and Equipment                   | 5       | 8.63         | 9.13         | 7.05                        |
| (b) Other Intangible assets                         | 6       | 0.10         | 0.13         | 0.16                        |
| (c) Financial Assets                                |         |              |              |                             |
| (i) Other financial assets                          | 8       | 6.33         | 5.61         | 5.47                        |
| (d) Deferred tax assets (Net)                       | 26.2    | 3.09         | 3.02         | 3.18                        |
| (e) Income tax assets (Net)                         | 26.3    | 0.19         | 3.88         | 0.01                        |
| <b>Total Non - Current Assets</b>                   |         | <b>18.34</b> | <b>21.77</b> | <b>15.87</b>                |
| <b>Current assets</b>                               |         |              |              |                             |
| (a) Inventories                                     | 10      | 0.98         | 0.96         | 0.97                        |
| (b) Financial assets                                |         |              |              |                             |
| (i) Trade receivables                               | 11      | 30.05        | 12.47        | 13.31                       |
| (ii) Cash and cash equivalents                      | 12      | 3.01         | 1.69         | 2.03                        |
| (iii) Loans   | 7       | 0.24         | 0.33         | 0.39                        |
| (iv) Other financial assets                         | 8       | -            | 0.02         | 0.37                        |
| (c) Other current assets                            | 9       | 0.18         | 0.12         | 0.11                        |
| <b>Total current assets</b>                         |         | <b>34.46</b> | <b>15.59</b> | <b>17.18</b>                |
| <b>Total assets</b>                                 |         | <b>52.80</b> | <b>37.36</b> | <b>33.05</b>                |
| <b>EQUITY AND LIABILITIES</b>                       |         |              |              |                             |
| <b>Equity</b>                                       |         |              |              |                             |
| (a) Equity Share capital                            | 13      | 9.50         | 9.50         | 9.50                        |
| (b) Other equity                                    | 14      | 0.01         | (2.92)       | (2.94)                      |
| <b>Equity attributable to owners of the Company</b> |         | <b>9.51</b>  | <b>6.58</b>  | <b>6.56</b>                 |
| <b>Liabilities</b>                                  |         |              |              |                             |
| <b>Non-current liabilities</b>                      |         |              |              |                             |
| (a) Financial Liabilities                           |         |              |              |                             |
| (i) Borrowings                                      | 15      | 1.80         | 2.86         | 2.35                        |
| (b) Provisions                                      | 17      | 1.36         | 1.05         | 0.68                        |
| <b>Total Non - Current Liabilities</b>              |         | <b>3.16</b>  | <b>3.91</b>  | <b>3.03</b>                 |
| <b>Current liabilities</b>                          |         |              |              |                             |
| (a) Financial Liabilities                           |         |              |              |                             |
| (i) Trade payables                                  | 18      | 12.70        | 10.99        | 7.46                        |
| (ii) Other financial liabilities                    | 16      | 23.97        | 11.60        | 9.77                        |
| (b) Other current liabilities                       | 19      | 3.41         | 4.25         | 6.06                        |
| (c) Provisions                                      | 17      | 0.05         | 0.03         | 0.17                        |
| <b>Total Current Liabilities</b>                    |         | <b>40.13</b> | <b>26.87</b> | <b>23.46</b>                |
| <b>Total Liabilities</b>                            |         | <b>43.29</b> | <b>30.78</b> | <b>26.49</b>                |
| <b>Total Equity and Liabilities</b>                 |         | <b>52.80</b> | <b>37.36</b> | <b>33.05</b>                |

See accompanying notes to the financial statements

In terms of our report attached,  
For Deloitte Haskins & Sells  
Chartered Accountants

V. Balaji

Partner



Place: Bangalore  
Date: 23-5-2017

For and on behalf of the Board of Directors

Dr. Mallesh Hullamani  
Director

Dr. T. Narendra Bhat  
Director

Place:  
Date: 23-5-2017



**Malnad Hospital & Institute of Oncology Private Limited**

| Statement of Profit and Loss for the years ended |   | Note No. | Rs. in Million |               |
|--|---|----------|----------------|---------------|
|  |   |          | 31-Mar-17      | 31-Mar-16     |
| I  | Revenue from Operations   | 20       | 46.69          | 39.03         |
| II   | Other Income  | 21       | 0.04           | 0.21          |
| <b>III</b>                                       | <b>Total Income (I+II)</b>                                      |          | <b>46.73</b>   | <b>39.24</b>  |
| <b>IV</b>  | <b>Expenses</b>   |          |                |               |
|  | Purchases of Stock-in-trade                                     |          | 12.92          | 12.33         |
|  | Changes in inventory of stock-in-trade                          |          | (0.02)         | 0.01          |
|  | Employee benefit expense  | 22       | 10.30          | 7.95          |
|  | Finance costs   | 23       | 0.43           | 0.57          |
|  | Depreciation and amortisation expense                           | 24       | 1.72           | 1.67          |
|  | Other expenses  | 25       | 17.13          | 16.51         |
|  | <b>Total expenses (IV)</b>                                      |          | <b>42.48</b>   | <b>39.04</b>  |
| <b>V</b>   | <b>Profit before tax (III-IV)</b>                               |          | <b>4.25</b>    | <b>0.20</b>   |
| <b>VI</b>  | <b>Tax expense</b>  |          |                |               |
|  | (1) Current tax   | 26.1     | 1.41           | -             |
|  | (2) Deferred tax  | 26.1     | (0.06)         | 0.14          |
|  |   |          | 1.35           | 0.14          |
| <b>VII</b>                                       | <b>Profit for the year (V-VI)</b>                               |          | <b>2.90</b>    | <b>0.06</b>   |
| <b>VIII</b>                                      | <b>Other Comprehensive Income</b>                               |          |                |               |
|  | (i) Items that will not be reclassified to profit or loss       |          |                |               |
|  | (a) Remeasurements of the defined benefit liabilities / (asset) | 30.2     | 0.04           | (0.06)        |
|  | (b) Income tax on the above                                     |          | (0.01)         | 0.02          |
|  |   |          | <b>0.03</b>    | <b>(0.04)</b> |
| <b>IX</b>  | <b>Total comprehensive income for the year (VII+VIII)</b>       |          | <b>2.93</b>    | <b>0.02</b>   |
|  | <b>Earnings per equity share</b>                                |          |                |               |
|  | Basic (Face value of Rs.100 each)                               | 27.1     | 30.54          | 0.63          |
|  | Diluted (Face value of Rs.100 each)                             | 27.2     | 30.54          | 0.63          |

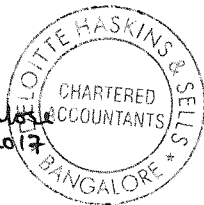
See accompanying notes to the financial statements

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

V. Balaji

Partner

Place : Bangalore  
 Date : 23-5-2017



For and on behalf of the Board of Directors

*[Signature]*  
**Dr. Mallesh Hullamani**  
 Director

*[Signature]*  
**Dr. J. Narendra Bhat**  
 Director

Place :  
 Date : 23-5-2017

Malnad Hospital & Institute of Oncology Private Limited

Rs. in Million

| Cash Flow Statement for the years ended                       | 31-Mar-17      | 31-Mar-16     |
|---|----------------|---------------|
| <b>Cash flows from operating activities</b>                   |                |               |
| Profit before tax for the year                                | 4.25           | 0.20          |
| Adjustments for:  |                |               |
| Finance costs   | 0.34           | 0.52          |
| Investment income   | (0.01)         | (0.02)        |
| Depreciation and amortisation                                 | 1.72           | 1.67          |
| <b>Movements in working capital:</b>                          |                |               |
| (Increase) / decrease in trade receivables                    | (17.58)        | 0.84          |
| (Increase) / decrease in inventories                          | (0.02)         | 0.01          |
| (Increase) / decrease in other assets                         | 0.03           | 0.42          |
| Increase / (decrease) in trade and other payables             | 1.73           | 3.51          |
| Increase / (decrease) in provisions                           | 0.33           | 0.23          |
| Increase / (decrease) in other liabilities                    | (0.84)         | (1.81)        |
| <b>Cash generated from operations</b>                         | <b>(10.05)</b> | <b>5.57</b>   |
| Income taxes paid (net of refunds)                            | 2.28           | (3.87)        |
| <b>Net cash generated by / (used in) operating activities</b> | <b>(7.77)</b>  | <b>1.70</b>   |
| <b>Cash flows from investing activities</b>                   |                |               |
| Proceeds on sale of financial assets                          | (0.01)         | 0.08          |
| Interest received   | 0.03           | -             |
| Amounts advanced by related parties                           | 11.59          | 1.03          |
| Payments for property, plant and equipment                    | (1.21)         | (3.68)        |
| <b>Net cash (used in) / generated by investing activities</b> | <b>10.40</b>   | <b>(2.57)</b> |
| <b>Cash flows from financing activities</b>                   |                |               |
| Proceeds from borrowings                                      | -              | 0.95          |
| Repayment of borrowings                                       | (0.97)         | -             |
| Interest paid   | (0.34)         | (0.42)        |
| <b>Net cash (used in) / generated by financing activities</b> | <b>(1.31)</b>  | <b>0.53</b>   |
| <b>Net increase in cash and cash equivalents</b>              | <b>1.32</b>    | <b>(0.34)</b> |
| Cash and cash equivalents at the beginning of the year        | 1.69           | 2.03          |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>3.01</b>    | <b>1.69</b>   |

See accompanying notes to the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

V. Balaji

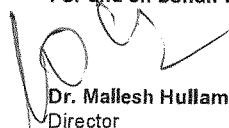
Partner

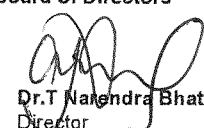


Place: Bangalore

Date: 23-5-2017

For and on behalf of the Board of Directors

  
Dr. Mallesh Hullamani  
Director

  
Dr. T. Narendra Bhat  
Director

Place:

Date: 23-5-2017

**Mahad Hospital & Institute of Oncology Private Limited**

**Statement of Changes in Equity for the years ended March 31, 2017 and 2016**

**a. Equity share capital**

| Rs. in Million                                  |
|---|
| Balance at April 1, 2015                        |
| Changes in equity share capital during the year |
| Balance at March 31, 2016                       |
| Changes in equity share capital during the year |
| Balance at March 31, 2017                       |

**b. Other Equity**

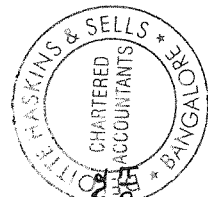
| Rs. in Million                                  |
|---|
| Balance at April 1, 2015                        |
| Changes in equity share capital during the year |
| Balance at March 31, 2016                       |
| Changes in equity share capital during the year |
| Balance at March 31, 2017                       |

|  | Reserves and Surplus | Items of other comprehensive income                       | Total          |
|--|----------------------|---|----------------|
|  | Retained earnings    | Remeasurements of the defined benefit liabilities/(asset) | Total          |
|  |                      |   | Rs. in Million |
| <b>Balance at April 1, 2015</b>                            | (2.94)               | -   | (2.94)         |
| Profit for the year  | 0.06                 | -   | 0.06           |
| Other comprehensive income for the year, net of income tax | -                    | (0.04)  | (0.04)         |
| <b>Total comprehensive income for the year</b>             | <b>0.06</b>          | <b>(0.04)</b>   | <b>0.02</b>    |
| <b>Balance at March 31, 2016</b>                           | <b>(2.88)</b>        | <b>(0.04)</b>   | <b>(2.92)</b>  |
| Profit for the year  | 2.90                 | -   | 2.90           |
| Other comprehensive income for the year, net of income tax | -                    | 0.03  | 0.03           |
| <b>Total comprehensive income for the year</b>             | <b>2.90</b>          | <b>0.03</b>   | <b>2.93</b>    |
| <b>Balance at March 31, 2017</b>                           | <b>0.02</b>          | <b>(0.01)</b>   | <b>0.01</b>    |

See accompanying notes to the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

*V. Balaji*  
V. Balaji  
Partner



Place : Bangalore  
Date : 23-5-2017

For and on behalf of the Board of Directors

*Dr. Mallesh Hultaimani*  
Dr. Mallesh Hultaimani  
Director

*Dr. T. Narendra Bhat*  
Dr. T. Narendra Bhat  
Director

Place :  
Date : 23-5-2017

## **Mainad Hospital & Institute of Oncology Private Limited**

### **Notes to the financial statements**

1 Mainad Hospital & Institute of Oncology Private Limited is engaged in setting up and managing cancer hospitals, cancer centers and medical diagnostic services. The registered office of the company is situated at No. 600/601, Irwin Road, Mysore - 570 001.

### **2 Significant accounting policies**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the applicable Accounting Standards in India (previous GAAP). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Company.

#### **2.2 Basis of preparation and presentation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

#### **2.3 Use of estimates and judgement**

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **a) Revenue Recognition**

Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured and corporate patients are subject to approvals for the insurance companies and corporates. Accordingly, the company estimates the amounts likely to be disallowed by such companies based on past trends. Estimations based on past trends are also required in determining the value of consideration from customers to be allocated to award credits for customers.

##### **b) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in the depreciation expense in future periods.

##### **c) Employee Benefits**

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### **d) Deferred Tax assets**

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

##### **e) Valuation of deferred tax assets**

The company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2.10.2

#### **2.4 Revenue recognition**

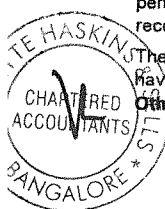
##### **2.5.1 Rendering of services**

###### **Healthcare Services**

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to Patients. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities. Unbilled revenue is recorded for the service where the patients are not discharged and invoice is not raised for the service.

The service revenues are presented net of related doctor fees and diagnostic charges in cases where the company is not the primary obligor and does not have the pricing latitude.

###### **Other Services**



## Notes to the financial statements

Income from Clinical Trials on behalf of Pharmaceutical Companies is recognized on completion of the service, based on the terms and conditions specified to each contract.

Other services fee is recognized on basis of the services rendered and as per the terms of the agreement.

### 2.5.2 Sale of Goods

Pharmacy Sales are recognised when the significant risks and rewards of ownership is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates and loyalty points granted upon purchase and are stated net of returns and discounts wherever applicable.

### 2.5.3 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 2.6 Foreign currency translation

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (Rs.)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

### 2.7 Borrowing costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) finance charges in respect of finance leases, and
- (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.



## Notes to the financial statements

### 2.9 Employee benefits

#### 2.9.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The net interest expense is recognised in the statement of profit and loss in the line item 'Finance costs'.

#### 2.9.2 Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

#### 2.9.3 Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### 2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 2.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Deferred tax assets include Minimum Alternate 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 tax liability. Accordingly, MAT is recognised 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 realised.

#### 2.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.11 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Cost of Property, plant and equipment which are qualifying assets includes, borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

|  |  |
|--|--|
| Buildings (Freehold)                                   | 60 years                                     |
| Buildings (Leasehold) and other leasehold improvements | Lease term or useful life whichever is lower |
| Plant and Medical Equipment                            | 10-15 years                                  |
| Data processing equipment                              | 3-6 years                                    |
| Furniture and fixtures                                 | 10 years                                     |
| Office equipment                                       | 5 years                                      |
| Vehicles   | 8 years                                      |



## Notes to the financial statements

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

For transition to Ind AS, the Company has elected to adopt the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except in respect of buildings under finance lease recognised in previous GAAP, to the extent it included lease component of land.

### 2.12 Intangible assets

#### 2.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### 2.12.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### 2.12.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

| Type of asset                                  | Useful Life |
|--|-------------|
| Computer software and data processing software | 6 years     |

#### 2.12.4 Deemed cost on transition to Ind AS

For transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.13 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT wherever applicable applying FIFO method.

Imported inventories are accounted for at the applicable exchange rates prevailing on the date of transaction.

### 2.14 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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 a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### 2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

#### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss

#### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method

### 2.16 Impairment

#### (i) Financial assets (other than at fair value)



## Notes to the financial statements

The company assesses at each date of balance sheet, whether a financial asset or a Company of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

### (ii) Non-financial assets

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

## 2.17 Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

## 3 Explanation of transition to Ind AS

3.1 The Company has prepared the opening balance sheet as per Ind AS of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain mandatory exceptions under Ind AS 101 and certain optional exemptions permitted under Ind AS 101 availed by the Company as detailed below.

### b) Deemed cost for property, plant and equipment, and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4 The reconciliations between previous GAAP and Ind AS, and explanations for the significant differences on account of transition to Ind AS are explained

#### (i) Equity reconciliation

| Particulars  | Rs. in Million     |                    |
|--|--------------------|--------------------|
|  | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
| Total equity (Shareholders' funds) under previous GAAP | 6.56               | 6.56               |
| Ind AS adjustments:                                    | -                  | -                  |
| <b>Total equity under Ind AS</b>                       | <b>6.56</b>        | <b>6.56</b>        |

#### (ii) Total comprehensive income reconciliation

| Particulars  | Rs. in Million          |
|--|-------------------------|
|  | Year ended<br>31-Mar-16 |
| Net profit / (loss) under Previous GAAP                          | 0.02                    |
| Ind AS adjustments:  |                         |
| Actuarial gains/ losses recognised on other comprehensive income | 0.06                    |
| Deferred tax adjustments on the above (Net)                      | (0.02)                  |
| <b>Net profit / (loss) under Ind AS</b>                          | <b>0.06</b>             |
| Other comprehensive income under Ind AS                          |                         |
| Actuarial gains/ losses recognised on other comprehensive income | (0.06)                  |
| Deferred tax adjustments on the above (Net)                      | 0.02                    |
| <b>Total comprehensive income / (loss) under Ind AS</b>          | <b>0.02</b>             |

#### (iii) Reconciliation of statement of cash flow:

There are no material adjustments to the statement of cash flows as reported under previous GAAP.





**Mainad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**  
(Amounts in Rs. Million unless otherwise stated)

**5 Property, plant and equipment**

|                           | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|---------------------------|--------------------|--------------------|--------------------|
| Plant and equipment       | 6.44               | 6.49               | 4.81               |
| Office Equipment          | 0.17               | 0.18               | 0.02               |
| Furniture and Fixtures    | 0.96               | 0.95               | 0.79               |
| Data processing equipment | 0.36               | 0.63               | 0.80               |
| Vehicles                  | 0.70               | 0.88               | 0.63               |
|                           | <b>8.63</b>        | <b>9.13</b>        | <b>7.05</b>        |

| Description of Assets               | Property, plant and equipment |                  |                        |                           |             | Total        |
|-------------------------------------|-------------------------------|------------------|------------------------|---------------------------|-------------|--------------|
|                                     | Plant and equipment           | Office Equipment | Furniture and Fixtures | Data processing equipment | Vehicles    |              |
| <b>I. Cost or deemed cost</b>       |                               |                  |                        |                           |             |              |
| As at 1 April, 2015                 | 4.81                          | 0.02             | 0.79                   | 0.80                      | 0.63        | <b>7.05</b>  |
| Additions                           | 2.67                          | 0.17             | 0.33                   | 0.13                      | 0.42        | <b>3.72</b>  |
| Balance as at 31 March, 2016        | <b>7.48</b>                   | <b>0.19</b>      | <b>1.12</b>            | <b>0.93</b>               | <b>1.05</b> | <b>10.77</b> |
| Additions                           | 0.78                          | 0.03             | 0.33                   | 0.05                      | -           | <b>1.19</b>  |
| Balance as at 31 March, 2017        | <b>8.26</b>                   | <b>0.22</b>      | <b>1.45</b>            | <b>0.98</b>               | <b>1.05</b> | <b>11.96</b> |
| <b>II. Accumulated depreciation</b> |                               |                  |                        |                           |             |              |
| Depreciation expense                | 0.99                          | 0.01             | 0.17                   | 0.30                      | 0.17        | <b>1.64</b>  |
| Balance as at 31 March, 2016        | <b>0.99</b>                   | <b>0.01</b>      | <b>0.17</b>            | <b>0.30</b>               | <b>0.17</b> | <b>1.64</b>  |
| Depreciation expense                | 0.83                          | 0.04             | 0.32                   | 0.32                      | 0.18        | <b>1.69</b>  |
| Balance as at 31 March, 2017        | <b>1.82</b>                   | <b>0.05</b>      | <b>0.49</b>            | <b>0.62</b>               | <b>0.35</b> | <b>3.33</b>  |
| Net Block as at 31 March, 2016      | <b>6.49</b>                   | <b>0.18</b>      | <b>0.95</b>            | <b>0.63</b>               | <b>0.88</b> | <b>9.13</b>  |
| Net Block as at 31 March, 2017      | <b>6.44</b>                   | <b>0.17</b>      | <b>0.96</b>            | <b>0.36</b>               | <b>0.70</b> | <b>8.63</b>  |



**Mainad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**  
(Amounts in Rs. Million unless otherwise stated)

**6 Other intangible assets**

|                      | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|----------------------|--------------------|--------------------|--------------------|
| Carrying amounts of: |                    |                    |                    |
| Computer software    | 0.10               | 0.13               | 0.16               |
|                      | <b>0.10</b>        | <b>0.13</b>        | <b>0.16</b>        |

| Description of Assets                              | Other intangible assets |             |
|--|-------------------------|-------------|
|  | Computer software       | Total       |
| <b>I. Cost</b>                                     |                         |             |
| As at 1 April, 2015                                | 0.16                    | 0.16        |
| Additions  | -                       | -           |
| <b>Balance as at 31 March, 2016</b>                | <b>0.16</b>             | <b>0.16</b> |
| Additions  | -                       | -           |
| <b>Balance as at 31 March, 2017</b>                | <b>0.16</b>             | <b>0.16</b> |
| <b>II. Accumulated amortisation and impairment</b> |                         |             |
| Amortisation expense                               | 0.03                    | 0.03        |
| <b>Balance as at 31 March, 2016</b>                | <b>0.03</b>             | <b>0.03</b> |
| Amortisation expense                               | 0.03                    | 0.03        |
| <b>Balance as at 31 March, 2017</b>                | <b>0.06</b>             | <b>0.06</b> |
| <b>Net Block as at 31 March, 2016</b>              | <b>0.13</b>             | <b>0.13</b> |
| <b>Net Block as at 31 March, 2017</b>              | <b>0.10</b>             | <b>0.10</b> |



**Mainad Hospital & Institute of Oncology Private Limited**  
Notes to the financial statements

(Amounts in Rs. Million unless otherwise stated)

**7 Loans**

|   | 31-Mar-17   |         | 31-Mar-16   |         | 01-Apr-15   |         |
|---|-------------|---------|-------------|---------|-------------|---------|
|   | Non Current | Current | Non Current | Current | Non Current | Current |
| Loans and advances (unsecured) to employees | -           | 0.24    | -           | 0.33    | -           | 0.39    |
| Considered good                             | -           | 0.24    | -           | 0.33    | -           | 0.39    |
| <b>Total</b>                                | -           | 0.24    | -           | 0.33    | -           | 0.39    |

**8 Other Financial Assets**

|  | 31-Mar-17   |         | 31-Mar-16   |             | 01-Apr-15   |             |
|--|-------------|---------|-------------|-------------|-------------|-------------|
|  | Non Current | Current | Non Current | Current     | Non Current | Current     |
| Security deposits                          | 3.65        | -       | 3.64        | -           | 3.72        | -           |
| Advances to related parties(Refer note 33) | 2.68        | -       | 1.97        | -           | 1.75        | -           |
| Unbilled revenue                           | -           | -       | -           | -           | -           | 0.37        |
| Interest accrued on deposits               | -           | -       | -           | 0.02        | -           | -           |
| <b>Total</b>                               | <b>6.33</b> | -       | <b>5.61</b> | <b>0.02</b> | <b>5.47</b> | <b>0.37</b> |

**9 Other Assets**

|                            | 31-Mar-17   |         | 31-Mar-16   |         | 01-Apr-15   |         |
|----------------------------|-------------|---------|-------------|---------|-------------|---------|
|                            | Non Current | Current | Non Current | Current | Non Current | Current |
| Unsecured, considered good | -           | 0.18    | -           | 0.12    | -           | 0.11    |
| Prepaid expenses           | -           | 0.18    | -           | 0.12    | -           | 0.11    |

**10 Inventories**

|                   | 31-Mar-17   | 31-Mar-16   | 1-Apr-15    |
|-------------------|---|-------------|-------------|
|                   | a) Inventories (lower of cost and net realisable value) |             |             |
| Medicines         | 0.92  | 0.90        | 0.90        |
| Other Consumables | 0.06  | 0.06        | 0.07        |
| <b>Total</b>      | <b>0.98</b>   | <b>0.96</b> | <b>0.97</b> |

**11 Trade receivables**

|   | 31-Mar-17   |         | 31-Mar-16   |         | 01-Apr-15   |         |
|---|-------------|---------|-------------|---------|-------------|---------|
|   | Non Current | Current | Non Current | Current | Non Current | Current |
| Trade receivables (unsecured) consist of following            |             |         |             |         |             |         |
| a) considered good  | -           | 30.05   | -           | 12.47   | -           | 13.31   |
| b) considered doubtful  | -           | 8.68    | -           | 8.68    | -           | 9.55    |
| Allowance for doubtful debts (expected credit loss allowance) | -           | 38.73   | -           | 21.15   | -           | 22.86   |
|   | -           | (8.68)  | -           | (8.68)  | -           | (9.55)  |
|   | -           | 30.05   | -           | 12.47   | -           | 13.31   |

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

**11.1 Movement in the expected credit loss allowance**

|                                       | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at beginning of the year      | 8.68                    | 9.55                    |
| Additional provision during the year  | -                       | -                       |
| Reversal of provision during the year | -                       | (0.87)                  |
| <b>Balance at end of the year</b>     | <b>8.68</b>             | <b>8.68</b>             |

Note: Trade receivables include dues from companies in which any director is a director or member  
Companies in which any director is a director or member  
Healthcare Global Enterprises Limited  
Gutti Malnad LLP

|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|--|--------------------|--------------------|--------------------|
|  | 0.04               | 0.04               | 0.04               |
|  | 1.15               | 0.57               | -                  |

**12 Cash and cash equivalents**

|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|--|--------------------|--------------------|--------------------|
| Balances with Banks                                      |                    |                    |                    |
| - In current accounts                                    | 2.97               | 1.27               | 1.97               |
| - In deposits accounts                                   | -                  | 0.36               | -                  |
| Cash on hand   | 0.04               | 0.06               | 0.06               |
| Cash and cash equivalents as per balance sheet           | <b>3.01</b>        | <b>1.69</b>        | <b>2.03</b>        |
| Cash and cash equivalents as per statement of cash flows | <b>3.01</b>        | <b>1.69</b>        | <b>2.03</b>        |

Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBN)\* held and transacted during the period from November 8, 2016 to December 30, 2016 are provided in the table below:

| Particulars                                  | SBNs   | Other denomination notes | Total  |
|--|--------|--------------------------|--------|
| Closing cash in hand as on November 8, 2016  | 0.06   | 0.01                     | 0.07   |
| (+) Permitted receipts                       | -      | 2.73                     | 2.73   |
| (-) Permitted payments                       | -      | (0.03)                   | (0.03) |
| (-) Amount deposited in Banks                | (0.06) | (2.65)                   | (2.71) |
| Closing cash in hand as on December 30, 2016 | -      | 0.06                     | 0.06   |

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



Mainad Hospital & Institute of Oncology Private Limited  
Notes to the financial statements

(Amounts in Rs. Million unless otherwise stated)

13 Equity Share Capital

|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
|--|--------------------|--------------------|-------------------|
| Authorised Share capital :<br>150,000 fully paid equity shares of Rs.100 each  | 15.00              | 15.00              | 15.00             |
| Issued and subscribed capital comprises:<br>94,956 fully paid equity shares of Rs.100 each (as at March 31, 2016: 94,956; as at April 1, 2015: 94,956) | 9.50               | 9.50               | 9.50              |

13.1 Fully paid equity shares

|                           | Number of shares | Share capital<br>(Amount) |
|---------------------------|------------------|---------------------------|
| Balance at April 1, 2015  | 94,956           | 9.50                      |
| Issued during the year    | -                | -                         |
| Balance at March 31, 2016 | 94,956           | 9.50                      |
| Issued during the year    | -                | -                         |
| Balance at March 31, 2017 | 94,956           | 9.50                      |

Fully paid equity shares, which have a par value of Rs.100, carry one vote per share and carry a right to dividends. The Company has only one class of equity share having a par value of Rs.100/- each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

13.2 Details of shares held by each shareholder holding more than 5% shares

|   | As at March 31, 2017     |                               | As at March 31, 2016     |                               | As at April 1, 2015      |                               |
|---|--------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|
|   | Number of<br>Shares held | % holding of<br>equity shares | Number of<br>Shares held | % holding of<br>equity shares | Number of<br>Shares held | % holding of<br>equity shares |
| Fully paid equity shares<br>HealthCare Global Enterprises Limited | 66,706                   | 70.25%                        | 66,706                   | 70.25%                        | 66,706                   | 70.25%                        |

14 Other equity

|   | Note | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
|---|------|--------------------|--------------------|-------------------|
| Retained earnings   | 14.1 | 0.02               | (2.88)             | (2.94)            |
| Remeasurements of the defined benefit liabilities / (asset) | 14.2 | (0.01)             | (0.04)             | -                 |
|   |      | 0.01               | (2.92)             | (2.94)            |

14.1 Retained earnings

|  | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|--|-------------------------|-------------------------|
| Balance at beginning of year                 |                         |                         |
| Profit attributable to owners of the company | (2.88)                  | (2.94)                  |
| Balance at end of year                       | 0.02                    | (2.88)                  |

14.2 Remeasurements of the defined benefit liabilities / (asset)

|   | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|---|-------------------------|-------------------------|
| Balance at beginning of year  | (0.04)                  | -                       |
| Other comprehensive income arising from remeasurement of defined benefit obligation | 0.03                    | (0.04)                  |
| Balance at end of year  | (0.01)                  | (0.04)                  |

15 Borrowings

|   | As at March 31, 2017 |         | As at March 31, 2016 |         | As at April 1, 2015 |         |
|---|----------------------|---------|----------------------|---------|---------------------|---------|
|   | Non Current          | Current | Non Current          | Current | Non Current         | Current |
| Secured - at amortised cost                                 |                      |         |                      |         |                     |         |
| (i) Term loans  |                      |         |                      |         |                     |         |
| from banks  | 1.61                 | -       | 2.32                 | -       | 0.95                | -       |
| (ii) Vehicle Loan   | 0.19                 | -       | 0.24                 | -       | 0.29                | -       |
| (iii) Loans and advance from related parties(Refer Note 33) | -                    | -       | 0.30                 | -       | 1.11                | -       |
| Total   | 1.80                 | -       | 2.86                 | -       | 2.35                | -       |



15.1 Summary of borrowing arrangements

| Particulars   | 31-Mar-17   | 31-Mar-16   | 31-Mar-15   |
|---|-------------|-------------|-------------|
|   | Rs.         | Rs.         | Rs.         |
| <b>(i) Secured term loan from bank:</b>   |             |             |             |
| <b>Facility-1</b>   |             |             |             |
| Non-current portion   | 0.57        | 0.78        | 0.95        |
| Amounts included under Current maturities of long-term debt   | 0.21        | 0.18        | 0.17        |
| - Security: Term loan is secured by hypothecation against medical equipment of Malnad Hospital & Institute of Oncology Private Limited purchased out of finance |             |             |             |
| - Rate of interest: Bank's base rate + 2.75% p.a  |             |             |             |
| - Payable in 84 monthly installments commencing from the date of  |             |             |             |
| <b>Facility-2</b>   |             |             |             |
| Non-current portion   | 1.04        | 1.54        | -           |
| Amounts included under current maturities of long-term debt   | 0.49        | 0.43        | -           |
| - Security: Term loan is secured by hypothecation against medical equipment purchased out of finance Malnad Hospital & Institute of Oncology Private Limited.   |             |             |             |
| - Rate of interest: Bank's base rate + 2.75% p.a  |             |             |             |
| - Payable in 57 monthly installments commencing from the date of borrowing after moratorium period of 3 months.   |             |             |             |
| <b>(ii) Secured vehicle loan from bank:</b>   |             |             |             |
| Non-current portion   | 0.19        | 0.24        | 0.29        |
| Amounts included under Current maturities of long-term debt   | 0.04        | 0.04        | 0.04        |
| <b>(iii) Unsecured loans from related party, the Holding Company</b>  |             |             |             |
| Non-current portion   | -           | 0.30        | 1.11        |
| Amounts included under Current maturities of long-term debt   | -           | -           | -           |
| Repayment terms: Loan repayable as and when the internal generation supports the repayment or a suitable alternative third party funding is available.          |             |             |             |
| Rate of interest: 12.00% p.a  |             |             |             |
| <b>Total</b>  | <b>2.64</b> | <b>3.51</b> | <b>2.56</b> |
| <b>Non-current portion</b>  | <b>1.80</b> | <b>2.86</b> | <b>2.35</b> |
| <b>Amounts included under Current maturities of long-term debt</b>  | <b>0.74</b> | <b>0.65</b> | <b>0.21</b> |

16 Other Financial liabilities

- a) Current maturities of long-term debt (Refer note 15.1)  
b) Interest payable to holding company (Refer Note 33)  
c) Advance payable to holding company (Refer Note 33)  
d) Payables on purchase of fixed assets  
**Total**

| As at March 31, 2017 |              | As at March 31, 2016 |              | As at April 1, 2015 |             |
|----------------------|--------------|----------------------|--------------|---------------------|-------------|
| Non Current          | Current      | Non Current          | Current      | Non Current         | Current     |
| -                    | 0.74         | -                    | 0.65         | -                   | 0.21        |
| -                    | 0.30         | -                    | 0.30         | -                   | 0.20        |
| -                    | 22.87        | -                    | 10.57        | -                   | 9.32        |
| -                    | 0.06         | -                    | 0.08         | -                   | 0.04        |
| -                    | <b>23.97</b> | -                    | <b>11.60</b> | -                   | <b>9.77</b> |

17 Provisions

- Employee benefits  
Gratuity (Refer note 30.2)  
Compensated absences  
**Total**

| As at March 31, 2017 |             | As at March 31, 2016 |             | As at April 1, 2015 |             |
|----------------------|-------------|----------------------|-------------|---------------------|-------------|
| Non Current          | Current     | Non Current          | Current     | Non Current         | Current     |
| 1.19                 | 0.01        | 0.95                 | -           | 0.68                | -           |
| 0.17                 | 0.04        | 0.10                 | 0.03        | -                   | 0.17        |
| <b>1.36</b>          | <b>0.05</b> | <b>1.05</b>          | <b>0.03</b> | <b>0.68</b>         | <b>0.17</b> |

18 Trade Payables

- Trade payables  
**Total**

| As at        | As at        | As at       |
|--------------|--------------|-------------|
| 31-Mar-17    | 31-Mar-16    | 01-Apr-15   |
| 12.70        | 10.99        | 7.46        |
| <b>12.70</b> | <b>10.99</b> | <b>7.46</b> |

There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The information regarding Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

19 Other liabilities

- (a) Advance from customers  
(b) Statutory remittances  
**Total**

| As at March 31, 2017 |             | As at March 31, 2016 |             | As at April 1, 2015 |             |
|----------------------|-------------|----------------------|-------------|---------------------|-------------|
| Non Current          | Current     | Non Current          | Current     | Non Current         | Current     |
| -                    | 3.14        | -                    | 3.99        | -                   | 5.76        |
| -                    | 0.27        | -                    | 0.26        | -                   | 0.30        |
| -                    | <b>3.41</b> | -                    | <b>4.25</b> | -                   | <b>6.06</b> |



**Mainad Hospital & Institute of Oncology Private Limited**  
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(Amounts in Rs. Million unless otherwise stated)

**20 Revenue from Operations**

|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| (a) Revenue from rendering of healthcare services | 24.89                        | 27.68                        |
| (b) Revenue from sales at pharmacies              | 21.35                        | 10.86                        |
| (c) Other operating revenues                      | 0.45                         | 0.49                         |
|   | <b>46.69</b>                 | <b>39.03</b>                 |

**21 Other Income**

|                              | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|------------------------------|------------------------------|------------------------------|
| a) Interest on bank deposits | 0.01                         | 0.02                         |
| b) Miscellaneous income      | 0.03                         | 0.19                         |
|                              | <b>0.04</b>                  | <b>0.21</b>                  |

**22 Employee benefits expense**

|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| Salaries and wages  | 8.36                         | 6.24                         |
| Contribution to provident and other funds (Refer note 30.1) | 1.14                         | 0.99                         |
| Gratuity Expenses (Refer note 30.2)                         | 0.25                         | 0.21                         |
| Staff welfare expenses                                      | 0.55                         | 0.51                         |
|   | <b>10.30</b>                 | <b>7.95</b>                  |

**23 Finance costs**

|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| (a) Interest costs :-                                       |                              |                              |
| - Interest on bank overdrafts and loans                     | 0.34                         | 0.40                         |
| - Interest on loans from related parties (Refer note 33)    | -                            | 0.11                         |
| - Interest on defined benefit obligations (Refer note 30.2) | 0.07                         | 0.05                         |
| (b) Other borrowing cost:                                   |                              |                              |
| - Bank charges  | 0.02                         | -                            |
| - Loan processing charges                                   | -                            | 0.01                         |
|   | <b>0.43</b>                  | <b>0.57</b>                  |

**24 Depreciation and amortisation expense**

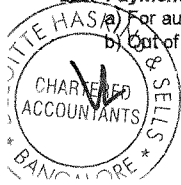
|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| Depreciation of property, plant and equipment      | 1.69                         | 1.64                         |
| Amortisation of intangible assets                  | 0.03                         | 0.03                         |
| <b>Total depreciation and amortisation expense</b> | <b>1.72</b>                  | <b>1.67</b>                  |

**25 Other expenses**

|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| Power and fuel                             | 0.43                         | 0.36                         |
| House Keeping Expenses                     | 1.04                         | 0.77                         |
| Rent (Refer note 29.1)                     | 0.76                         | 0.79                         |
| Repairs to Buildings                       | 0.11                         | 0.06                         |
| Repairs to Machinery                       | 0.09                         | 0.05                         |
| Office Maintenance & Others                | 0.77                         | 0.57                         |
| Insurance                                  | 0.10                         | 0.09                         |
| Rates and Taxes, excluding taxes on income | 0.08                         | 0.11                         |
| Printing & Stationery                      | 0.36                         | 0.26                         |
| Advertisement, Publicity & Marketing       | 0.32                         | 0.51                         |
| Travelling & Conveyance                    | 0.65                         | 0.22                         |
| Legal & Professional Fees                  | 0.16                         | 0.08                         |
| Audit Fee (Refer note 25.1)                | 0.17                         | 0.17                         |
| Medical consultancy charges                | 8.89                         | 8.01                         |
| Telephone Expenses                         | 0.13                         | 0.14                         |
| Provision for Bad Debts/(written back)     | -                            | (0.87)                       |
| Lab charges                                | 2.46                         | 3.32                         |
| Miscellaneous expenses                     | 0.61                         | 1.87                         |
|  | <b>17.13</b>                 | <b>16.51</b>                 |

**25.1 Payments to auditors**

|  |             |             |
|--|-------------|-------------|
| a) For audit of financial statements               | 0.15        | 0.15        |
| b) Out of pocket expenses and service tax on above | 0.02        | 0.02        |
|  | <b>0.17</b> | <b>0.17</b> |



**Malnad Hospital & Institute of Oncology Private Limited**  
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(Amounts in Rs. Million unless otherwise stated)

**26 Income tax expense**

**26.1 Income tax recognised in the Statement of profit and loss**

Current tax:

In respect of the current year

|             |          |
|-------------|----------|
| 1.41        | -        |
| <b>1.41</b> | <b>-</b> |

Deferred tax

In respect of the current year

|               |             |
|---------------|-------------|
| -             | 0.14        |
| <b>(0.06)</b> | <b>0.14</b> |

**Total income tax expense recognised in the Statement of profit and loss**

|             |             |
|-------------|-------------|
| <b>1.35</b> | <b>0.14</b> |
|-------------|-------------|

The reconciliation between the income tax expense of the company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Profit before tax for the year

Enacted income tax rate in India

Computed expected tax expense

Effect of:

Effect of expenses that are not deductible in determining taxable profit

|             |             |
|-------------|-------------|
| 4.25        | 0.20        |
| 30.90%      | 30.90%      |
| 1.31        | 0.06        |
| 0.04        | 0.08        |
| <b>1.35</b> | <b>0.14</b> |

**26.2 Deferred tax balances**

|                     | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|---------------------|--------------------|--------------------|--------------------|
| Deferred Tax Assets | 3.09               | 3.02               | 3.18               |
| <b>Total</b>        | <b>3.09</b>        | <b>3.02</b>        | <b>3.18</b>        |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

Deferred tax assets / (liabilities) in relation to

|                               | Opening<br>Balance | Recognised in<br>Statement of<br>Profit and Loss | Recognised in other<br>comprehensive<br>income | Closing<br>Balance |
|-------------------------------|--------------------|--|--|--------------------|
| Property, plant and equipment | (0.40)             | 0.09   | -  | (0.31)             |
| Provision for doubtful debts  | 2.68               | -  | -  | 2.68               |
| Defined benefit obligation    | 0.55               | 0.03   | 0.01   | 0.59               |
| Tax losses                    | 0.06               | (0.06)   | -  | -                  |
| Others                        | 0.13               | -  | -  | 0.13               |
|                               | <b>3.02</b>        | <b>0.06</b>                                      | <b>0.01</b>                                    | <b>3.09</b>        |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

Deferred tax assets / (liabilities) in relation to

|                               | Opening Balance | Recognised in<br>Profit or Loss | Recognised in other<br>comprehensive<br>income | Closing Balance |
|-------------------------------|-----------------|---------------------------------|--|-----------------|
| Property, plant and equipment | (0.41)          | 0.01                            | -  | (0.40)          |
| Provision for doubtful debts  | 3.10            | (0.42)                          | -  | 2.68            |
| Defined benefit obligation    | 0.39            | 0.18                            | (0.02)   | 0.55            |
| Tax losses                    | -               | 0.06                            | -  | 0.06            |
| Others                        | 0.10            | 0.03                            | -  | 0.13            |
|                               | <b>3.18</b>     | <b>(0.14)</b>                   | <b>(0.02)</b>                                  | <b>3.02</b>     |

Under the Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. Tax benefits on unabsorbed business losses have been recognised as deferred tax asset as it is probable that the future economic benefits associated with the asset will be realised.

**26.3 Income tax assets (Net)**

|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|--|--------------------|--------------------|--------------------|
| Advance Tax (Net of provision for tax) | 0.19               | 3.88               | 0.01               |
|  | <b>0.19</b>        | <b>3.88</b>        | <b>0.01</b>        |



**Malnad Hospital & Institute of Oncology Private Limited**  
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(Amounts in Rs. Million unless otherwise stated)

**27 Earnings per Share**

**27.1 Basic earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

|   |               |               |
|---|---------------|---------------|
| Profit / (loss) for the year attributable to owners of the Company                    | 2.90          | 0.06          |
| The earnings used in the calculation of basic earnings per share                      | 2.90          | 0.06          |
| Weighted average number of equity shares for the purposes of basic earnings per share | <u>94,956</u> | <u>94,956</u> |
| <b>Basic earnings per share for the year (amount in Rs.)</b>                          | <b>30.54</b>  | <b>0.63</b>   |

**27.2 Diluted earnings per share**

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

|  |               |               |
|--|---------------|---------------|
| Earnings used in the calculation of diluted earnings per share                                 | 2.90          | 0.06          |
| Weighted average number of equity shares used in the calculation of diluted earnings per share | <u>94,956</u> | <u>94,956</u> |
| <b>Diluted earnings per share for the year (amount in Rs.)</b>                                 | <b>30.54</b>  | <b>0.63</b>   |

**28 Segment information**

The company is mainly engaged in the business of setting up and managing hospitals and medical diagnostic services which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.





(Amounts in Rs. Million unless otherwise stated)

29 Leasing arrangements: The company being a lessee

29.1 Operating lease arrangements

The Company's significant cancellable leasing arrangements are mainly in respect of its hospital premises and equipments. The aggregate lease rentals payable on these cancellable arrangements charged to the Statement of Profit and Loss amounting to Rs.0.76 million(Previous Year -Rs.0.79 million).

30 Employee benefit plans

30.1 Defined contribution plans

The company has defined contribution plan in form of Provident Fund & Pension Scheme and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss in respect of such schemes are given below:

| Particulars  | Year ended  | Year ended  |
|--|-------------|-------------|
|  | 31-Mar-17   | 31-Mar-16   |
| Contribution to Provident Fund & Pension Schemes, included under contribution to provident and other funds | 1.14        | 0.99        |
| Contribution to Employee State Insurance Scheme, included under staff welfare expenses                     | 0.31        | 0.28        |
|  | <u>1.45</u> | <u>1.27</u> |

30.2 Defined benefit plans

The company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

|                                     | Valuation as at |           |           |
|-------------------------------------|-----------------|-----------|-----------|
|                                     | 31-Mar-17       | 31-Mar-16 | 01-Apr-15 |
| Discount rate(s)                    | 7.25%           | 7.60%     | 7.80%     |
| Expected rate(s) of salary increase | 5.00%           | 5.00%     | 5.00%     |
| Rate of return on plan assets       | 7.25%           | 7.60%     | 7.80%     |
| Employee turnover rate              | 15.15%          | 12.90%    | 15.79%    |

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows.

|   | 31-Mar-17   | 31-Mar-16   |
|---|-------------|-------------|
| Current service cost  | 0.25        | 0.21        |
| Past service cost and (gain)/loss from settlements  | -           | -           |
| Net interest expense  | 0.07        | 0.05        |
| <b>Components of defined benefit costs recognised in the Statement of profit and loss</b> | <u>0.32</u> | <u>0.26</u> |
| Service cost recognised in employee benefits expense in Note 22                           | 0.25        | 0.21        |
| Net interest expense recognised in finance costs in Note 23                               | 0.07        | 0.05        |

Remeasurement on the net defined benefit liability:

|  |               |             |
|--|---------------|-------------|
| Return on plan assets (excluding amounts included in net interest expense)                         | -             | -           |
| Actuarial (gains) / losses arising from changes in demographic assumptions                         | -             | -           |
| Actuarial (gains) / losses arising from changes in financial assumptions                           | -             | -           |
| Actuarial (gains) / losses arising from experience adjustments                                     | (0.05)        | 0.05        |
| Remeasurement of plan assets   | 0.01          | 0.01        |
| Adjustments for restrictions on the defined benefit asset  | -             | -           |
| <b>Remeasurement on the net defined benefit liability recognised in other comprehensive income</b> | <u>(0.04)</u> | <u>0.06</u> |

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

|  | 31-Mar-17     | 31-Mar-16     | 01-Apr-15     |
|--|---------------|---------------|---------------|
| Present value of funded defined benefit obligation           | (1.41)        | (1.14)        | (0.86)        |
| Fair value of plan assets                                    | 0.22          | 0.19          | 0.19          |
| <b>Funded status</b>   | <u>(1.20)</u> | <u>(0.95)</u> | <u>(0.68)</u> |
| Restrictions on asset recognised                             | -             | -             | -             |
| <b>Net liability arising from defined benefit obligation</b> | <u>(1.20)</u> | <u>(0.95)</u> | <u>(0.68)</u> |

Movements in the present value of the defined benefit obligation are as follows.

|  | 31-Mar-17   | 31-Mar-16   |
|--|-------------|-------------|
| Opening defined benefit obligation   | 1.03        | 0.86        |
| Current service cost   | 0.25        | 0.21        |
| Interest cost  | 0.09        | 0.07        |
| <b>Remeasurement (gains)/losses:</b>                                       |             |             |
| Actuarial gains and losses arising from changes in demographic assumptions | -           | -           |
| Actuarial gains and losses arising from changes in financial assumptions   | 0.04        | -           |
| Actuarial gains and losses arising from experience adjustments             | (0.05)      | (0.05)      |
| Benefits paid  | (0.08)      | (0.06)      |
| <b>Closing defined benefit obligation</b>                                  | <u>1.28</u> | <u>1.03</u> |

Movements in the fair value of the plan assets are as follows.

|  | Year ended  | Year ended  |
|--|-------------|-------------|
|  | 31-Mar-17   | 31-Mar-16   |
| Opening fair value of plan assets  | 0.19        | 0.19        |
| Interest income  | 0.02        | 0.01        |
| Remeasurement gain (loss):   | 0.01        | (0.01)      |
| Return on plan assets (excluding amounts included in net interest expense) | -           | -           |
| Contributions from the employer  | -           | -           |
| <b>Closing fair value of plan assets</b>                                   | <u>0.22</u> | <u>0.19</u> |

The fair value of the plan assets at the end of the reporting period for each category, are as follows

|                       | Fair value of plan assets as at |             |             |
|-----------------------|---------------------------------|-------------|-------------|
|                       | 31-Mar-17                       | 31-Mar-16   | 01-Apr-15   |
| Corporate bonds       | -                               | -           | -           |
| Equity mutual funds   | -                               | -           | -           |
| Government securities | -                               | -           | -           |
| Insurer-managed funds | 0.22                            | 0.19        | 0.19        |
| <b>Total</b>          | <u>0.22</u>                     | <u>0.19</u> | <u>0.19</u> |



The actual return on plan assets was Rs.0.03 million (for the year ended March 31, 2016: Rs.0.01 million).

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

If discount rate increases (decreases) by 1%, the defined benefit obligation would decrease by Rs 0.07 million (increase by Rs 0.07 million) as at March 31, 2017

If salary growth rate increases (decreases) by 1%, the defined benefit obligation would increase by Rs 0.08 million (decrease by Rs 0.08 million) as at March 31, 2017

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation at March 31, 2017 is 5.59 years (as at March 31, 2016 6.52 years)

Maturity profile of defined benefit obligation:

Particulars

Within 1 year  
1-2 year  
2-3 year  
3-4 year  
4-5 year  
5-10 year  
>10 year

|               | As at       |             |             |
|---------------|-------------|-------------|-------------|
|               | 31-Mar-17   | 31-Mar-16   | 01-Apr-15   |
| Within 1 year | 0.22        | 0.19        | 0.11        |
| 1-2 year      | 0.21        | 0.21        | 0.12        |
| 2-3 year      | 0.19        | 0.23        | 0.16        |
| 3-4 year      | 0.18        | 0.23        | 0.15        |
| 4-5 year      | 0.18        | 0.26        | 0.17        |
| 5-10 year     | 0.60        | 1.26        | 1.00        |
| >10 year      | 0.62        | 2.09        | 3.04        |
|               | <u>2.20</u> | <u>4.47</u> | <u>4.75</u> |



**Malnad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**

(Amounts in Rs. Million unless otherwise stated)

**31 Financial instruments**

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and April 1, 2015 is as follows:

| Particulars                  | Carrying value as at |              |              | Fair value as at |              |              |
|------------------------------|----------------------|--------------|--------------|------------------|--------------|--------------|
|                              | 31-Mar-17            | 31-Mar-16    | 01-Apr-15    | 31-Mar-17        | 31-Mar-16    | 01-Apr-15    |
| <b>Financial assets</b>      |                      |              |              |                  |              |              |
| <b>Amortised cost</b>        |                      |              |              |                  |              |              |
| Loans                        | 0.24                 | 0.33         | 0.39         | 0.24             | 0.33         | 0.39         |
| Trade receivable             | 30.05                | 12.47        | 13.31        | 30.05            | 12.47        | 13.31        |
| Cash and cash equivalents    | 3.01                 | 1.69         | 2.03         | 3.01             | 1.69         | 2.03         |
| Other financial assets       | 6.33                 | 5.63         | 5.84         | 6.33             | 5.63         | 5.84         |
| <b>Total assets</b>          | <b>39.63</b>         | <b>20.12</b> | <b>21.57</b> | <b>39.63</b>     | <b>20.12</b> | <b>21.57</b> |
| <b>Financial liabilities</b> |                      |              |              |                  |              |              |
| <b>Amortised cost</b>        |                      |              |              |                  |              |              |
| Loans and borrowings         | 1.80                 | 2.86         | 2.35         | 1.80             | 2.86         | 2.35         |
| Trade payables               | 12.70                | 10.99        | 7.46         | 12.70            | 10.99        | 7.46         |
| Other financial liabilities  | 23.97                | 11.60        | 9.77         | 23.97            | 11.60        | 9.77         |
| <b>Total liabilities</b>     | <b>38.47</b>         | <b>25.45</b> | <b>19.58</b> | <b>38.47</b>     | <b>25.45</b> | <b>19.58</b> |

The management assessed that fair value of cash and cash equivalents, trade receivables, unbilled revenue, loans and trade payables, approximate their carrying amounts largely due to the short-term maturities of these instruments. Difference between carrying amounts and fair values of bank deposits, other financial assets, borrowings and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

**32 Financial risk management**

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments. The company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the company.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

**a) Trade and other receivables**

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the company does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 11.1 of the financial statement.

For trade receivables, provision is provided by the company as per the below mentioned policy:

| Particulars                                | As at     |           |           |
|--|-----------|-----------|-----------|
|  | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
| Self paid/private patients- amount due for |           |           |           |
| < 2 months                                 | 2%        | 2%        | 2%        |
| >2months                                   | 100%      | 100%      | 100%      |
| <b>Government</b>                          |           |           |           |
| 0 - 6 months                               | 9%        | 9%        | 9%        |
| 6 months - 1 year                          | 17%       | 17%       | 17%       |
| 1 - 2 year                                 | 36%       | 36%       | 36%       |
| 2 - 3 year                                 | 57%       | 57%       | 57%       |
| 3 years and above                          | 100%      | 100%      | 100%      |
| TPAs (Third party Administrator)           |           |           |           |
| 0 - 6 months                               | 7%        | 7%        | 7%        |
| 6 months - 1 year                          | 17%       | 17%       | 17%       |
| More than 1 year                           | 100%      | 100%      | 100%      |

The Company's exposure to customers is diversified. No single customer contributes to more than 10% of the outstanding receivable and unbilled revenue as of March 31, 2017, March 31, 2016 and April 1, 2015.

Geographic concentration of credit risk: The company has a geographic concentration of trade receivables and unbilled revenue in India.



b) Investments and cash deposits

The company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the company has unutilized credit limits with banks.

The company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the company is given below:

| Particulars               | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|---------------------------|--------------------|--------------------|--------------------|
| Cash and cash equivalents | 3.01               | 1.69               | 2.03               |
| <b>Total</b>              | <b>3.01</b>        | <b>1.69</b>        | <b>2.03</b>        |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015:

| Particulars                 | As at March 31, 2017 |             |             |             |             |
|-----------------------------|----------------------|-------------|-------------|-------------|-------------|
|                             | Less than 1 year     | 1-2 years   | 2-3 years   | 3-4 years   | 5 years and |
| Borrowings - Bank           | 0.74                 | 0.78        | 0.88        | 0.14        | 0.01        |
| Trade payables              | 12.70                | -           | -           | -           | -           |
| Other financial liabilities | 23.97                | -           | -           | -           | -           |
|                             | <b>37.41</b>         | <b>0.78</b> | <b>0.88</b> | <b>0.14</b> | <b>0.01</b> |
| Particulars                 | As at March 31, 2016 |             |             |             |             |
|                             | Less than 1 year     | 1-2 years   | 2-3 years   | 3-4 years   | 5 years and |
| Borrowings - Bank           | 0.65                 | 0.71        | 0.83        | 0.88        | 0.14        |
| Trade payables              | 10.99                | -           | -           | -           | -           |
| Other financial liabilities | 11.60                | -           | -           | -           | -           |
|                             | <b>23.24</b>         | <b>0.71</b> | <b>0.83</b> | <b>0.88</b> | <b>0.14</b> |
| Particulars                 | As at April 1, 2015  |             |             |             |             |
|                             | Less than 1 year     | 1-2 years   | 2-3 years   | 3-4 years   | 5 years and |
| Borrowings                  | 0.21                 | 0.21        | 0.22        | 0.25        | 0.56        |
| Trade payables              | 7.46                 | -           | -           | -           | -           |
| Other financial liabilities | 9.77                 | -           | -           | -           | -           |
|                             | <b>17.44</b>         | <b>0.21</b> | <b>0.22</b> | <b>0.25</b> | <b>0.56</b> |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's debt obligations with floating interest rates and investments. Such risks are overseen by the company's corporate treasury department as well as senior management.



**Malnad Hospital & Institute of Oncology Private Limited**  
Notes to the financial statements  
(Amounts in Rs. Million unless otherwise stated)

**Note 33 Related Party Disclosure**

**A. Details of related parties:**

| Description of relationship  | Names of related parties  |
|--|---|
| Holding Company (HC)   | HealthCare Global Enterprises Limited   |
| Fellow Subsidiaries(FS)  | HealthCare Global Senthil-Multi Specialty Hospital Private Limited  |
| Companies in which KMP / Relatives of KMP can exercise significant influence | Bharath Hospital and Institute of Oncology<br>Sada Sarada Tumor & Research Institute<br>B.C.C.H.I Trust<br>Gutti Malnad LLP |
| Key management personnel(KMP)  | Non-executive directors<br>T.Narendra Bhat<br>Mallash Hullamani<br>B.S Ataikumar  |



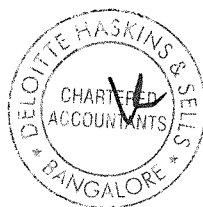
**Note 33 Related Party Disclosure**

**B Details of related party transactions during the year:**

| Particulars  | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|--|-------------------------|-------------------------|
| <b>Sale of pharmacy products and consumables</b>     |                         |                         |
| Gutti Malnad LLP                                     | 0.58                    | 0.70                    |
| <b>Purchase of pharmacy products and consumables</b> |                         |                         |
| HealthCare Global Enterprises Limited                | 8.10                    | 7.78                    |
| <b>Rent charges</b>                                  |                         |                         |
| Sada Sarada Tumor & Research Institute               | 0.59                    | 0.64                    |
| <b>Diagnostic charges</b>                            |                         |                         |
| HealthCare Global Enterprises Limited                | 0.71                    | 0.91                    |
| <b>Interest Expense</b>                              |                         |                         |
| HealthCare Global Enterprises Limited                | 0.00                    | 0.11                    |
| <b>Loans / Advances given</b>                        |                         |                         |
| HealthCare Global Enterprises Limited                | 0.30                    | 2.25                    |
| <b>Loans and advances received</b>                   |                         |                         |
| HealthCare Global Enterprises Limited                | 12.60                   | 0.44                    |

**Details of related party balances outstanding:**

| Balances outstanding as at                   | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>31-Mar-15 |
|--|--------------------|--------------------|--------------------|
| <b>Trade receivables</b>                     |                    |                    |                    |
| Gutti Malnad LLP                             | 1.15               | 0.57               | -                  |
| HealthCare Global Enterprises Limited        | 0.04               | 0.04               | 0.04               |
| <b>Interest payable on loan</b>              |                    |                    |                    |
| HealthCare Global Enterprises Limited        | 0.30               | 0.30               | 0.20               |
| <b>Other Financial Liabilities - Current</b> |                    |                    |                    |
| HealthCare Global Enterprises Limited        | 22.87              | 10.57              | 9.32               |
| <b>Borrowings</b>                            |                    |                    |                    |
| HealthCare Global Enterprises Limited        | -                  | 0.30               | 1.11               |
| <b>Other Financial assets - Current</b>      |                    |                    |                    |
| Sada Sarada Tumor & Research Institute       | 2.60               | 1.88               | 1.86               |
| B.C.C.H.I Trust                              | 0.08               | 0.07               | 0.08               |
| Bharath Hospital and Institute of Oncology   | -                  | 0.02               | 0.02               |
| Gutti Malnad LLP                             |                    |                    |                    |
| <b>Security deposits (refundable) with</b>   |                    |                    |                    |
| Gutti Malnad LLP                             | 3.50               | 3.50               | 3.50               |
| <b>Trade Payables</b>                        |                    |                    |                    |
| HealthCare Global Enterprises Limited        | 7.14               | 6.04               | 5.51               |



## **INDEPENDENT AUDITOR'S REPORT To The Members of Malnad Hospitals & Institute of Oncology Private Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Malnad Hospitals & Institute of Oncology Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

### **Management's Responsibility for the Financial Statements**

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

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

### **Auditor's Responsibility**

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act, the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

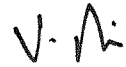
1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - 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 Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the order" or "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firms' Registration No. 008072S)



**V. Balaji**  
Partner  
(Membership No. 203685)

**BENGALURU, May 23, 2017**

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **Malnad Hospital & Institute of Oncology Private Limited** (“the Company”) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions

of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firms' Registration No. 008072S)



**V. Balaji**  
Partner  
(Membership No. 203685)

**BENGALURU**, May 23, 2017

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

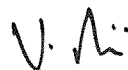
**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a programme of verification of fixed assets to cover all items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management. According to the information and explanation given to us, no material discrepancies were noted on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax as on March 31, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and did not have any borrowings from government.

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- (ix) The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firms' Registration No. 008072S)



**V. Balaji**  
Partner  
(Membership No. 203685)

**BENGALURU, May 23, 2017**

| Balance Sheet as at                                 | Note No | 31-Mar-17    | 31-Mar-16    | 01-Apr-15    |
|---|---------|--------------|--------------|--------------|
| <b>ASSETS</b>                                       |         |              |              |              |
| <b>Non-current assets</b>                           |         |              |              |              |
| (a) Property, Plant and Equipment                   | 5       | 8.63         | 9.13         | 7.05         |
| (b) Other Intangible assets                         | 6       | 0.10         | 0.13         | 0.16         |
| <b>(c) Financial Assets</b>                         |         |              |              |              |
| (i) Other financial assets                          | 8       | 6.33         | 5.61         | 5.47         |
| (d) Deferred tax assets (Net)                       | 26.2    | 3.09         | 3.02         | 3.18         |
| (e) Income tax assets (Net)                         | 26.3    | 0.19         | 3.88         | 0.01         |
| <b>Total Non - Current Assets</b>                   |         | <b>18.34</b> | <b>21.77</b> | <b>15.87</b> |
| <b>Current assets</b>                               |         |              |              |              |
| (a) Inventories                                     | 10      | 0.98         | 0.96         | 0.97         |
| <b>(b) Financial assets</b>                         |         |              |              |              |
| (i) Trade receivables                               | 11      | 30.05        | 12.47        | 13.31        |
| (ii) Cash and cash equivalents                      | 12      | 3.01         | 1.69         | 2.03         |
| (iii) Loans   | 7       | 0.24         | 0.33         | 0.39         |
| (iv) Other financial assets                         | 8       | -            | 0.02         | 0.37         |
| (c) Other current assets                            | 9       | 0.18         | 0.12         | 0.11         |
| <b>Total current assets</b>                         |         | <b>34.46</b> | <b>15.59</b> | <b>17.18</b> |
| <b>Total assets</b>                                 |         | <b>52.80</b> | <b>37.36</b> | <b>33.05</b> |
| <b>EQUITY AND LIABILITIES</b>                       |         |              |              |              |
| <b>Equity</b>                                       |         |              |              |              |
| (a) Equity Share capital                            | 13      | 9.50         | 9.50         | 9.50         |
| (b) Other equity                                    | 14      | 0.01         | (2.92)       | (2.94)       |
| <b>Equity attributable to owners of the Company</b> |         | <b>9.51</b>  | <b>6.58</b>  | <b>6.56</b>  |
| <b>Liabilities</b>                                  |         |              |              |              |
| <b>Non-current liabilities</b>                      |         |              |              |              |
| <b>(a) Financial Liabilities</b>                    |         |              |              |              |
| (i) Borrowings                                      | 15      | 1.80         | 2.86         | 2.35         |
| (b) Provisions                                      | 17      | 1.36         | 1.05         | 0.68         |
| <b>Total Non - Current Liabilities</b>              |         | <b>3.16</b>  | <b>3.91</b>  | <b>3.03</b>  |
| <b>Current liabilities</b>                          |         |              |              |              |
| <b>(a) Financial Liabilities</b>                    |         |              |              |              |
| (i) Trade payables                                  | 18      | 12.70        | 10.99        | 7.46         |
| (ii) Other financial liabilities                    | 16      | 23.97        | 11.60        | 9.77         |
| (b) Other current liabilities                       | 19      | 3.41         | 4.25         | 6.06         |
| (c) Provisions                                      | 17      | 0.05         | 0.03         | 0.17         |
| <b>Total Current Liabilities</b>                    |         | <b>40.13</b> | <b>26.87</b> | <b>23.46</b> |
| <b>Total Liabilities</b>                            |         | <b>43.29</b> | <b>30.78</b> | <b>26.49</b> |
| <b>Total Equity and Liabilities</b>                 |         | <b>52.80</b> | <b>37.36</b> | <b>33.05</b> |

See accompanying notes to the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

V. Balaji

Partner



Place: Bangalore  
Date: 23-5-2017

For and on behalf of the Board of Directors

Dr. Mallesh Hullamani  
Director

Dr. T. Narendra Bhat  
Director

Place:  
Date: 23-5-2017

**Malnad Hospital & Institute of Oncology Private Limited**

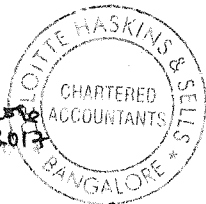
| Statement of Profit and Loss for the years ended |   | Note No. | Rs. in Million |               |
|--|---|----------|----------------|---------------|
|  |   |          | 31-Mar-17      | 31-Mar-16     |
| I  | Revenue from Operations   | 20       | 46.69          | 39.03         |
| II   | Other Income  | 21       | 0.04           | 0.21          |
| III  | <b>Total Income (I+II)</b>                                      |          | <b>46.73</b>   | <b>39.24</b>  |
| IV   | <b>Expenses</b>   |          |                |               |
|  | Purchases of Stock-in-trade                                     |          | 12.92          | 12.33         |
|  | Changes in inventory of stock-in-trade                          |          | (0.02)         | 0.01          |
|  | Employee benefit expense  | 22       | 10.30          | 7.95          |
|  | Finance costs   | 23       | 0.43           | 0.57          |
|  | Depreciation and amortisation expense                           | 24       | 1.72           | 1.67          |
|  | Other expenses  | 25       | 17.13          | 16.51         |
|  | <b>Total expenses (IV)</b>                                      |          | <b>42.48</b>   | <b>39.04</b>  |
| V  | <b>Profit before tax (III-IV)</b>                               |          | <b>4.25</b>    | <b>0.20</b>   |
| VI   | Tax expense   |          |                |               |
|  | (1) Current tax   | 26.1     | 1.41           | -             |
|  | (2) Deferred tax  | 26.1     | (0.06)         | 0.14          |
|  |   |          | 1.35           | 0.14          |
| VII  | <b>Profit for the year (V-VI)</b>                               |          | <b>2.90</b>    | <b>0.06</b>   |
| VIII   | <b>Other Comprehensive Income</b>                               |          |                |               |
|  | (i) Items that will not be reclassified to profit or loss       |          |                |               |
|  | (a) Remeasurements of the defined benefit liabilities / (asset) | 30.2     | 0.04           | (0.06)        |
|  | (b) Income tax on the above                                     |          | (0.01)         | 0.02          |
|  |   |          | <b>0.03</b>    | <b>(0.04)</b> |
| IX   | <b>Total comprehensive income for the year (VII+VIII)</b>       |          | <b>2.93</b>    | <b>0.02</b>   |
|  | <b>Earnings per equity share</b>                                |          |                |               |
|  | Basic (Face value of Rs.100 each)                               | 27.1     | 30.54          | 0.63          |
|  | Diluted (Face value of Rs.100 each)                             | 27.2     | 30.54          | 0.63          |

See accompanying notes to the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

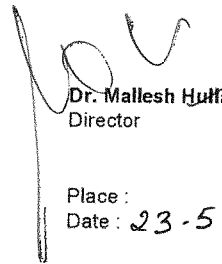
V. Balaji

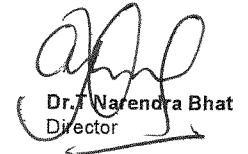
Partner



Place : Bangalore  
Date : 23-5-2017

For and on behalf of the Board of Directors

  
Dr. Malleesh Hulfamani  
Director

  
Dr. J. Narendra Bhat  
Director

Place :  
Date : 23-5-2017

**Malnad Hospital & Institute of Oncology Private Limited**

| Cash Flow Statement for the years ended                       | Rs. in Million |               |
|---|----------------|---------------|
|   | 31-Mar-17      | 31-Mar-16     |
| <b>Cash flows from operating activities</b>                   |                |               |
| <b>Profit before tax for the year</b>                         | <b>4.25</b>    | <b>0.20</b>   |
| Adjustments for:  |                |               |
| Finance costs   | 0.34           | 0.52          |
| Investment income   | (0.01)         | (0.02)        |
| Depreciation and amortisation                                 | 1.72           | 1.67          |
| <b>Movements in working capital:</b>                          |                |               |
| (Increase) / decrease in trade receivables                    | (17.58)        | 0.84          |
| (Increase) / decrease in inventories                          | (0.02)         | 0.01          |
| (Increase) / decrease in other assets                         | 0.03           | 0.42          |
| Increase / (decrease) in trade and other payables             | 1.73           | 3.51          |
| Increase / (decrease) in provisions                           | 0.33           | 0.23          |
| Increase / (decrease) in other liabilities                    | (0.84)         | (1.81)        |
| <b>Cash generated from operations</b>                         | <b>(10.05)</b> | <b>5.57</b>   |
| <b>Income taxes paid (net of refunds)</b>                     | <b>2.28</b>    | <b>(3.87)</b> |
| <b>Net cash generated by / (used in) operating activities</b> | <b>(7.77)</b>  | <b>1.70</b>   |
| <b>Cash flows from investing activities</b>                   |                |               |
| Proceeds on sale of financial assets                          | (0.01)         | 0.08          |
| Interest received   | 0.03           | -             |
| Amounts advanced by related parties                           | 11.59          | 1.03          |
| Payments for property, plant and equipment                    | (1.21)         | (3.68)        |
| <b>Net cash (used in) / generated by investing activities</b> | <b>10.40</b>   | <b>(2.57)</b> |
| <b>Cash flows from financing activities</b>                   |                |               |
| Proceeds from borrowings                                      | -              | 0.95          |
| Repayment of borrowings                                       | (0.97)         | -             |
| Interest paid   | (0.34)         | (0.42)        |
| <b>Net cash (used in) / generated by financing activities</b> | <b>(1.31)</b>  | <b>0.53</b>   |
| <b>Net increase in cash and cash equivalents</b>              | <b>1.32</b>    | <b>(0.34)</b> |
| Cash and cash equivalents at the beginning of the year        | 1.69           | 2.03          |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>3.01</b>    | <b>1.69</b>   |

See accompanying notes to the financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**

Chartered Accountants

*V. Balaji*

V. Balaji  
Partner



Place : Bangalore  
Date : 23-5-2017

For and on behalf of the Board of Directors

*Dr. Mallesh Hullamani*  
Dr. Mallesh Hullamani  
Director

*Dr. T. Narendra Bhat*  
Dr. T. Narendra Bhat  
Director

Place :  
Date : 23-5-2017



Statement of Changes in Equity for the years ended March 31, 2017 and 2016

a. Equity share capital

|   | Rs. in Million |
|---|----------------|
| Balance at April 1, 2015                        | 9.50           |
| Changes in equity share capital during the year | -              |
| Balance at March 31, 2016                       | 9.50           |
| Changes in equity share capital during the year | -              |
| Balance at March 31, 2017                       | 9.50           |

b. Other Equity

|  | Reserves and Surplus | Items of other comprehensive income                       | Total | Rs. in Million |
|--|----------------------|---|-------|----------------|
|  | Retained earnings    | Remeasurements of the defined benefit liabilities/(asset) |       |                |
| Balance at April 1, 2015                                   | (2.94)               | -   |       | (2.94)         |
| Profit for the year  | 0.06                 | -   |       | 0.06           |
| Other comprehensive income for the year, net of income tax | -                    | (0.04)  |       | (0.04)         |
| Total comprehensive income for the year                    | 0.06                 | (0.04)  |       | 0.02           |
| Balance at March 31, 2016                                  | (2.88)               | (0.04)  |       | (2.92)         |
| Profit for the year  | 2.90                 | -   |       | 2.90           |
| Other comprehensive income for the year, net of income tax | -                    | 0.03  |       | 0.03           |
| Total comprehensive income for the year                    | 2.90                 | 0.03  |       | 2.93           |
| Balance at March 31, 2017                                  | 0.02                 | (0.01)  |       | 0.01           |

See accompanying notes to the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

V.A.

V. Balaji  
Partner



Place: Bangalore

Date: 23-5-2017

For and on behalf of the Board of Directors

V.O.V.

Dr. Mallesh Hullamani  
Director

*[Signature]*  
Dr. T. Narendra Bhat  
Director

Place:

Date: 23-5-2017

## Malnad Hospital & Institute of Oncology Private Limited

### Notes to the financial statements

1 Malnad Hospital & Institute of Oncology Private Limited is engaged in setting up and managing cancer hospitals, cancer centers and medical diagnostic services. The registered office of the company is situated at No. 600/601, Irwin Road, Mysore - 570 001.

### 2 Significant accounting policies

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the applicable Accounting Standards in India ('previous GAAP'). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Company.

#### 2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Use of estimates and judgement

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### a) Revenue Recognition

Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured and corporate patients are subject to approvals for the insurance companies and corporates. Accordingly, the company estimates the amounts likely to be disallowed by such companies based on past trends. Estimations based on past trends are also required in determining the value of consideration from customers to be allocated to award credits for customers.

##### b) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in the depreciation expense in future periods.

##### c) Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### d) Deferred Tax assets

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

##### e) Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2.10.2

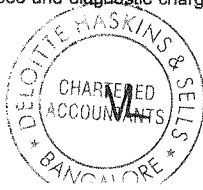
### 2.4 Revenue recognition

#### 2.5.1 Rendering of services Healthcare Services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to Patients. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities. Unbilled revenue is recorded for the service where the patients are not discharged and invoice is not raised for the service.

The service revenues are presented net of related doctor fees and diagnostic charges in cases where the company is not the primary obligor and does not have the pricing latitude.

#### Other Services



## Notes to the financial statements

Income from Clinical Trials on behalf of Pharmaceutical Companies is recognized on completion of the service, based on the terms and conditions specified to each contract.

Other services fee is recognized on basis of the services rendered and as per the terms of the agreement.

### 2.5.2 Sale of Goods

Pharmacy Sales are recognised when the significant risks and rewards of ownership is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates and loyalty points granted upon purchase and are stated net of returns and discounts wherever applicable.

### 2.5.3 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 2.6 Foreign currency translation

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (Rs.)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

### 2.7 Borrowing costs

Borrowing costs include:

- interest expense calculated using the effective interest rate method,
- finance charges in respect of finance leases, and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

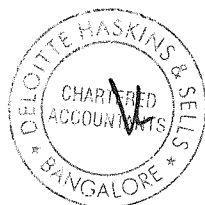
Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.



## Notes to the financial statements

### 2.9 Employee benefits

#### 2.9.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The net interest expense is recognised in the statement of profit and loss in the line item 'Finance costs'.

#### 2.9.2 Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

#### 2.9.3 Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### 2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 2.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Deferred tax assets include Minimum Alternate 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 tax liability. Accordingly, MAT is recognised 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 realised.

#### 2.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.11 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Cost of Property, plant and equipment which are qualifying assets includes, borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

|  |  |
|--|--|
| Buildings (Freehold)                                   | 60 years                                     |
| Buildings (Leasehold) and other leasehold improvements | Lease term or useful life whichever is lower |
| Plant and Medical Equipment                            | 10-15 years                                  |
| Data processing equipment                              | 3-6 years                                    |
| Furniture and fixtures                                 | 10 years                                     |
| Office equipment                                       | 5 years                                      |
| Vehicles   | 8 years                                      |



## Notes to the financial statements

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

For transition to Ind AS, the Company has elected to adopt the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except in respect of buildings under finance lease recognised in previous GAAP, to the extent it included lease component of land.

### 2.12 Intangible assets

#### 2.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### 2.12.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### 2.12.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

| Type of asset                                  | Useful Life |
|--|-------------|
| Computer software and data processing software | 6 years     |

#### 2.12.4 Deemed cost on transition to Ind AS

For transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.13 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT wherever applicable applying FIFO method.

Imported inventories are accounted for at the applicable exchange rates prevailing on the date of transaction.

### 2.14 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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 a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### 2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

#### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss

#### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method

### 2.16 Impairment

#### (i) Financial assets (other than at fair value)



## Notes to the financial statements

The company assesses at each date of balance sheet, whether a financial asset or a Company of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

### (ii) Non-financial assets

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

## 2.17 Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

## 3 Explanation of transition to Ind AS

3.1 The Company has prepared the opening balance sheet as per Ind AS of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain mandatory exceptions under Ind AS 101 and certain optional exemptions permitted under Ind AS 101 availed by the Company as detailed below.

### b) Deemed cost for property, plant and equipment, and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4 The reconciliations between previous GAAP and Ind AS, and explanations for the significant differences on account of transition to Ind AS are explained

#### (i) Equity reconciliation

| Particulars  | Rs. in Million     |                    |
|--|--------------------|--------------------|
|  | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
| Total equity (Shareholders' funds) under previous GAAP | 6.56               | 6.56               |
| Ind AS adjustments:                                    | -                  | -                  |
| <b>Total equity under Ind AS</b>                       | <b>6.56</b>        | <b>6.56</b>        |

#### (ii) Total comprehensive income reconciliation

| Particulars  | Rs. in Million          |
|--|-------------------------|
|  | Year ended<br>31-Mar-16 |
| Net profit / (loss) under Previous GAAP                          | 0.02                    |
| Ind AS adjustments:  |                         |
| Actuarial gains/ losses recognised on other comprehensive income | 0.06                    |
| Deferred tax adjustments on the above (Net)                      | (0.02)                  |
| <b>Net profit / (loss) under Ind AS</b>                          | <b>0.06</b>             |
| <b>Other comprehensive income under Ind AS</b>                   |                         |
| Actuarial gains/ losses recognised on other comprehensive income | (0.06)                  |
| Deferred tax adjustments on the above (Net)                      | 0.02                    |
| <b>Total comprehensive income / (loss) under Ind AS</b>          | <b>0.02</b>             |

#### (iii) Reconciliation of statement of cash flow:

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

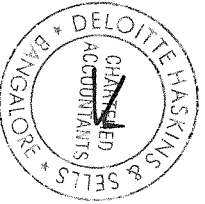


**Mahad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**  
(Amounts in Rs. Million unless otherwise stated)

**5 Property, plant and equipment**

|                           | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|---------------------------|--------------------|--------------------|--------------------|
| Plant and equipment       | 6.44               | 6.49               | 4.81               |
| Office Equipment          | 0.17               | 0.18               | 0.02               |
| Furniture and Fixtures    | 0.96               | 0.95               | 0.79               |
| Data processing equipment | 0.36               | 0.63               | 0.80               |
| Vehicles                  | 0.70               | 0.88               | 0.63               |
|                           | <b>8.63</b>        | <b>9.13</b>        | <b>7.05</b>        |

| Description of Assets               | Property, plant and equipment |                  |                        |                           |          |       |
|-------------------------------------|-------------------------------|------------------|------------------------|---------------------------|----------|-------|
|                                     | Plant and equipment           | Office Equipment | Furniture and Fixtures | Data processing equipment | Vehicles | Total |
| <b>I. Cost or deemed cost</b>       |                               |                  |                        |                           |          |       |
| As at 1 April, 2015                 | 4.81                          | 0.02             | 0.79                   | 0.80                      | 0.63     | 7.05  |
| Additions                           | 2.67                          | 0.17             | 0.33                   | 0.13                      | 0.42     | 3.72  |
| Balance as at 31 March, 2016        | 7.48                          | 0.19             | 1.12                   | 0.93                      | 1.05     | 10.77 |
| Additions                           | 0.78                          | 0.03             | 0.33                   | 0.05                      | -        | 1.19  |
| Balance as at 31 March, 2017        | 8.26                          | 0.22             | 1.45                   | 0.98                      | 1.05     | 11.96 |
| <b>II. Accumulated depreciation</b> |                               |                  |                        |                           |          |       |
| Depreciation expense                | 0.99                          | 0.01             | 0.17                   | 0.30                      | 0.17     | 1.64  |
| Balance as at 31 March, 2016        | 0.99                          | 0.01             | 0.17                   | 0.30                      | 0.17     | 1.64  |
| Depreciation expense                | 0.83                          | 0.04             | 0.32                   | 0.32                      | 0.18     | 1.69  |
| Balance as at 31 March, 2017        | 1.82                          | 0.05             | 0.49                   | 0.62                      | 0.35     | 3.33  |
| Net Block as at 31 March, 2016      | 6.49                          | 0.18             | 0.95                   | 0.63                      | 0.88     | 9.13  |
| Net Block as at 31 March, 2017      | 6.44                          | 0.17             | 0.96                   | 0.36                      | 0.70     | 8.63  |

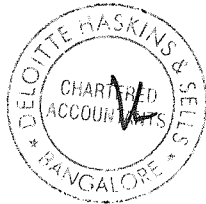


**Malnad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**  
(Amounts in Rs. Million unless otherwise stated)

**6 Other intangible assets**

|                      | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|----------------------|--------------------|--------------------|--------------------|
| Carrying amounts of: |                    |                    |                    |
| Computer software    | 0.10               | 0.13               | 0.16               |
|                      | <b>0.10</b>        | <b>0.13</b>        | <b>0.16</b>        |

| Description of Assets                              | Other intangible assets |             |
|--|-------------------------|-------------|
|  | Computer software       | Total       |
| <b>I. Cost</b>                                     |                         |             |
| As at 1 April, 2015                                | 0.16                    | 0.16        |
| Additions  | -                       | -           |
| <b>Balance as at 31 March, 2016</b>                | <b>0.16</b>             | <b>0.16</b> |
| Additions  | -                       | -           |
| <b>Balance as at 31 March, 2017</b>                | <b>0.16</b>             | <b>0.16</b> |
| <b>II. Accumulated amortisation and impairment</b> |                         |             |
| Amortisation expense                               | 0.03                    | 0.03        |
| <b>Balance as at 31 March, 2016</b>                | <b>0.03</b>             | <b>0.03</b> |
| Amortisation expense                               | 0.03                    | 0.03        |
| <b>Balance as at 31 March, 2017</b>                | <b>0.06</b>             | <b>0.06</b> |
| <b>Net Block as at 31 March, 2016</b>              | <b>0.13</b>             | <b>0.13</b> |
| <b>Net Block as at 31 March, 2017</b>              | <b>0.10</b>             | <b>0.10</b> |





Malnad Hospital & Institute of Oncology Private Limited  
Notes to the financial statements

(Amounts in Rs. Million unless otherwise stated)

7 Loans

|   | 31-Mar-17   |             | 31-Mar-16   |             | 01-Apr-15   |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Non Current | Current     | Non Current | Current     | Non Current | Current     |
| Loans and advances (unsecured) to employees |             |             |             |             |             |             |
| Considered good                             | -           | 0.24        | -           | 0.33        | -           | 0.39        |
| <b>Total</b>                                | -           | <b>0.24</b> | -           | <b>0.33</b> | -           | <b>0.39</b> |

8 Other Financial Assets

|  | 31-Mar-17   |         | 31-Mar-16   |             | 01-Apr-15   |             |
|--|-------------|---------|-------------|-------------|-------------|-------------|
|  | Non Current | Current | Non Current | Current     | Non Current | Current     |
| Security deposits                          | 3.65        | -       | 3.64        | -           | 3.72        | -           |
| Advances to related parties(Refer note 33) | 2.68        | -       | 1.97        | -           | 1.75        | -           |
| Unbilled revenue                           | -           | -       | -           | -           | -           | 0.37        |
| Interest accrued on deposits               | -           | -       | -           | 0.02        | -           | -           |
|  | <b>6.33</b> | -       | <b>5.61</b> | <b>0.02</b> | <b>5.47</b> | <b>0.37</b> |

9 Other Assets

|                            | 31-Mar-17   |             | 31-Mar-16   |             | 01-Apr-15   |             |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                            | Non Current | Current     | Non Current | Current     | Non Current | Current     |
| Unsecured, considered good |             |             |             |             |             |             |
| Prepaid expenses           | -           | 0.18        | -           | 0.12        | -           | 0.11        |
|                            | -           | <b>0.18</b> | -           | <b>0.12</b> | -           | <b>0.11</b> |

10 Inventories

|   | 31-Mar-17   | 31-Mar-16         | 1-Apr-15    |
|---|-------------|-------------------|-------------|
|   | Medicines   | Other Consumables |             |
| a) Inventories (lower of cost and net realisable value) |             |                   |             |
| Medicines   | 0.92        | 0.90              | 0.90        |
| Other Consumables                                       | 0.06        | 0.06              | 0.07        |
|   | <b>0.98</b> | <b>0.96</b>       | <b>0.97</b> |

11 Trade receivables

|   | 31-Mar-17   |              | 31-Mar-16   |              | 01-Apr-15   |              |
|---|-------------|--------------|-------------|--------------|-------------|--------------|
|   | Non Current | Current      | Non Current | Current      | Non Current | Current      |
| Trade receivables (unsecured) consist of following            |             |              |             |              |             |              |
| a) considered good  | -           | 30.05        | -           | 12.47        | -           | 13.31        |
| b) considered doubtful  | -           | 8.68         | -           | 8.68         | -           | 9.55         |
| Allowance for doubtful debts (expected credit loss allowance) | -           | 38.73        | -           | 21.15        | -           | 22.86        |
|   | -           | (8.68)       | -           | (8.68)       | -           | (9.55)       |
|   | -           | <b>30.05</b> | -           | <b>12.47</b> | -           | <b>13.31</b> |

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

11.1 Movement in the expected credit loss allowance

|                                       | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at beginning of the year      |                         |                         |
| Additional provision during the year  | 8.68                    | 9.55                    |
| Reversal of provision during the year | -                       | -                       |
| <b>Balance at end of the year</b>     | <b>8.68</b>             | <b>8.68</b>             |

Note: Trade receivables include dues from companies in which any director is a director or member  
Companies in which any director is a director or member  
Healthcare Global Enterprises Limited  
Gutti Malnad LLP

|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|--|--------------------|--------------------|--------------------|
|  | 0.04               | 0.04               | 0.04               |
|  | 1.15               | 0.57               | -                  |

12 Cash and cash equivalents

|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|---|--------------------|--------------------|--------------------|
| Balances with Banks   |                    |                    |                    |
| - In current accounts   | 2.97               | 1.27               | 1.97               |
| - In deposits accounts  | -                  | 0.36               | -                  |
| Cash on hand  | 0.04               | 0.06               | 0.06               |
| <b>Cash and cash equivalents as per balance sheet</b>           | <b>3.01</b>        | <b>1.69</b>        | <b>2.03</b>        |
| <b>Cash and cash equivalents as per statement of cash flows</b> | <b>3.01</b>        | <b>1.69</b>        | <b>2.03</b>        |

Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBN)\* held and transacted during the period from November 8, 2016 to December 30, 2016 are provided in the table below:

| Particulars   | SBNs     | Other denomination notes | Total       |
|---|----------|--------------------------|-------------|
| Closing cash in hand as on November 8, 2016         | 0.06     | 0.01                     | 0.07        |
| (+) Permitted receipts                              | -        | 2.73                     | 2.73        |
| (-) Permitted payments                              | -        | (0.03)                   | (0.03)      |
| (-) Amount deposited in Banks                       | (0.06)   | (2.65)                   | (2.71)      |
| <b>Closing cash in hand as on December 30, 2016</b> | <b>-</b> | <b>0.06</b>              | <b>0.06</b> |

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



**Malnad Hospital & Institute of Oncology Private Limited**  
Notes to the financial statements

(Amounts in Rs. Million unless otherwise stated)

**13 Equity Share Capital**

|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
|---|--------------------|--------------------|-------------------|
| <b>Authorised Share capital :</b><br>150,000 fully paid equity shares of Rs.100 each  | 15.00              | 15.00              | 15.00             |
| <b>Issued and subscribed capital comprises:</b><br>94,956 fully paid equity shares of Rs.100 each (as at March 31, 2016: 94,956; as at April 1, 2015: 94,956) | 9.50               | 9.50               | 9.50              |

**13.1 Fully paid equity shares**

|                           | Number of shares | Share capital<br>(Amount) |
|---------------------------|------------------|---------------------------|
| Balance at April 1, 2015  | 94,956           | 9.50                      |
| Issued during the year    | -                | -                         |
| Balance at March 31, 2016 | 94,956           | 9.50                      |
| Issued during the year    | -                | -                         |
| Balance at March 31, 2017 | 94,956           | 9.50                      |

Fully paid equity shares, which have a par value of Rs.100, carry one vote per share and carry a right to dividends. The Company has only one class of equity share having a par value of Rs.100/- each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

**13.2 Details of shares held by each shareholder holding more than 5% shares**

|                                       | As at March 31, 2017     |                               | As at March 31, 2016     |                               | As at April 1, 2015      |                               |
|---------------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|
|                                       | Number of<br>Shares held | % holding of<br>equity shares | Number of<br>Shares held | % holding of<br>equity shares | Number of<br>Shares held | % holding of<br>equity shares |
| <b>Fully paid equity shares</b>       |                          |                               |                          |                               |                          |                               |
| HealthCare Global Enterprises Limited | 66,706                   | 70.25%                        | 66,706                   | 70.25%                        | 66,706                   | 70.25%                        |

**14 Other equity**

|   | Note | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
|---|------|--------------------|--------------------|-------------------|
| Retained earnings   | 14.1 | 0.02               | (2.88)             | (2.94)            |
| Remeasurements of the defined benefit liabilities / (asset) | 14.2 | (0.01)             | (0.04)             | -                 |
|   |      | <u>0.01</u>        | <u>(2.92)</u>      | <u>(2.94)</u>     |

**14.1 Retained earnings**

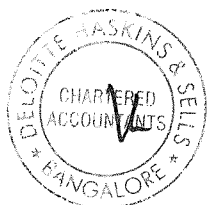
|  | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|--|-------------------------|-------------------------|
| Balance at beginning of year                 |                         | (2.88)                  |
| Profit attributable to owners of the company | 2.90                    | 0.06                    |
| Balance at end of year                       | <u>0.02</u>             | <u>(2.88)</u>           |

**14.2 Remeasurements of the defined benefit liabilities / (asset)**

|   | Year ended<br>31-Mar-17 | Year ended<br>31-Mar-16 |
|---|-------------------------|-------------------------|
| Balance at beginning of year  |                         | (0.04)                  |
| Other comprehensive income arising from remeasurement of defined benefit obligation | 0.03                    | (0.04)                  |
| Balance at end of year  | <u>(0.01)</u>           | <u>(0.04)</u>           |

**15 Borrowings**

|   | As at March 31, 2017 |          | As at March 31, 2016 |          | As at April 1, 2015 |          |
|---|----------------------|----------|----------------------|----------|---------------------|----------|
|   | Non Current          | Current  | Non Current          | Current  | Non Current         | Current  |
| <b>Secured - at amortised cost</b>                          |                      |          |                      |          |                     |          |
| (i) Term loans  |                      |          |                      |          |                     |          |
| from banks  | 1.61                 | -        | 2.32                 | -        | 0.95                | -        |
| (ii) Vehicle Loan   | 0.19                 | -        | 0.24                 | -        | 0.29                | -        |
| (iii) Loans and advance from related parties(Refer Note 33) | -                    | -        | 0.30                 | -        | 1.11                | -        |
| <b>Total</b>  | <u>1.80</u>          | <u>-</u> | <u>2.86</u>          | <u>-</u> | <u>2.35</u>         | <u>-</u> |



15.1 Summary of borrowing arrangements

| Particulars   | 31-Mar-17   | 31-Mar-16   | 31-Mar-15   |
|---|-------------|-------------|-------------|
|   | Rs.         | Rs.         | Rs.         |
| <b>(i) Secured term loan from bank:</b>   |             |             |             |
| <b>Facility-1</b>   |             |             |             |
| Non-current portion   |             |             |             |
| Amounts included under Current maturities of long-term debt   | 0.57        | 0.78        | 0.95        |
| - Security: Term loan is secured by hypothecation against medical equipment of Malnad Hospital & Institute of Oncology Private Limited purchased out of finance | 0.21        | 0.18        | 0.17        |
| - Rate of interest: Bank's base rate + 2.75% p.a  |             |             |             |
| - Payable in 84 monthly installments commencing from the date of  |             |             |             |
| <b>Facility-2</b>   |             |             |             |
| Non-current portion   |             |             |             |
| Amounts included under current maturities of long-term debt   | 1.04        | 1.54        | -           |
| - Security: Term loan is secured by hypothecation against medical equipment purchased out of finance Malnad Hospital & Institute of Oncology Private Limited.   | 0.49        | 0.43        | -           |
| - Rate of interest: Bank's base rate + 2.75% p.a  |             |             |             |
| - Payable in 57 monthly installments commencing from the date of borrowing after moratorium period of 3 months.   |             |             |             |
| <b>(ii) Secured vehicle loan from bank:</b>   |             |             |             |
| Non-current portion   |             |             |             |
| Amounts included under Current maturities of long-term debt   | 0.19        | 0.24        | 0.29        |
|   | 0.04        | 0.04        | 0.04        |
| <b>(iii) Unsecured loans from related party, the Holding Company</b>  |             |             |             |
| Non-current portion   |             |             |             |
| Amounts included under Current maturities of long-term debt   | -           | 0.30        | 1.11        |
| Repayment terms: Loan repayable as and when the internal generation supports the repayment or a suitable alternative third party funding is available.          |             |             |             |
| Rate of interest: 12.00% p.a  |             |             |             |
| <b>Total</b>  | <b>2.54</b> | <b>3.51</b> | <b>2.56</b> |
| <b>Non-current portion</b>  | <b>1.80</b> | <b>2.86</b> | <b>2.35</b> |
| <b>Amounts included under Current maturities of long-term debt</b>  | <b>0.74</b> | <b>0.65</b> | <b>0.21</b> |

16 Other Financial liabilities

- a) Current maturities of long-term debt (Refer note 15.1)  
b) Interest payable to holding company (Refer Note 33)  
c) Advance payable to holding company (Refer Note 33)  
d) Payables on purchase of fixed assets

|              | As at March 31, 2017 |              | As at March 31, 2016 |              | As at April 1, 2015 |             |
|--------------|----------------------|--------------|----------------------|--------------|---------------------|-------------|
|              | Non Current          | Current      | Non Current          | Current      | Non Current         | Current     |
| a)           | -                    | 0.74         | -                    | 0.65         | -                   | 0.21        |
| b)           | -                    | 0.30         | -                    | 0.30         | -                   | 0.20        |
| c)           | -                    | 22.87        | -                    | 10.57        | -                   | 9.32        |
| d)           | -                    | 0.06         | -                    | 0.08         | -                   | 0.04        |
| <b>Total</b> | <b>-</b>             | <b>23.97</b> | <b>-</b>             | <b>11.60</b> | <b>-</b>            | <b>9.77</b> |

17 Provisions

- Employee benefits  
Gratuity (Refer note 30.2)  
Compensated absences

|                      | As at March 31, 2017 |             | As at March 31, 2016 |             | As at April 1, 2015 |             |
|----------------------|----------------------|-------------|----------------------|-------------|---------------------|-------------|
|                      | Non Current          | Current     | Non Current          | Current     | Non Current         | Current     |
| Gratuity             | 1.19                 | 0.01        | 0.95                 | -           | 0.68                | -           |
| Compensated absences | 0.17                 | 0.04        | 0.10                 | 0.03        | -                   | 0.17        |
| <b>Total</b>         | <b>1.36</b>          | <b>0.05</b> | <b>1.05</b>          | <b>0.03</b> | <b>0.68</b>         | <b>0.17</b> |

18 Trade Payables

- Trade payables  
**Total**

|                | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|----------------|-----------------|-----------------|-----------------|
| Trade payables | 12.70           | 10.99           | 7.46            |
| <b>Total</b>   | <b>12.70</b>    | <b>10.99</b>    | <b>7.46</b>     |

There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date.

The information regarding Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

19 Other liabilities

- (a) Advance from customers  
(b) Statutory remittances  
**Total**

|              | As at March 31, 2017 |             | As at March 31, 2016 |             | As at April 1, 2015 |             |
|--------------|----------------------|-------------|----------------------|-------------|---------------------|-------------|
|              | Non Current          | Current     | Non Current          | Current     | Non Current         | Current     |
| (a)          | -                    | 3.14        | -                    | 3.99        | -                   | 5.76        |
| (b)          | -                    | 0.27        | -                    | 0.26        | -                   | 0.30        |
| <b>Total</b> | <b>-</b>             | <b>3.41</b> | <b>-</b>             | <b>4.25</b> | <b>-</b>            | <b>6.06</b> |



**Malnad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**

(Amounts in Rs. Million unless otherwise stated)

**20 Revenue from Operations**

|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| (a) Revenue from rendering of healthcare services | 24.89                        | 27.68                        |
| (b) Revenue from sales at pharmacies              | 21.35                        | 10.86                        |
| (c) Other operating revenues                      | 0.45                         | 0.49                         |
|   | <b>46.69</b>                 | <b>39.03</b>                 |

**21 Other Income**

|                              | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|------------------------------|------------------------------|------------------------------|
| a) Interest on bank deposits | 0.01                         | 0.02                         |
| b) Miscellaneous income      | 0.03                         | 0.19                         |
|                              | <b>0.04</b>                  | <b>0.21</b>                  |

**22 Employee benefits expense**

|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| Salaries and wages  | 8.36                         | 6.24                         |
| Contribution to provident and other funds (Refer note 30.1) | 1.14                         | 0.99                         |
| Gratuity Expenses (Refer note 30.2)                         | 0.25                         | 0.21                         |
| Staff welfare expenses                                      | 0.55                         | 0.51                         |
|   | <b>10.30</b>                 | <b>7.95</b>                  |

**23 Finance costs**

|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| (a) Interest costs :-                                       |                              |                              |
| - Interest on bank overdrafts and loans                     | 0.34                         | 0.40                         |
| - Interest on loans from related parties (Refer note 33)    | -                            | 0.11                         |
| - Interest on defined benefit obligations (Refer note 30.2) | 0.07                         | 0.05                         |
| (b) Other borrowing cost:                                   |                              |                              |
| - Bank charges  | 0.02                         | -                            |
| - Loan processing charges                                   | -                            | 0.01                         |
|   | <b>0.43</b>                  | <b>0.57</b>                  |

**24 Depreciation and amortisation expense**

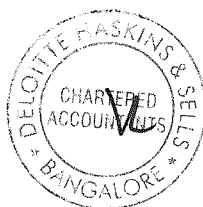
|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| Depreciation of property, plant and equipment      | 1.69                         | 1.64                         |
| Amortisation of intangible assets                  | 0.03                         | 0.03                         |
| <b>Total depreciation and amortisation expense</b> | <b>1.72</b>                  | <b>1.67</b>                  |

**25 Other expenses**

|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| Power and fuel                             | 0.43                         | 0.36                         |
| House Keeping Expenses                     | 1.04                         | 0.77                         |
| Rent (Refer note 29.1)                     | 0.76                         | 0.79                         |
| Repairs to Buildings                       | 0.11                         | 0.06                         |
| Repairs to Machinery                       | 0.09                         | 0.05                         |
| Office Maintenance & Others                | 0.77                         | 0.57                         |
| Insurance                                  | 0.10                         | 0.09                         |
| Rates and Taxes, excluding taxes on income | 0.08                         | 0.11                         |
| Printing & Stationery                      | 0.36                         | 0.26                         |
| Advertisement, Publicity & Marketing       | 0.32                         | 0.51                         |
| Travelling & Conveyance                    | 0.65                         | 0.22                         |
| Legal & Professional Fees                  | 0.16                         | 0.08                         |
| Audit Fee (Refer note 25.1)                | 0.17                         | 0.17                         |
| Medical consultancy charges                | 8.89                         | 8.01                         |
| Telephone Expenses                         | 0.13                         | 0.14                         |
| Provision for Bad Debts/(written back)     | -                            | (0.87)                       |
| Lab charges                                | 2.46                         | 3.32                         |
| Miscellaneous expenses                     | 0.61                         | 1.87                         |
|  | <b>17.13</b>                 | <b>16.51</b>                 |

**25.1 Payments to auditors**

|  |             |             |
|--|-------------|-------------|
| a) For audit of financial statements               | 0.15        | 0.15        |
| b) Out of pocket expenses and service tax on above | 0.02        | 0.02        |
|  | <b>0.17</b> | <b>0.17</b> |



**Malnad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**

(Amounts in Rs. Million unless otherwise stated)

**26 Income tax expense**

**26.1 Income tax recognised in the Statement of profit and loss**

Current tax:

In respect of the current year

|             |          |
|-------------|----------|
| 1.41        | -        |
| <b>1.41</b> | <b>-</b> |

Deferred tax

In respect of the current year

|               |             |
|---------------|-------------|
| -             | 0.14        |
| <b>(0.06)</b> | <b>0.14</b> |

**Total income tax expense recognised in the Statement of profit and loss**

|             |             |
|-------------|-------------|
| <b>1.35</b> | <b>0.14</b> |
|-------------|-------------|

The reconciliation between the income tax expense of the company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Profit before tax for the year

|      |      |
|------|------|
| 4.25 | 0.20 |
|------|------|

Enacted income tax rate in India

|        |        |
|--------|--------|
| 30.90% | 30.90% |
|--------|--------|

Computed expected tax expense

|      |      |
|------|------|
| 1.31 | 0.06 |
|------|------|

Effect of:

Effect of expenses that are not deductible in determining taxable profit

|             |             |
|-------------|-------------|
| 0.04        | 0.08        |
| <b>1.35</b> | <b>0.14</b> |

**26.2 Deferred tax balances**

Deferred Tax Assets

Total

|             | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|-------------|--------------------|--------------------|--------------------|
| 3.09        | 3.02               | 3.18               |                    |
| <b>3.09</b> | <b>3.02</b>        | <b>3.18</b>        |                    |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

Deferred tax assets / (liabilities) in relation to

|                               | Opening<br>Balance | Recognised in<br>Statement of<br>Profit and Loss | Recognised in other<br>comprehensive<br>income | Closing<br>Balance |
|-------------------------------|--------------------|--|--|--------------------|
| Property, plant and equipment | (0.40)             | 0.09   | -  | (0.31)             |
| Provision for doubtful debts  | 2.68               | -  | -  | 2.68               |
| Defined benefit obligation    | 0.55               | 0.03   | 0.01   | 0.59               |
| Tax losses                    | 0.06               | (0.06)   | -  | -                  |
| Others                        | 0.13               | -  | -  | 0.13               |
|                               | <b>3.02</b>        | <b>0.06</b>                                      | <b>0.01</b>                                    | <b>3.09</b>        |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

Deferred tax assets / (liabilities) in relation to

|                               | Opening Balance | Recognised in<br>Profit or Loss | Recognised in other<br>comprehensive<br>income | Closing Balance |
|-------------------------------|-----------------|---------------------------------|--|-----------------|
| Property, plant and equipment | (0.41)          | 0.01                            | -  | (0.40)          |
| Provision for doubtful debts  | 3.10            | (0.42)                          | -  | 2.68            |
| Defined benefit obligation    | 0.39            | 0.18                            | (0.02)   | 0.55            |
| Tax losses                    | -               | 0.06                            | -  | 0.06            |
| Others                        | 0.10            | 0.03                            | -  | 0.13            |
|                               | <b>3.18</b>     | <b>(0.14)</b>                   | <b>(0.02)</b>                                  | <b>3.02</b>     |

Under the Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. Tax benefits on unabsorbed business losses have been recognised as deferred tax asset as it is probable that the future economic benefits associated with the asset will be realised.

**26.3 Income tax assets (Net)**

Advance Tax (Net of provision for tax)

|             | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|-------------|--------------------|--------------------|--------------------|
| 0.19        | 3.88               | 0.01               |                    |
| <b>0.19</b> | <b>3.88</b>        | <b>0.01</b>        |                    |



**Malnad Hospital & Institute of Oncology Private Limited**  
**Notes to the financial statements**

(Amounts in Rs. Million unless otherwise stated)

**27 Earnings per Share**

**27.1 Basic earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

|   |              |             |
|---|--------------|-------------|
| Profit / (loss) for the year attributable to owners of the Company                    | 2.90         | 0.06        |
| The earnings used in the calculation of basic earnings per share                      | 2.90         | 0.06        |
| Weighted average number of equity shares for the purposes of basic earnings per share | 94,956       | 94,956      |
| <b>Basic earnings per share for the year (amount in Rs.)</b>                          | <b>30.54</b> | <b>0.63</b> |

**27.2 Diluted earnings per share**

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

|  |              |             |
|--|--------------|-------------|
| Earnings used in the calculation of diluted earnings per share                                 | 2.90         | 0.06        |
| Weighted average number of equity shares used in the calculation of diluted earnings per share | 94,956       | 94,956      |
| <b>Diluted earnings per share for the year (amount in Rs.)</b>                                 | <b>30.54</b> | <b>0.63</b> |

**28 Segment information**

The company is mainly engaged in the business of setting up and managing hospitals and medical diagnostic services which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.



(Amounts in Rs. Million unless otherwise stated)

29 Leasing arrangements: The company being a lessee

29.1 Operating lease arrangements

The Company's significant cancellable leasing arrangements are mainly in respect of its hospital premises and equipments. The aggregate lease rentals payable on these cancellable arrangements charged to the Statement of Profit and Loss amounting to Rs.0.76 million(Previous Year -Rs.0.79 million).

30 Employee benefit plans

30.1 Defined contribution plans

The company has defined contribution plan in form of Provident Fund & Pension Scheme and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss in respect of such schemes are given below:

| Particulars   | Year ended  | Year ended  |
|---|-------------|-------------|
|   | 31-Mar-17   | 31-Mar-16   |
| Contribution to Provident Fund & Pension Scheme, included under contribution to provident and other funds | 1.14        | 0.99        |
| Contribution to Employee State Insurance Scheme, included under staff welfare expenses                    | 0.31        | 0.28        |
|   | <u>1.45</u> | <u>1.27</u> |

30.2 Defined benefit plans

The company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

|                                     | Valuation as at |           |           |
|-------------------------------------|-----------------|-----------|-----------|
|                                     | 31-Mar-17       | 31-Mar-16 | 01-Apr-15 |
| Discount rate(s)                    | 7.25%           | 7.60%     | 7.80%     |
| Expected rate(s) of salary increase | 5.00%           | 5.00%     | 5.00%     |
| Rate of return on plan assets       | 7.25%           | 7.60%     | 7.80%     |
| Employee turnover rate              | 15.15%          | 12.90%    | 15.79%    |

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows.

|  | 31-Mar-17   | 31-Mar-16   |
|--|-------------|-------------|
| Current service cost   |             |             |
| Past service cost and (gain)/loss from settlements                                 | 0.25        | 0.21        |
| Net interest expense   | -           | -           |
| Components of defined benefit costs recognised in the Statement of profit and loss | <u>0.07</u> | <u>0.05</u> |
| Service cost recognised in employee benefits expense in Note 22                    | <u>0.32</u> | <u>0.26</u> |
| Net interest expense recognised in finance costs in Note 23                        | 0.25        | 0.21        |
|  | <u>0.07</u> | <u>0.05</u> |

Remeasurement on the net defined benefit liability:

|   |               |             |
|---|---------------|-------------|
| Return on plan assets (excluding amounts included in net interest expense)                  | -             | -           |
| Actuarial (gains) / losses arising from changes in demographic assumptions                  | -             | -           |
| Actuarial (gains) / losses arising from changes in financial assumptions                    | -             | -           |
| Actuarial (gains) / losses arising from experience adjustments                              | (0.05)        | 0.05        |
| Remeasurement of plan assets  | 0.01          | 0.01        |
| Adjustments for restrictions on the defined benefit asset                                   | -             | -           |
| Remeasurement on the net defined benefit liability recognised in other comprehensive income | <u>(0.04)</u> | <u>0.06</u> |

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

|   | 31-Mar-17     | 31-Mar-16     | 01-Apr-15     |
|---|---------------|---------------|---------------|
| Present value of funded defined benefit obligation    |               |               |               |
| Fair value of plan assets                             | (1.41)        | (1.14)        | (0.86)        |
| Funded status   | <u>0.22</u>   | <u>0.19</u>   | <u>0.19</u>   |
| Restrictions on asset recognised                      | (1.20)        | (0.95)        | (0.68)        |
| Net liability arising from defined benefit obligation | <u>(1.20)</u> | <u>(0.95)</u> | <u>(0.68)</u> |

Movements in the present value of the defined benefit obligation are as follows.

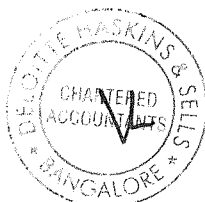
|  | 31-Mar-17   | 31-Mar-16   |
|--|-------------|-------------|
| Opening defined benefit obligation   |             |             |
| Current service cost   | 1.03        | 0.86        |
| Interest cost  | 0.25        | 0.21        |
| Remeasurement (gains)/losses:  | 0.09        | 0.07        |
| Actuarial gains and losses arising from changes in demographic assumptions | -           | -           |
| Actuarial gains and losses arising from changes in financial assumptions   | 0.04        | -           |
| Actuarial gains and losses arising from experience adjustments             | (0.05)      | (0.05)      |
| Benefits paid  | (0.08)      | (0.06)      |
| Closing defined benefit obligation   | <u>1.28</u> | <u>1.03</u> |

Movements in the fair value of the plan assets are as follows.

|  | Year ended  | Year ended  |
|--|-------------|-------------|
|  | 31-Mar-17   | 31-Mar-16   |
| Opening fair value of plan assets  |             |             |
| Interest income  | 0.19        | 0.19        |
| Remeasurement gain (loss):   | 0.02        | 0.01        |
| Return on plan assets (excluding amounts included in net interest expense) | 0.01        | (0.01)      |
| Contributions from the employer  | -           | -           |
| Closing fair value of plan assets  | <u>0.22</u> | <u>0.19</u> |

The fair value of the plan assets at the end of the reporting period for each category, are as follows

|                       | Fair value of plan assets as at |             |             |
|-----------------------|---------------------------------|-------------|-------------|
|                       | 31-Mar-17                       | 31-Mar-16   | 01-Apr-15   |
| Corporate bonds       | -                               | -           | -           |
| Equity mutual funds   | -                               | -           | -           |
| Government securities | -                               | -           | -           |
| Insurer-managed funds | 0.22                            | 0.19        | 0.19        |
| Total                 | <u>0.22</u>                     | <u>0.19</u> | <u>0.19</u> |



The actual return on plan assets was Rs.0.03 million (for the year ended March 31, 2016: Rs.0.01 million).

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

If discount rate increases (decreases) by 1%, the defined benefit obligation would decrease by Rs 0.07 million (increase by Rs 0.07 million) as at March 31, 2017

If salary growth rate increases (decreases) by 1%, the defined benefit obligation would increase by Rs 0.08 million (decrease by Rs 0.08 million) as at March 31, 2017

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation at March 31, 2017 is 5.59 years (as at March 31, 2016 6.52 years)

Maturity profile of defined benefit obligation:

Particulars

Within 1 year  
1-2 year  
2-3 year  
3-4 year  
4-5 year  
5-10 year  
>10 year

|  | As at     |           |           |
|--|-----------|-----------|-----------|
|  | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|  | 0.22      | 0.19      | 0.11      |
|  | 0.21      | 0.21      | 0.12      |
|  | 0.19      | 0.23      | 0.16      |
|  | 0.18      | 0.23      | 0.15      |
|  | 0.18      | 0.26      | 0.17      |
|  | 0.60      | 1.26      | 1.00      |
|  | 0.62      | 2.09      | 3.04      |
|  | 2.20      | 4.47      | 4.75      |





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**31 Financial instruments**

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and April 1, 2015 is as follows:

| Particulars                  | Carrying value as at |              |              | Fair value as at |              |              |
|------------------------------|----------------------|--------------|--------------|------------------|--------------|--------------|
|                              | 31-Mar-17            | 31-Mar-16    | 01-Apr-15    | 31-Mar-17        | 31-Mar-16    | 01-Apr-15    |
| <b>Financial assets</b>      |                      |              |              |                  |              |              |
| <b>Amortised cost</b>        |                      |              |              |                  |              |              |
| Loans                        | 0.24                 | 0.33         | 0.39         | 0.24             | 0.33         | 0.39         |
| Trade receivable             | 30.05                | 12.47        | 13.31        | 30.05            | 12.47        | 13.31        |
| Cash and cash equivalents    | 3.01                 | 1.69         | 2.03         | 3.01             | 1.69         | 2.03         |
| Other financial assets       | 6.33                 | 5.63         | 5.84         | 6.33             | 5.63         | 5.84         |
| <b>Total assets</b>          | <b>39.63</b>         | <b>20.12</b> | <b>21.57</b> | <b>39.63</b>     | <b>20.12</b> | <b>21.57</b> |
| <b>Financial liabilities</b> |                      |              |              |                  |              |              |
| <b>Amortised cost</b>        |                      |              |              |                  |              |              |
| Loans and borrowings         | 1.80                 | 2.86         | 2.35         | 1.80             | 2.86         | 2.35         |
| Trade payables               | 12.70                | 10.99        | 7.46         | 12.70            | 10.99        | 7.46         |
| Other financial liabilities  | 23.97                | 11.60        | 9.77         | 23.97            | 11.60        | 9.77         |
| <b>Total liabilities</b>     | <b>38.47</b>         | <b>25.45</b> | <b>19.58</b> | <b>38.47</b>     | <b>25.45</b> | <b>19.58</b> |

The management assessed that fair value of cash and cash equivalents, trade receivables, unbilled revenue, loans and trade payables, approximate their carrying amounts largely due to the short-term maturities of these instruments. Difference between carrying amounts and fair values of bank deposits, other financial assets, borrowings and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

**32 Financial risk management**

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments. The company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the company.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

**a) Trade and other receivables**

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the company does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 11.1 of the financial statement.

For trade receivables, provision is provided by the company as per the below mentioned policy:

| Particulars                                | As at     |           |           |
|--|-----------|-----------|-----------|
|  | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
| Self paid/private patients- amount due for |           |           |           |
| < 2 months                                 | 2%        | 2%        | 2%        |
| >2months                                   | 100%      | 100%      | 100%      |
| <b>Government</b>                          |           |           |           |
| 0 - 6 months                               | 9%        | 9%        | 9%        |
| 6 months - 1 year                          | 17%       | 17%       | 17%       |
| 1 - 2 year                                 | 36%       | 36%       | 36%       |
| 2 - 3 year                                 | 57%       | 57%       | 57%       |
| 3 years and above                          | 100%      | 100%      | 100%      |
| TPAs (Third party Administrator)           |           |           |           |
| 0 - 6 months                               | 7%        | 7%        | 7%        |
| 6 months - 1 year                          | 17%       | 17%       | 17%       |
| More than 1 year                           | 100%      | 100%      | 100%      |

The Company's exposure to customers is diversified. No single customer contributes to more than 10% of the outstanding receivable and unbilled revenue as of March 31, 2017, March 31, 2016 and April 1, 2015.

Geographic concentration of credit risk: The company has a geographic concentration of trade receivables and unbilled revenue in India.



b) Investments and cash deposits

The company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the company has unutilized credit limits with banks.

The company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the company is given below:

| Particulars               | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>01-Apr-15 |
|---------------------------|--------------------|--------------------|--------------------|
| Cash and cash equivalents | 3.01               | 1.69               | 2.03               |
| <b>Total</b>              | <b>3.01</b>        | <b>1.69</b>        | <b>2.03</b>        |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015:

| Particulars                 | As at March 31, 2017 |             |             |             |             |
|-----------------------------|----------------------|-------------|-------------|-------------|-------------|
|                             | Less than 1 year     | 1-2 years   | 2-3 years   | 3-4 years   | 5 years and |
| Borrowings - Bank           | 0.74                 | 0.78        | 0.88        | 0.14        | 0.01        |
| Trade payables              | 12.70                | -           | -           | -           | -           |
| Other financial liabilities | 23.97                | -           | -           | -           | -           |
| <b>Total</b>                | <b>37.41</b>         | <b>0.78</b> | <b>0.88</b> | <b>0.14</b> | <b>0.01</b> |
| Particulars                 | As at March 31, 2016 |             |             |             |             |
|                             | Less than 1 year     | 1-2 years   | 2-3 years   | 3-4 years   | 5 years and |
| Borrowings - Bank           | 0.65                 | 0.71        | 0.83        | 0.88        | 0.14        |
| Trade payables              | 10.99                | -           | -           | -           | -           |
| Other financial liabilities | 11.60                | -           | -           | -           | -           |
| <b>Total</b>                | <b>23.24</b>         | <b>0.71</b> | <b>0.83</b> | <b>0.88</b> | <b>0.14</b> |
| Particulars                 | As at April 1, 2015  |             |             |             |             |
|                             | Less than 1 year     | 1-2 years   | 2-3 years   | 3-4 years   | 5 years and |
| Borrowings                  | 0.21                 | 0.21        | 0.22        | 0.25        | 0.56        |
| Trade payables              | 7.46                 | -           | -           | -           | -           |
| Other financial liabilities | 9.77                 | -           | -           | -           | -           |
| <b>Total</b>                | <b>17.44</b>         | <b>0.21</b> | <b>0.22</b> | <b>0.25</b> | <b>0.56</b> |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's debt obligations with floating interest rates and investments. Such risks are overseen by the company's corporate treasury department as well as senior management.



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**Note 33 Related Party Disclosure**

**A. Details of related parties:**

| Description of relationship  | Names of related parties  |
|--|---|
| Holding Company (HC)   | HealthCare Global Enterprises Limited   |
| Fellow Subsidiaries(FS)  | HealthCare Global Senthil-Multi Specialty Hospital Private Limited  |
| Companies in which KMP / Relatives of KMP can exercise significant influence | Bharath Hospital and Institute of Oncology<br>Sada Sarada Tumor & Research Institute<br>B.C.C.H.I Trust<br>Gutti Malnad LLP |
| Key management personnel(KMP)  | Non-executive directors<br>T.Narendra Bhat<br>Mallesh Hullamani<br>B.S Ajaikumar  |

