



## INDEPENDENT AUDITOR'S REPORT

To,

The Members of  
IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED

### Opinion

We have audited the accompanying Standalone financial statements of M/s. IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED ("the Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of Matters**

We draw attention to note 3.2 (Basis of preparation of Ind AS financial statements) and note 5 (Property, Plant and Equipment and Capital work in progress) to the Ind AS financial statements in respect of proceedings initiated against the company by Government of Karnataka.

Also, we draw attention to note 27.2 (Expenditure incurred for corporate social responsibility) to the Ind AS financial statements in respect of unspent Corporate Social Responsibility (CSR) obligation for the Financial Year 2019-2020.

Our opinion is not modified in respect of these matters.

## **Responsibility of Management for the Standalone 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 standalone 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act and accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

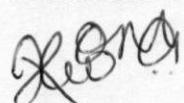
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 3.2 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For Nagar & Navada  
Chartered Accountants

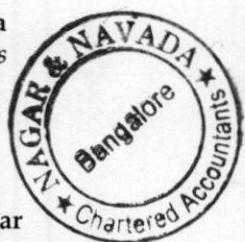
FRN: 015832S



CA Sandhya P Nagar  
(Partner)

Membership No: 229158

UDIN: 20229158AAAAAL4702



Place: Bangalore  
Date: 10-06-2020

## ANNEXURE -"A" To the Independent Auditor's Report

The Annexure Referred to in the Auditor's report to the **IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED** ("the Company"), for the year ended 31st March 2020. We report that:

- i. On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a policy of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The title deeds of immovable properties are held in the name of the company subject to Note 3.2 of financial statements and EOM of audit report.
- ii. The company is a service-oriented company primarily rendering medical/hospital services. The inventory carried, being in the nature of medical consumables, utilities, surgical consumables, patient implants, etc. held by the company is for use in the delivery of these services.
  - (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) The discrepancies noticed on verification of inventory as compared to books records which has been properly dealt with in the books of accounts were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- iv. In respect of loans, investments and guarantees to which the provision of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The Company has not accepted any deposits from the public. Therefore, the directives issued by RBI and the provision of Sec 73 to Sec 76 or any other provisions of the Companies Act, 2013 and the rules framed there under do not apply. Accordingly, paragraph 3(v) of the Order is not applicable.
- vi. Maintenance of Cost records specified under sub-section (1) of Section 148 of the Companies Act, 2013 is applicable and have been maintained.

vii. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, GST, custom duty, cess and other material statutory dues applicable to it.

(a) According to the information and explanations given to us and to the best of our knowledge, no undisputed amounts payable in respect of income tax, wealth tax, GST, service tax and cess were in arrears, as at 31st March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax, sales tax, GST and custom duty, excise duty and cess, which have not been deposited on account of any dispute.

viii. Based on our audit procedures and on the information and explanation given by the management, the Company has not defaulted in repayment of dues with regard to loans or borrowings.

(a) In our opinion and according to the information and explanation given to us, the company has availed term loan and said term loans have been used for the purpose for which they have been obtained.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised monies by way of public issue/follow-up offer (including debt instruments).

x. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Co, and therefore clause 3(12) of the Order is not applicable to the company.

xiii. All transactions with the related parties are in compliance with Section 188 and Section 177 of the Companies Act,2013 and the details thereof have been disclosed in the Financials Statements etc. as required by the Indian Accounting standards (Ind AS) and Companies Act,2013.

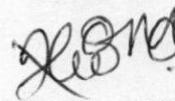
xiv. The Company has not made any preferential allotment/private placement of the shares during the year and therefore clause 3(xiv) of the Order is not applicable to the Company.

- xv. According to the explanations and information's given to us, the Company has not entered into any non-cash transaction with directors/persons connected with him and therefore clause 3(xv) of the order is not applicable to the company.
- xvi. The company is not a financial institution. Hence it is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the company.

For Nagar & Navada

Chartered Accountants

FRN: 015832S

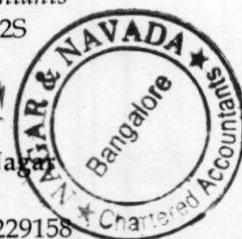


CA Sandhya P Nagar

(Partner)

Membership No: 229158

UDIN: 20229158AAAAAL4702



Place: Bangalore

Date: 10-06-2020

## **ANNEXURE -"B" To the Independent Auditor's Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED** ("the Company"), as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management Responsibility for Internal Financials Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on materiality level. These responsibilities include the design, implementation and maintenance of adequate internal financials 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.

#### **Auditors' 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 aspects.

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 reporting included obtaining an understanding of internal 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 purpose in accordance with generally accepted accounting principles. A Company's Internal Financial reporting includes those policies and procedures that:

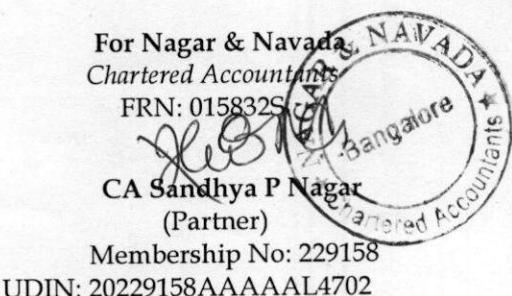
- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 the financial reporting, including the possibility of conclusion 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 may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has in all material aspects, an adequate internal financial controls system over financial reporting were operating effectively as at March 31st, 2020 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 issued by the ICAI.



Place: Bangalore  
Date: 10-06-2020

# Imperial Hospital & Research Centre Limited

## Balance Sheet as at March 31, 2020

(All amounts are in INR unless otherwise stated)

	Note No	As at 31-Mar-20	As at 31-Mar-19
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	1,97,23,01,197	1,68,28,37,749
(b) Right of Use of Asset	5	4,49,04,162	-
(c) Capital work-in-progress	5	3,52,66,000	-
(d) Other intangible assets	6	56,70,860	57,09,672
(e) Financial assets			
(i) Investments (others)	7	5,00,000	5,00,000
(ii) Other financial assets	10	7,45,78,685	7,49,68,685
(f) Deferred tax assets (Net)	11	63,77,133	2,69,65,700
(g) Non-Current tax assets (Net)	20	12,54,92,181	7,25,79,876
(h) Other non-current assets	13	36,79,974	1,09,91,819
<b>Total non - current assets</b>		<b>2,26,87,70,191</b>	<b>1,87,45,53,501</b>
<b>Current assets</b>			
(a) Inventories	12	4,61,81,942	2,71,03,403
(b) Financial assets			
(i) Trade receivables	8	41,86,41,746	44,29,13,869
(ii) Cash and cash equivalents	9	8,59,77,774	6,84,04,251
(iii) Other financial assets	10	2,40,92,584	3,81,19,947
(c) Other current assets	13	2,81,21,841	2,23,91,024
<b>Total current assets</b>		<b>60,30,15,888</b>	<b>59,89,32,494</b>
<b>Total assets</b>		<b>2,87,17,86,079</b>	<b>2,47,34,85,995</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	29,94,50,000	29,94,50,000
(b) Other equity	15	87,16,65,493	69,16,49,383
<b>Total equity</b>		<b>1,17,11,15,493</b>	<b>99,10,99,383</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	69,00,00,000	73,01,85,467
(ii) Other financial liabilities	18	6,95,95,724	68,68,094
(b) Provisions	19	3,20,77,328	2,87,83,235
(c) Deferred tax liabilities (Net)	11	-	-
<b>Total non-current liabilities</b>		<b>79,16,73,052</b>	<b>76,58,36,796</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	-	-
(ii) Trade payables	17	59,19,39,532	54,06,43,021
(iii) Other financial liabilities	18	27,53,04,650	13,45,79,198
(b) Provisions.	19	2,78,02,903	2,06,97,674
(d) Other liabilities	21	1,39,50,450	2,06,29,923
<b>Total current liabilities</b>		<b>90,89,97,534</b>	<b>71,65,49,817</b>
<b>Total liabilities</b>		<b>1,70,06,70,586</b>	<b>1,48,23,86,613</b>
<b>Total equity and liabilities</b>		<b>2,87,17,86,079</b>	<b>2,47,34,85,995</b>

See accompanying notes to the financial statements

In terms of our report attached.

For Nagar & Navada

Chartered Accountants

ICAI Firm Regn No. 015832S



Sandhya P Nagar

Partner

M. No 229158

Place: Bengaluru

Date : 05 - 06 - 2020

For and on behalf of the Board of Directors

Sangita Reddy  
Director

Dr. Viqar Syed  
Director

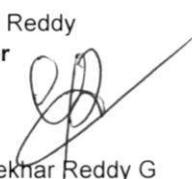
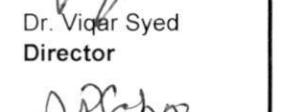
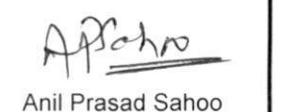
Ramasekhar Reddy G  
Chief Financial Officer

Anil Prasad Sahoo  
Company Secretary

# Imperial Hospital & Research Centre Limited

## **Statement of Profit and Loss for the year ended March 31, 2020**

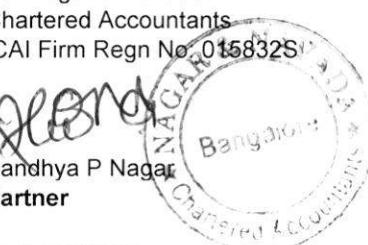
(All amounts are in INR unless otherwise stated)

	Note No.	Year ended 31-Mar-20	Year ended 31-Mar-19
Revenue from Operations	22	2,74,18,48,441	2,49,29,65,399
Other Income	23	23,67,538	29,31,470
<b>Total Income</b>		<b>2,74,42,15,979</b>	<b>2,49,58,96,869</b>
<b>Expenses</b>			
Cost of materials consumed		65,85,61,611	58,34,02,587
Changes in inventory of stock-in-trade		(1,90,78,540)	47,73,118
Employee benefit expense	24	52,35,45,517	47,51,44,448
Finance costs	25	10,04,61,161	9,69,87,886
Depreciation and amortisation expense	26	17,95,08,122	15,75,24,531
Other expenses	27	1,00,75,22,962	89,67,68,824
<b>Total expenses</b>		<b>2,45,05,20,833</b>	<b>2,21,46,01,394</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>29,36,95,145</b>	<b>28,12,95,475</b>
Exceptional Items	23	-	4,57,54,124
<b>Profit/(Loss) before tax</b>		<b>29,36,95,145</b>	<b>32,70,49,599</b>
Tax expense			
(1) Current tax	28	5,65,44,784	7,52,60,382
(2) Deferred tax	28	3,12,30,671	(8,05,10,770)
		8,77,75,455	(52,50,388)
<b>Profit/(Loss) for the period</b>		<b>20,59,19,690</b>	<b>33,22,99,987</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit liabilities / (asset)		19,70,857	11,05,024
Income tax relating to items that will not be reclassified to profit or loss		(5,73,914)	(3,86,140)
<b>Total comprehensive income for the period</b>		<b>20,45,22,747</b>	<b>33,15,81,103</b>
Profit for the year		20,59,19,690	33,22,99,987
Other comprehensive income for the year		13,96,943	7,18,884
<b>Total Comprehensive income</b>		<b>20,45,22,747</b>	<b>33,15,81,103</b>
<b>Earnings per equity share (for continuing operation):</b>	30		
Basic (in Rs.)		6.8	11.1
Diluted (in Rs.)		6.8	11.1
<b>See accompanying notes to the financial statements</b>			
In terms of our report attached.		<b>For and on behalf of the Board of Directors</b>	
For Nagar & Navada			
Chartered Accountants			
ICAI Firm Regn No: 015832S			
			
Sandhya P Nagar			
Partner			
M. No 229158			
Place: Bengaluru			
Date : 05-06-2020			
		Sangita Reddy Director	
		Ramasekhar Reddy G Chief Financial Officer	
			
		Dr. Vigar Syed Director	
		Anil Prasad Sahoo Company Secretary	

# Imperial Hospital & Research Centre Limited

## Cash Flow Statement as on March 31, 2020

(Amounts in INR unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flows from operating activities</b>		
<b>Profit after tax for the year</b>	20,59,19,690	33,22,99,987
<b>Adjustments for:</b>		
Income tax expense recognised in profit or loss	8,77,75,455	(52,50,388)
Finance costs recognised in profit or loss	8,28,69,760	8,10,55,769
Investment income recognised in profit or loss	(1,10,956)	(97,803)
Loss on Sale of Asset	77,27,320	66,17,836
<b>Other Comprehensive Income</b>	(19,70,857)	(11,05,024)
Gain on disposal of property, plant and equipment	-	(4,57,54,124)
Depreciation and amortisation of non-current assets	17,95,08,122	15,75,24,531
IND AS Leases - debited to Retained Earnings	(3,45,74,827)	
<b>Movements in working capital:</b>		
Increase in trade and other receivables	2,42,72,123	(1,53,04,334)
(Acrease)/decrease in inventories	(1,90,78,540)	47,73,118
(Acrease)/decrease in other assets	(10,78,76,060)	(11,48,17,601)
Increase/(Decrease) in trade and other payables	5,12,96,510	2,77,62,751
Increase/(decrease) in provisions	1,03,99,322	35,47,197
(Decrease)/increase in other liabilities	19,67,73,608	94,93,717
(Decrease)/increase in Financial Assets	1,44,17,363	(9,18,99,569)
<b>Net cash generated by operating activities</b>	<b>69,73,48,033</b>	<b>34,88,46,063</b>
<b>Cash flows from investing activities</b>		
Interest received	1,10,956	97,803
Payments for property, plant and equipment	(55,93,74,039)	(11,72,60,440)
Proceeds from Sale of Asset	25,43,799	5,72,99,884
<b>Net cash (used in)/generated by investing activities</b>	<b>(55,67,19,284)</b>	<b>(5,98,62,753)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	(4,01,85,467)	(20,72,45,393)
Repayment of borrowings	-	-
Interest paid	(8,28,69,760)	(8,10,55,769)
<b>Net cash used in financing activities</b>	<b>(12,30,55,227)</b>	<b>(28,83,01,162)</b>
Net increase in cash and cash equivalents	1,75,73,523	6,82,148
Cash and cash equivalents at the beginning of the year	6,84,04,251	6,77,22,103
<b>Cash and cash equivalents at the end of the year</b>	<b>8,59,77,774</b>	<b>6,84,04,251</b>
In terms of our report attached.		For and on behalf of the Board of Directors
For Nagar & Navada		
Chartered Accountants		
ICAI Firm Regn No. 015832S		
		
Sandhya P Nagar		
Partner		
M. No 229158		
Place: Bengaluru		
Date: 05-06-2020		
	Sangita Reddy Director	Dr. Viqar Syed Director
	Ramaseshwar Reddy G Chief Financial Officer	Anil Prasad Sahoo Company Secretary

## 1 General Information

Imperial Hospital & Research Centre Limited ('the Company') is a public Company incorporated in India. The address of its registered office and principal place of business is disclosed in the introduction to the annual report. The main business of the Company is to provide and establish a cancer hospital for screening, detection, diagnosis, treatment and rehabilitation of the patients affected by cancer and to carry out, encourage, aid and assist in the establishment of research centre, particularly for cancer diseases. The other activities of the Company include enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis, operation of multidisciplinary private hospitals, clinics, diagnostic centres.

## 2 Application of new and revised Ind ASs

The company has applied all the applicable Ind ASs notified by the MCA.

## 3 Significant accounting policies

### 3.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is April 1, 2015. Refer Note 3.21 for the details of first-time adoption exemptions availed by the Company.

Previous years figure have been re-grouped/re-classified where ever necessary

Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2020, the Statement of Profit and Loss for the year ended 31 March 2020, the Statement of Cash Flows for the year ended 31 March 2020 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

These financial statements are approved for issue by the Board of Directors on 05.06.2020

### 3.2 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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.

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumption relating to the possible future uncertainties in the global economic condition because of this pandemic, the company as at the date of approval of these financial results has used the internal and external sources on the expected future performance of the company. The company has performed sensitivity analysis on the assumption used and based on current estimate expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the company's financial results may differ from that estimated as at the date of approval of these financial results.

Also specific disclosures regarding the impact of COVID-19 have been made wherever necessary.

The company operates its hospital from a land that was originally allotted by State Government of Karnataka which was subject to compliance of certain terms and conditions. During the year 2014-15 the company had received an order from the Special Deputy Commissioner alleging non-compliance of certain conditions associated with the allotment of the land. Further the said authority has also demanded to surrender the land along with the building constructed thereon, in favour of a Government run Hospital.

The Company had approached legal experts and taken their legal opinions to say that:

(a) There is no violation on the part of the Company of any terms and conditions of the allotment

(b) There is no threat to the marketable title of the property held by the Company

The Company also made written representations to the governmental authorities, highlighting these facts and requesting for withdrawal of the said order.

A notice dated 19.04.2018, issued by the Directorate of Medical Education, Government of Karnataka was received by the Company seeking to handover the property along with the operations of the hospital to the designated committee. On receipt of this Notice, the company approached the Hon. Karnataka High Court and has obtained the stay order dated 27th April 2018, against the operation of the order dated 19.03.2015 of the Special Deputy commissioner and also against the notice dated 19.04.18 of the Directorate of Medical Education. Thus the entire proceedings is stayed by the High court and the matter is sub-judice.

The senior counsel and legal experts have given a clear opinion about the matter and have stated that "there is no likelihood of Imperial losing the property since Imperial has been able to establish that there is no violation of the grant conditions", indicating that there is no threat to the title, ownership or possession of the land and building and also for carrying out their operations.

The principal accounting policies are set out below.

**3.3 Revenue recognition****3.3.1 Rendering of services****Healthcare Services**

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, treatment, medical professional services, equipment, radiology, laboratory materials consumed. 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, pharmacy, discounts and applicable taxes, in cases where the company is not the primary obligor and does not have the pricing latitude.

**Other Services**

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

**3.3.2 Interest income**

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.

**3.3.3 Rental income**

Rental income from the premises rented is recognized on accrual basis as per the terms of the agreement.

**3.4 Leases**

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information of March, 2019 has not been restated and continues to be reported under Ind AS 17.

**3.4.1 Note on IND AS 116**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**Accounting Policy as a lessee under IND AS 116**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as a Rent under Other expenses. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the 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 the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of and a lease liability. The cumulative effect of applying the standard of was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

**3.4.2 Lease under Ind AS 17**

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.

**The Company as lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases are 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 Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**The Company as lessee**

Assets held under finance leases are initially recognised 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. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 3.6). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases are 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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**3.5 Foreign currencies**

Transactions in currencies other than the entity's functional currency i.e. Indian Rupees (INR) (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

**3.6 Borrowings and Borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

**3.7 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 are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**3.8 Employee benefits****3.8.1 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 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 immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**3.8.2 Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**3.8.3 Contributions from employees or third parties to defined benefit plans**

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the Remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by para 70 of Ind AS 19 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with para 70 of Ind AS 19.

**3.9 Taxation**

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

**3.9.1 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.

**3.9.2 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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

**3.9.3 Current and deferred tax for the year**

Current and deferred tax are recognised in profit or 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.

**3.10 Property, plant and equipment**

Land and buildings mainly comprise hospitals and offices. Land and buildings 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.

Fixtures, plant and medical equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties 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.

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 (also refer note. 4.6)
Medical Equipment	13 years
Asset under finance lease	Lease term or useful life whichever is lower
Surgical Instruments	3 Years
Office Equipment	5 years
Furniture and Fixtures	10 years
Plant and Machinery	15 years
Vehicles	8 years
Computers & Servers	3 / 6 Years
Electrical Installation	10 Years

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 profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property plant & 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.

**3.11 Intangible assets****3.11.1 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.

**3.11.2 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.

**3.11.3 Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

Software	3 years
----------	---------

**3.11.4 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.

**3.12 Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**3.13 Inventories**

The inventories of all medicines, Medicare items, Stock of stores (including lab materials and other consumables), stationeries and housekeeping items are meant for in-house consumption by the Company are valued at cost. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location including applicable taxes wherever applicable, applying the FIFO method. The net realisable value is not applicable in the absence of any further modification/alteration before being consumed in-house only. All other materials are valued at cost or net realisable value whichever is lower.

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

Adequate consideration has been given for obsolete and non-moving inventory considering the COVID-19 impact.

**3.14 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).

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

Considering the COVID-19 impact, the company has made certain assumptions and estimates to provide for adequate provisions wherever applicable.

**3.15 Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**3.15.1 Other Provisions**

Other provisions (including third-party payments for malpractice claims if any) which are not covered by insurance and other costs for legal claims are recognised based on legal opinions and management judgment.

**3.16 Financial instruments**

Financial assets and financial liabilities are recognised when a Company entity 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 profit or loss.

**3.17 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**3.17.1 Classification of financial assets**

All financial assets are subsequently measured at amortised cost

**3.17.2 Effective interest method**

The effective interest method is a method of calculating the amortised cost and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

**3.17.3 Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on Remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**3.17.4 Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

**3.17.5 Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Financial liabilities and equity instruments****3.18 Classification of Equity Instruments**

Equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

**3.19 Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

**3.19.1 Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when it applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on Remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Fair value is determined in the manner described in note 33.8

**3.19.2 Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3.19.3 Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3.20 Segment reporting**

The Company uses the "management approach" for reporting information about segments in annual financial statements. The management approach is based on the way the chief operating decision-maker organizes segments within a company for making operating decisions and assessing performance. Reportable segments are based on services, geography, legal structure, management structure and any other manner in which management dissegregates a company. Based on the "management approach" model, the Company has determined that its business is comprised of a single operating segment which comprise of Healthcare service.

**3.21 First-time adoption – mandatory exceptions, optional exemptions****3.21.1 Overall principle**

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 exception and certain optional exemptions availed by the Company as detailed below.

**3.21.2 Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**3.21.3 Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**3.21.4 Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

**3.21.5 Deemed cost for property, plant and equipment, investment property, and intangible assets**

For transition to Ind AS, Company has elected to continue with 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

**3.21.6 Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**3.21.7 Business Combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**3.21.8 Long-term foreign currency monetary items**

Under previous GAAP, paragraph 46/46A of AS 11 The Effects of Changes in Foreign Exchange Rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets could be added/deducted from the cost of the depreciable asset, which would then be depreciated over the balance life of the asset. In other cases, the exchange difference could be accumulated in a foreign currency monetary item translation difference account, and amortised over the balance period of such long term asset/ liability. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The exemption under Ind AS 101 will not be available for long-term foreign currency monetary items recognised after this date. Accordingly the Company has elected to apply this optional exemption on transition.

**4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, 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, also COVID-19 impact has been considered. 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.

**4.1 Critical judgements in applying accounting policies**

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

**4.2 Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that there are no changes to the existing PP&E useful lives.

**4.3 Fair value measurements and valuation processes**

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified values to perform the valuation. The management works closely with the qualified external values to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 33

**4.4 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. Further details are given in note 32

**4.6 Litigations**

The Company has a ongoing litigations, the results of which could significantly affect its operations and profitability.

**4.7 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.

**4.8 Expected Credit Losses**

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix considering the nature of receivables and the risk characteristics. 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 impact of COVID-19 has been considered while arriving at ECL provision. Also Refer Note 8

## 5 Property, plant and equipment and capital work-in-

	As at 31-Mar-20	As at 31-Mar-19
<b>Carrying amounts of:</b>		
Land - Freehold	19,00,86,996	19,00,86,996
Buildings - Freehold	81,35,94,220	79,19,63,322
Medical Equipment	85,97,34,290	56,80,20,822
Surgical Instruments	1,54,46,295	1,96,46,364
Office Equipment	2,36,10,995	2,72,60,636
Furniture and Fixtures	2,32,59,485	1,90,86,283
Vehicles	80,52,299	27,68,974
Air Conditioning Plant & AirConditioners	3,16,23,894	3,21,45,137
Computers	68,92,721	91,92,513
Asset Under Finance Lease	4,49,04,162	2,26,66,704
	<b>2,01,72,05,358</b>	<b>1,68,28,37,749</b>
Capital work-in-progress	3,52,66,000	-
	<b>2,05,24,71,358</b>	<b>1,68,28,37,749</b>

Description of Assets	Land - Freehold **	Buildings - Freehold	Medical Equipment	Surgical Instruments	Office Equipment	Furniture and Fixtures	Vehicles	Air Conditioning Plant & Air Conditioners	Computers	Equipment Under Finance Lease	Building under Finance Lease	Total
<b>Deemed cost</b>												
Balance as at 31-Mar-19	<b>19,00,86,996</b>	<b>84,98,39,298</b>	<b>90,91,19,899</b>	<b>3,70,98,127</b>	<b>6,28,57,576</b>	<b>2,59,09,995</b>	<b>56,65,842</b>	<b>4,38,08,544</b>	<b>2,73,86,994</b>	<b>6,71,55,108</b>	-	<b>2,21,89,28,380</b>
Additions		3,71,72,937	41,39,13,100	78,18,197	66,82,181	71,78,729	61,98,212	32,37,508	34,37,172	-	6,06,42,273	54,62,80,309
Disposals			(4,79,81,581)	(1,19,77,981)	(1,48,62,239)		(12,13,924)	-	(21,59,053)	-	-	(7,81,94,778)
<b>Balance as at 31-Mar-20</b>	<b>19,00,86,996</b>	<b>88,70,12,235</b>	<b>1,27,50,51,417</b>	<b>3,29,38,344</b>	<b>5,46,77,518</b>	<b>3,30,88,724</b>	<b>1,06,50,130</b>	<b>4,70,46,052</b>	<b>2,86,65,113</b>	<b>6,71,55,108</b>	<b>6,06,42,273</b>	<b>2,68,70,13,911</b>
<b>Accumulated depreciation</b>												
Balance as at 31-Mar-19	-	<b>5,78,75,976</b>	<b>34,10,99,077</b>	<b>1,74,51,763</b>	<b>3,55,96,940</b>	<b>68,23,712</b>	<b>28,96,868</b>	<b>1,16,63,407</b>	<b>1,81,94,481</b>	<b>4,44,88,405</b>	-	<b>53,60,90,630</b>
Accumulated Depreciation as per IND AS Lease 116												2,48,51,975
Eliminated on disposal of assets			(3,94,34,290)	(1,19,77,981)	(1,35,40,653)		(11,35,272)		(18,35,463)			(6,79,23,659)
Depreciation expense	1,55,42,039	11,36,52,340	1,20,18,266	90,10,235	30,05,527	8,36,235	37,58,750	54,13,373	1,11,22,101	24,30,739	17,67,89,606	
<b>Balance as at 31-Mar-20</b>	-	<b>7,34,18,015</b>	<b>41,53,17,127</b>	<b>1,74,92,049</b>	<b>3,10,66,523</b>	<b>98,29,239</b>	<b>25,97,831</b>	<b>1,54,22,158</b>	<b>2,17,72,392</b>	<b>5,56,10,506</b>	<b>2,72,82,714</b>	<b>66,98,08,553</b>
<b>Carrying Amount 31-Mar-19</b>	<b>19,00,86,996</b>	<b>79,19,63,322</b>	<b>56,80,20,822</b>	<b>1,96,46,364</b>	<b>2,72,60,636</b>	<b>1,90,86,283</b>	<b>27,68,974</b>	<b>3,21,45,137</b>	<b>91,92,513</b>	<b>2,26,66,704</b>	-	<b>1,68,28,37,749</b>
<b>Carrying Amount 31-Mar-20</b>	<b>19,00,86,996</b>	<b>81,35,94,220</b>	<b>85,97,34,290</b>	<b>1,54,46,295</b>	<b>2,36,10,995</b>	<b>2,32,59,485</b>	<b>80,52,299</b>	<b>3,16,23,894</b>	<b>68,92,721</b>	<b>1,15,44,602</b>	<b>3,33,59,559</b>	<b>2,01,72,05,358</b>
												1,98,38,45,799

\*\*The company operates its hospital from a land that was originally allotted by State Government of Karnataka which was subject to compliance of certain terms and conditions. During the year 2014-15 the company had received an order from the Special Deputy Commissioner alleging non-compliance of certain conditions associated with the allotment of the land. Further the said authority has also demanded to surrender the land along with the building constructed thereon, in favor of a Government run Hospital.

The Company had approached legal experts and taken their legal opinions to say that:

- (a) there is no violation on the part of the Company of any terms and conditions of the allotment
- (b) There is no threat to the marketable title of the property held by the Company

The Company also made written representations to the governmental authorities, highlighting these facts and requesting for withdrawal of the said order.

A notice dated 19.04.2018, issued by the Directorate of Medical Education, Government of Karnataka was received by the Company seeking to handover the property along with the operations of the hospital to the designated committee. On receipt of this Notice, the company approached the Hon. Karnataka High Court and has obtained the stay order dated 27th April 2018, against the operation of the order dated 19.03.2015 of the Special Deputy Commissioner and also against the notice dated 19.04.18 of the Directorate of Medical Education. Thus the entire proceedings is stayed by the High court and the matter is sub-judge.

The senior counsel and legal experts have given a clear opinion about the matter and have stated that "there is no likelihood of Imperial losing the property since Imperial has been able to establish that there is no violation of the grant conditions", indicating that there is no threat to the title, ownership or possession of the land and building and also for carrying out their operations.

During FY 2018-19, Karnataka Industrial Area Development Board has acquired portion of the land and building (1003 Sq mt) belonging to the company for the purpose of Metro Rail construction. The compensation for such acquisition is determined to be - for land Rs. 5,36,15,170/- and for the Building Rs. 36,84,714 which the company has accepted. Since, there is a case pending before the Karnataka High Court with respect to the ownership of the allotted land, in which the company has got a stay order on 27th April 2018, against the operation of the Government of Karnataka order dated 19.03.2015, the compensation proceeds relating to the acquisition of the portion of the land and building has been deposited in the City Civil Court after deducting the TDS Rs. 1,14,59,977 (at the rate of 20% of the compensation amount). This amount still lies deposited in City Civil Court and we have not received it during FY 2019-2020.

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(All amounts are in INR unless otherwise stated)

**6 Intangible Assets**

	31-Mar-20	31-Mar-19
<b>Carrying amounts of :</b>		
Computer software	56,70,860	57,09,672
	<b>56,70,860</b>	<b>57,09,672</b>
<b>Deemed Cost</b>		
Balance as at 01 April , 2019	57,09,672	-
Additions	26,79,704	59,73,712
<b>Balance as at 31 March, 2020</b>	<b>83,89,376</b>	<b>59,73,712</b>
<b>Accumulated depreciation</b>		
Balance as at 01 April , 2019	-	-
Amortisation expense for the year	27,18,516	2,64,040
<b>Balance as at 31 March, 2020</b>	<b>56,70,860</b>	<b>57,09,672</b>

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(Amounts in INR unless otherwise stated)

**7 Other investments**

(carried at cost)

Unquoted Investments

Investments in Equity Instruments

Matrix Agro Pvt Ltd 50,000 shares of Rs. 10 each fully paid

**Total Investments**

Aggregate carrying value of unquoted investments

	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	Non Current	Current	Non Current	Current
Matrix Agro Pvt Ltd 50,000 shares of Rs. 10 each fully paid	5,00,000	-	5,00,000	-
<b>Total Investments</b>	<b>5,00,000</b>	<b>-</b>	<b>5,00,000</b>	<b>-</b>

The Company has invested in the shares of Matrix Agro Private limited pursuant to a power purchase arrangement entered into during 2015-16

**8 Trade receivables**

(carried at amortised cost)

Unsecured, considered good

Unsecured, considered doubtful

Allowance for doubtful debts (expected credit loss allowance)

	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	Non Current	Current	Non Current	Current
Unsecured, considered good	-	41,86,41,746	-	44,29,13,869
Unsecured, considered doubtful	-	10,46,96,396	-	8,64,61,815
Allowance for doubtful debts (expected credit loss allowance)	-	(10,46,96,396)	-	(8,64,61,815)
	<b>-</b>	<b>41,86,41,746</b>	<b>-</b>	<b>44,29,13,869</b>

i. Confirmations of balances from Debtors are yet to be received, though the company has sent e-mails seeking confirmation from them. The balances adopted are as appearing in the books of accounts of the company net of unapplied credits.

ii. Sundry Debtors represent the aggregate of debt outstanding on hospital services, pharmacy supplies and doctor fees that are considered good. The company holds no other securities other than the personal security of the debtors.

Majority of the company's transactions are earned in cash or cash equivalents. The trade receivables comprise mainly of receivables from Insurance Companies, Corporate customers and Government Undertakings. The Insurance Companies are required to maintain minimum reserve levels and the Corporate Customers are enterprises with high credit ratings. Accordingly, the Company's exposure to credit risk in relation to trade receivables are low.

While assessing the impact of COVID-19 on collections from receivables, the management has evaluated the risk of delay in collections and the same has been considered while arriving at ECL provision

The following are the customers who represent more than 5% of the total balance of trade

	31-Mar-20	31-Mar-19	%	%
	Amount (Rs)	%	Amount (Rs)	%
Central Government Health Scheme (CGHS)	6,55,22,918	12.03%	6,75,18,548	9.18%
Medi-Assist India Ltd	3,99,61,510	7.34%	3,05,00,792	13.18%
Arogya Bhagya Yojane (Arc)	7,89,67,029	14.50%	8,04,77,935	14.94%
South Western Railways	4,18,63,242	7.69%	2,93,53,726	5.45%
ECHS	2,76,55,927	5.08%	4,37,03,160	8.11%

The average credit period on sales of services is 30-60 days from the date of the

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:

**Ageing**

Not due  
0-30 days  
31-90 days  
91-180 days  
181-365 days  
1 to 2 years  
2 to 3 years  
>3 years

	<u>Expected Credit Loss (%)</u>	31-Mar-20	31-Mar-19
Not due		31-Mar-20	31-Mar-19
0-30 days		4.1% - 8.3%	3.9% - 6.8%
31-90 days		7.2% - 8.7%	7.0% - 7.8%
91-180 days		7.2% - 8.7%	7.0% - 7.8%
181-365 days		14.2% - 29.2%	12.4% - 21.5%
1 to 2 years		20.9% - 25.4%	23.1% - 26.8%
2 to 3 years		43.1% - 48.5%	44.0% - 54.4%
>3 years		71.4% - 84.3%	75.6% - 78.9%
		100%	100%

**Age of receivables**

Not Due  
0-30 days past due  
31-90 days past due  
91-180 days past due  
> 6 months - 1 year days past due  
1 - 2 years days past due  
> 2 years days past due  
> 3 years days past due

	31-Mar-20	31-Mar-19
Not Due	11,99,17,200	12,28,77,207
0-30 days past due	7,01,15,704	8,02,62,555
31-90 days past due	6,01,62,396	6,93,04,754
91-180 days past due	6,62,16,651	6,82,82,134
> 6 months - 1 year days past due	6,16,41,897	6,31,88,969
1 - 2 years days past due	1,65,67,691	1,62,67,488
> 2 years days past due	47,90,206	46,69,275
> 3 years days past due	-	-
	39,94,11,744	42,48,52,383
	1,92,30,001	1,80,61,485
	<b>41,86,41,746</b>	<b>44,29,13,869</b>

International Patient Bills of The United Republic of Tanzania, AAR Insurance Tanzania and Consulate general of UAE are not considered for the expected

**Movement in the expected credit loss allowance**

Balance at beginning of the year  
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses  
Balance at end of the year

	31-Mar-20	31-Mar-19
Balance at beginning of the year	8,64,61,815	7,60,38,991
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	1,82,34,580	1,04,22,824
<b>Balance at end of the year</b>	<b>10,46,96,396</b>	<b>8,64,61,815</b>

**9 Cash and cash equivalents**

(carried at amortised cost)

Balances with Banks

Other bank balances

Cash on hand

**Cash and cash equivalents as per statement of cash flows**

	31-Mar-20	31-Mar-19
Balances with Banks	8,36,46,038	6,50,39,303
Other bank balances	23,31,737	33,64,949
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>8,59,77,774</b>	<b>6,84,04,251</b>

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(Amounts in INR unless otherwise stated)

**10 Other Financial Assets**

(carried at amortised cost)  
unsecured, considered good unless otherwise stated  
Interest receivable  
Deposits \*  
Advance to employees  
Unbilled Receivables  
Rent Receivable

	31-Mar-20		31-Mar-19	
	Non Current	Current	Non Current	Current
7.45,78,685	-	7,49,68,685	-	-
-	-	-	-	-
-	2,40,92,584	-	-	3,81,19,947
-	-	-	-	-
<b>7,45,78,685</b>	<b>2,40,92,584</b>	<b>7,49,68,685</b>	<b>3,81,19,947</b>	

\*Note - Deposit includes Rs. 57299884 paid by KIADB to the City Civil Court for acquisition of portion of land and building. For details, please refer the note no. 5

**11 Deferred tax**

Deferred Tax Assets  
Deferred Tax Liabilities

	31-Mar-20	31-Mar-19
27,99,58,367	27,14,20,078	
(27,35,81,234)	(24,44,54,378)	
<b>63,77,133</b>	<b>2,69,65,700</b>	

2019-20

	Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Recognised Directly in Equity	Closing Balance
Property, plant and equipment	(22,13,11,575)	4,30,355			(22,08,81,221)
Finance leases	(1,02,20,612)	6,37,319		1,00,68,189,63	4,84,897
Exchange difference on foreign operations	(5,88,604)	-			(5,88,604)
Provisions	64,65,586	-			64,65,586
Provision for doubtful debts	6,22,65,239	53,09,910			6,75,75,149
Defined benefit obligation	(62,21,348)	16,85,787	5,73,914		(39,61,647)
Other financial liabilities	(4,90,000)	-			(4,90,000)
Others - Unabsorbed Loss including IT Depreciation	2,89,97,223	(2,34,14,292)			55,82,931
<b>Total</b>	<b>(14,11,04,091)</b>	<b>(1,53,50,922)</b>	<b>5,73,914</b>	<b>1,00,68,190</b>	<b>(14,58,12,909)</b>
Others	(1,31,03,413)	-			(1,31,03,413)
MAT Credit	18,11,73,203	(1,58,79,749)			16,52,93,455
	<b>2,69,65,700</b>	<b>(3,12,30,671)</b>	<b>5,73,914</b>	<b>1,00,68,190</b>	<b>63,77,133</b>

2018-2019

	Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
Property, plant and equipment	(22,85,47,054)	72,35,479		(22,13,11,575)
Finance leases	(1,02,20,612)	-		(1,02,20,612)
Exchange difference on foreign operations	(5,88,604)	-		(5,88,604)
Provisions	64,65,586	-		64,65,586
Provision for doubtful debts	5,86,23,087	36,42,152		6,22,65,239
Defined benefit obligation	(70,74,741)	4,67,253	3,86,140	(62,21,348)
Other financial liabilities	(4,90,000)	-		(4,90,000)
Others - Unabsorbed Loss including IT Depreciation	14,10,04,540	(11,20,07,317)		2,89,97,223
<b>Total</b>	<b>(4,08,27,798)</b>	<b>(10,06,62,433)</b>	<b>3,86,140</b>	<b>(14,11,04,091)</b>
Others	(1,31,03,413)	-		(1,31,03,413)
MAT Credit	-	18,11,73,203	-	18,11,73,203
	<b>(5,39,31,211)</b>	<b>8,05,10,770</b>	<b>3,86,140</b>	<b>2,69,65,700</b>

**12 Inventories**

a) Inventories (carried at Cost)  
Medicines  
Lab materials  
Consumables\*

	31-Mar-20	31-Mar-19
7,28,240	6,86,429	
50,20,491	24,62,574	
4,04,33,212	2,39,54,400	
<b>4,61,81,942</b>	<b>2,71,03,403</b>	

\*Consumables include Housekeeping materials, Ward Consumables, Printing and

**13 Other Assets**

Capital Advances  
Other Advances  
Advance for Goods  
Prepaid Expenses  
Advance to employees  
Deposits

	31-Mar-20		31-Mar-19	
	Non Current	Current	Non Current	Current
22,49,999	-	26,78,826	50,11,496	-
-	37,76,941	-	-	4,67,250
-	1,87,93,691	-	-	1,58,82,821
-	28,72,383	-	-	34,32,824
14,29,975	-	59,80,323	-	-
<b>36,79,974</b>	<b>2,81,21,841</b>	<b>1,09,91,819</b>	<b>2,23,91,024</b>	

**14 Equity Share Capital**

**Authorised Share capital :**  
 3,50,00,000 fully paid equity shares of Re.10 each

	As at 31-Mar-20	As at 31-Mar-19
	35,00,00,000	35,00,00,000

**Issued and subscribed capital comprises:**  
 2,99,45,000 fully paid equity shares of Re.10 each

29,94,50,000	29,94,50,000
<u>29,94,50,000</u>	<u>29,94,50,000</u>

**(a) Fully paid equity shares**

**Balance at April 1, 2019**

Capital issued

**Balance at March 31, 2020**

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

Number of shares	Share capital (Amount)
2,99,45,000	29,94,50,000
<u>2,99,45,000</u>	<u>29,94,50,000</u>

**(b) Details of shares held by the holding company**

**Particulars**

Apollo Hospitals Enterprise Limited

**(c) Details of shares held by each shareholder holding more than 5% shares**

	31-Mar-20		31-Mar-19	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
<b>Fully paid equity shares</b>				
Apollo Hospitals Enterprise Limited	2,69,50,496	90%	2,69,50,496	90%
Dr. Viqar Syed	14,97,250	5%	14,97,250	5%
Shri..Ziaulla Sheriff	14,97,250	5%	14,97,250	5%
<b>Total</b>	<u>2,99,44,996</u>	<u>100%</u>	<u>2,99,44,996</u>	<u>100%</u>

**15 Other equity**

	Note	As at 31-Mar-20	As at 31-Mar-19
Capital Reserve	15.1	14,89,433	14,89,433
Share Premium	15.2	19,90,00,000	19,90,00,000
Revaluation Reserve	15.3	19,90,00,000	19,90,00,000
Retained earnings	15.4	47,21,76,060	29,21,59,950
		<u>87,16,65,493</u>	<u>69,16,49,383</u>

**15.1 Capital reserve**

Balance at beginning of year  
 Movement during the year  
**Balance at end of year**

	As at 31-Mar-20	As at 31-Mar-19
	14,89,433	14,89,433
	<u>14,89,433</u>	<u>14,89,433</u>

**15.2 Share Premium**

Balance at beginning of year  
 Movement during the year  
**Balance at end of year**

	As at 31-Mar-20	As at 31-Mar-19
	14,89,433	14,89,433
	<u>14,89,433</u>	<u>14,89,433</u>

**15.3 Revaluation Reserve**

Balance at beginning of year  
 Movement during the year  
**Balance at end of year**

	As at 31-Mar-20	As at 31-Mar-19
	19,90,00,000	19,90,00,000
	<u>19,90,00,000</u>	<u>19,90,00,000</u>

**15.4 Retained earnings**

Balance at beginning of year  
 Profit attributable to owners of the Company  
 Other comprehensive income arising from  
 remeasurement of defined benefit obligation net of  
 income tax  
 IND AS Transition Reserve on Leases  
**Balance at end of year**

29,21,59,950	(3,94,21,153)
20,59,19,690	33,22,99,987
(13,96,943)	(7,18,884)
2,45,06,637	-
<u>47,21,76,060</u>	<u>29,21,59,950</u>

**16 Borrowings**  
 (carried at amortised cost)

**Secured**

(i) Term loans from banks  
 (ii) Short Term Borrowings

**Total**

\* Current maturities have been disclosed under other financial liabilities. Refer note 18

**16.1 Summary of borrowing arrangements**

**Axis Bank Term Loan**

**(a) Terms of Repayment:**

Complete repayment in the FY2026-27 [Installment 1-8 - Each installment is 2% of the value off the term loan (Total 16% of the term loan) and Installment 9-36 (each instalment is 3% of the value of the term loan (total 84% of the term loan)

**(b) Details of Security**

Exclusive charge on the moveable fixed assets of the company (present and future). Letter of comfort from Apollo Hospitals Enterprise Ltd

**Axis Bank Cash Credit**

**(a) Terms of Repayment:** Limit of 140 million as at 31.03.2020

**(b) Details of Security**

Primary - Exclusive charge on the entire current assets of the borrower, present and future. Collateral - All other securities / guarantees stipulated for Term Loan Facility

	As at 31-Mar-20		As at 31-Mar-19	
	Non Current	Current	Non Current	Current
69,00,00,000	-	-	73,01,85,467	-
<b>69,00,00,000</b>	<b>-</b>	<b>-</b>	<b>73,01,85,467</b>	<b>-</b>

	Rate of Interest	31-Mar-20	31-Mar-19
		81,00,00,000	82,01,85,467
FY 19-20 8.15%			
FY 18-19 8.85%			
		<b>81,00,00,000</b>	<b>82,01,85,467</b>

**17 Trade Payables**

Sundry Creditors - Expenses

Sundry Creditors - Goods

Sundry Creditors - Others

Payable to Related Parties\*

CSR Liability and Other Liabilities\*\*

**Total**

\*Refer note no. 34 for Related Party Transaction

\*\*Includes CSR unspent amount of Rs.99,53,010/- and advances received of Rs.4,46,428/- towards the sale of CT Scan Equipment.

Of the balance CSR unspent amount, Rs.52,23,973/- was spent after the balance date towards 'Total Health'.

	As at March 31, 2020		As at March 31, 2019	
	Non Current	Current	Non Current	Current
-	4,16,60,387	-	-	3,63,40,795
-	9,11,59,627	-	-	9,05,99,473
-	5,26,77,040	-	-	5,31,79,914
-	39,60,43,040	-	-	35,42,66,367
-	1,03,99,438	-	-	62,56,472
-	<b>59,19,39,532</b>	<b>-</b>	<b>-</b>	<b>54,06,43,021</b>

**18 Other financial liabilities**

Sundry Creditors - Capital

Interest accrued and due

Current maturities of finance lease obligations

Deposits

Term loans from banks

**Total**

	As at March 31, 2020		As at March 31, 2019	
	Non Current	Current	Non Current	Current
-	14,21,08,287	-	-	2,04,08,295
-	58,01,014	-	-	63,05,504
6,95,95,724	73,95,349	68,68,094	1,78,65,399	-
-	-	-	-	-
-	<b>12,00,00,000</b>	<b>-</b>	<b>9,00,00,000</b>	<b>-</b>
<b>6,95,95,724</b>	<b>27,53,04,650</b>	<b>68,68,094</b>	<b>13,45,79,198</b>	<b>-</b>

**18.1 Summary of Finance Lease Obligations**

Philips India Pvt Ltd - PET CT - Finance Lease

**(a) Terms of Repayment:** Monthly Repayment Y1 Rs. 1.24 m, Y2 Rs 1.37m , Y3 Rs. 1.49, Y4 Rs. 1.65, Y5 Rs. 1.65, Y6 Rs. 1.65, Y7 Rs. 1.65 starting from Dec 2013 for total 7 years

**(b) Details of Security**

PET CT Equipment

Mr. Sathyanarayana Raju - Building Lease (IND AS

116)

Sathyanarayana Raju - Rented Building - IND AS 116 Finance Lease - Start Date 01.01.2009, End Date 31.12.2033, 15% increase in rent for every 3 years, Rs. 355950 rent per month from Apr 2009

Discounting rate 12% 68,68,094 2,47,33,493

Discounting rate 9.25% 7,01,22,978

**7,69,91,072 2,47,33,493**

**19 Provisions**

Employee benefits  
 Provision for Bonus  
 Provision for Gratuity\*  
 Provision for Leave Salary\*

**Total**

\* Also refer note 32

	As at March 31, 2020		As at March 31, 2019	
	Non Current	Current	Non Current	Current
Employee benefits		78,18,254		73,27,351
Provision for Bonus	-	93,71,834	1,62,04,910	61,02,479
Provision for Gratuity*	1,76,33,314		1,25,78,325	72,67,844
Provision for Leave Salary*	1,44,44,014	1,06,12,815		
<b>Total</b>	<b>3,20,77,328</b>	<b>2,78,02,903</b>	<b>2,87,83,235</b>	<b>2,06,97,574</b>

**20 Current tax assets and liabilities**

**Current tax assets**  
 Tax refund receivable

As at

As at

31-Mar-20

31-Mar-19

**Current tax liabilities**  
 Income tax payable

(20,27,80,234) (14,62,35,450)

**12,54,92,181** **7,25,79,876**

**21 Other Liabilities**

Statutory dues payable  
 Patient deposits  
**Total**

	As at March 31, 2020		As at March 31, 2019	
	Non Current	Current	Non Current	Current
Statutory dues payable		91,86,438		78,58,932
Patient deposits	-	47,64,012	-	1,27,70,991
<b>Total</b>	<b>-</b>	<b>1,39,50,450</b>	<b>-</b>	<b>2,06,29,923</b>

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(Amounts in INR unless otherwise stated)

**22 Revenue from Operations**

(a) Revenue from rendering of healthcare services  
(b) Other operating revenues

	Year ended 31-Mar-20	Year ended 31-Mar-19
	2,73,87,27,661	2,48,91,87,948
	31,20,780	37,77,450
	<b>2,74,18,48,441</b>	<b>2,49,29,65,399</b>

**Impact on revenue due to COVID-19 -**

**23 Other Income**

**a) Interest income**

Bank deposits  
Interest on IT Refund

	Year ended 31-Mar-20	Year ended 31-Mar-19
	1,10,956	97,803
	<b>1,10,956</b>	<b>97,803</b>

**b) Other non-operating income (net of expenses directly attributable to such income)**

Sale of Scrap  
Other Income\*

2,74,136	3,16,490
11,67,165	14,76,339
<b>14,41,301</b>	<b>17,92,829</b>

**c) Other gains/Losses**

Foreign Exchange Fluctuation Gains/(Losses)

8,15,281	10,40,838
<b>8,15,281</b>	<b>10,40,838</b>

**d) Exceptional Items**

Profit on Sale of Asset

-	4,57,54,124
<b>-</b>	<b>4,57,54,124</b>

During FY 2018-19, Karnataka Industrial Area Development Board has acquired portion of the land and building (1003 Sq mt) belonging to the company for the purpose of Metro Rail construction. The compensation for such acquisition is determined to be - for land Rs. 5,36,15,170/- and for the Building the building Rs. 36,84,714 which the company has accepted. Thus the profit on sale/acquisition of the portion of the asset has been computed in proportion to its cost as per the books of the company.

**24 Employee benefits expense**

Salaries and wages  
Contribution to provident and other funds  
Staff welfare expenses  
Bonus

	Year ended 31-Mar-20	Year ended 31-Mar-19
	46,43,76,815	42,54,50,345
	4,33,29,375	3,44,58,126
	58,14,408	62,88,964
	1,00,24,919	89,47,013
	<b>52,35,45,517</b>	<b>47,51,44,448</b>

**25 Finance costs**

Interest on term loans  
Interest on Cash credit facilities  
Interest on finance lease obligation and Others  
Other interest expense  
Bank Charges - credit card and others

	Year ended 31-Mar-20	Year ended 31-Mar-19
	7,43,93,336	7,20,15,227
	2,14,090	50,23,176
	82,62,334	40,17,366
	<b>1,75,91,401</b>	<b>1,59,32,117</b>
	<b>10,04,61,161</b>	<b>9,69,87,886</b>

**26 Depreciation and amortisation expense**

Depreciation of property, plant and equipment  
Amortisation of intangible assets  
Amortisation on right to use asset

	Year ended 31-Mar-20	Year ended 31-Mar-19
	16,32,36,766	15,72,60,491
	27,18,516	2,64,040
	1,35,52,840	-
	<b>17,95,08,122</b>	<b>15,75,24,531</b>

**Imperial Hospital & Research Centre Limited**

**Notes to the financial statements for the year ended March 31, 2020**

(Amounts in INR unless otherwise stated)

**27 Other expenses**

	<b>Year ended 31-Mar-20</b>	<b>Year ended 31-Mar-19</b>
Power and fuel	4,92,23,378	4,88,46,925
Water Charges	42,21,741	30,22,802
Rent	2,33,40,471	2,59,54,009
Repairs to Buildings	27,95,546	70,51,489
Repairs to Machinery	3,33,75,864	2,86,96,625
Repairs to Vehicles	4,58,917	3,49,835
Office Maintenance & Others	1,98,00,548	2,64,61,983
Insurance	24,32,202	21,53,106
Rates and Taxes, excluding taxes on income	99,07,875	78,79,830
Printing & Stationery	1,58,59,910	1,51,95,069
Postage & Telegram	2,99,808	3,07,013
Advertisement, Publicity & Marketing	3,72,47,501	4,43,01,498
Travelling & Conveyance	2,25,04,591	2,21,61,435
Legal & Professional Fees (Refer note 27.1)	11,75,74,573	10,05,81,535
Telephone Expenses	65,18,494	34,62,433
Subscription and Books & Periodicals	44,47,428	44,72,884
Bad Debts Written off	2,77,37,215	2,76,17,944
Provision for doubtful debts	1,82,34,580	1,04,22,824
Outsourcing Expenses	17,89,58,729	14,22,24,596
Doctor Fees (Paid on Guarantee money basis)	41,33,78,529	35,99,96,126
Expenditure incurred for corporate social responsibility (Refer note 27.2)	47,29,037	34,14,094
Miscellaneous expenses	34,59,738	24,25,267
Hiring Charges	32,88,965	31,51,666
Loss on Sale of Asset	77,27,320	66,17,836
	<b>1,00,75,22,962</b>	<b>89,67,68,824</b>

**27.1 Payments to auditors**

a) For audit	5,90,000	5,90,000
b) For taxation matters	-	-
c) For company law matters	-	-
d) For other services	-	-
c) For reimbursement of expenses	<b>5,90,000</b>	<b>5,90,000</b>

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(Amounts in INR unless otherwise stated)

**27.2 Expenditure incurred for corporate social responsibility**

The Composition of the CSR Committee is as follows:

**Name of the member**  
Mr. Shivram Sethuraman  
Mr. Ganesan Venkatraman  
Smt. Sangita Reddy

	<b>Year ended 31-Mar-20</b>	<b>Year ended 31-Mar-19</b>
Average net profit of the company for the last three financial years	23,64,51,845	17,07,04,711
Prescribed CSR Expenditure	47,29,037	34,14,094
Gross amount required to be spent by the company during the year	47,29,037	34,14,094
Amount spent during the year	10,32,500	27,06,927
Cumulative Balance to be spent	99,53,010	62,56,473

**CSR project or activity Identified.**

**Amount spent on  
the projects or  
programs Sub-  
heads:**  
**(1) Direct  
expenditure on  
projects or  
programs**  
**(2)Overheads:**

Construction of Laboratory facility for Government Higher Primary School. Supply of Black board, Desk and various	45,52,015
---	-----------

Out of the cumulative unspent balance, amount of Rs.52,23,973/- was spent after the balance date towards 'Total Health'. All amounts disclosed above have been spent directly by the Company.

**28 Income taxes**

**28.1 Income tax recognised in profit or loss**

**Current tax**  
In respect of the current year

**Year ended  
31-Mar-20**

**Year ended  
31-Mar-19**

5,65,44,784	7,52,60,382
5,65,44,784	7,52,60,382

**Deferred tax**

In respect of the current year  
Deferred tax reclassified from profit or loss to equity

3,12,30,671	(8,05,10,770)
(5,73,914)	(3,86,140)
3,06,56,757	(8,08,96,910)

**Total income tax expense recognised in the current year**

**8,72,01,541**

**(56,36,528)**

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

Profit before tax from continuing operations

29,36,95,145

32,70,49,599

Income tax expense

8,55,24,026

11,42,71,130

Effect of expenses that are not deductible in determining taxable profit and tax rate difference

(2,89,79,242)

(3,90,10,748)

Effect of previously unrecognised and unused tax losses and  
deductible temporary differences now recognised as deferred  
tax assets

3,06,56,757

(8,08,96,910)

**8,72,01,541**

**(56,36,528)**

The tax rate used for the 2019-20 and 2018-19 reconciliations above is the corporate tax rate 29.12% and 34.94% payable by corporate entities in India on taxable profits under the Indian tax law.

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(Amounts in INR unless otherwise stated)

**29 Segment information**

The Company uses the "management approach" for reporting information about segments in annual financial statements. The management approach is based on the way the chief operating decision-maker organizes segments within a company for making operating decisions and assessing performance. Reportable segments are based on services, geography, legal structure, management structure and any other manner in which management disaggregates a company. Based on the "management approach" model, the Company has determined that its business is comprised of a single operating segment which comprise of Healthcare service. Accordingly no further disclosures have been made.

**30 Earnings per Share**

		31-Mar-20	31-Mar-19
Basic earnings per share	D=B/A	6.83	11.07
Diluted earnings per share	E=B/C	6.83	11.07

**30.1 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 for the year attributable to owners of the Company	A	20,45,22,747	33,15,81,103
Earnings used in the calculation of basic earnings per share		<u>20,45,22,747</u>	<u>33,15,81,103</u>
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	B	2,99,45,000	2,99,45,000

**30.2 Diluted earnings per share**

The earnings used in the calculation of diluted earnings per share are as follows.

Earnings used in the calculation of diluted earnings per share	C	20,45,22,747	33,15,81,103
--	---	--------------	--------------

**31 Obligations under finance leases**

**31.1 Leasing arrangements**

The company has obtained PET CT medical equipment under finance lease arrangement. The lease term is 7 years. The company has an options to purchase the equipment for a nominal amount at the end of the lease term. The company's obligations under finance leases are secured by the lessors' title to the leased assets.

During the year, the building lease has been classified as Right of Use of Asset. Rented Building - IND AS 116 Finance Lease - Start Date 01.01.2009, End Date 31.12.2033, 15% increase in rent for every 3 years, Rs. 355950 rent per month from Apr 2009

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 11% to 12% per annum (as at March 31, 2019: 11% to 12% per annum)

**31.2 Finance lease liabilities**

**Particulars**

Not later than one year  
Later than one year and not later than five years  
Later than five years

Less: future finance charges  
**Present value of minimum lease payments**

	Minimum Lease Payments	Present Value of Minimum Lease Payments	
	31-Mar-20	31-Mar-19	31-Mar-20
70,51,172	1,98,72,000	68,68,094	1,78,65,399
	70,51,172	-	68,68,094
70,51,172	2,69,23,172	68,68,094	2,47,33,493
1,83,078	21,89,679	-	-
<b>68,68,094</b>	<b>2,47,33,493</b>	<b>68,68,094</b>	<b>2,47,33,493</b>
		31-Mar-20	31-Mar-19
		68,68,094	1,78,65,399
		-	68,68,094
		<b>68,68,094</b>	<b>2,47,33,493</b>

**Building Lease**

**Particulars**

Not later than one year  
Later than one year and not later than five years  
Later than five years

Less: future finance charges  
**Present value of minimum lease payments**

	Minimum Lease Payments	Present Value of Minimum Lease Payments	
	31-Mar-20	31-Mar-19	31-Mar-20
67,39,875	-	5,27,255	-
3,12,83,579	-	76,35,573	-
9,18,27,155	-	6,19,60,151	-
<b>12,98,50,609</b>	<b>7,01,22,978</b>	<b>7,01,22,978</b>	<b>7,01,22,978</b>
5,97,27,630	-	-	-
<b>7,01,22,978</b>	<b>7,01,22,978</b>	<b>7,01,22,978</b>	<b>7,01,22,978</b>
		31-Mar-20	31-Mar-19
		5,27,255	-
		6,95,95,724	-
		<b>7,01,22,978</b>	<b>7,01,22,978</b>

**32 Employee benefit plans**

**32.1 Defined contribution plans**

The Company makes contributions towards provident fund and employees state insurance as a defined contribution retirement benefit fund for qualifying employees. The provident fund is operated by the regional provident fund commissioner. The Employee state insurance is operated by the employee state insurance corporation. Under these schemes, the Company is required to contribute a specific percentage of the payroll cost as per the statute. The Company has no further obligations in this regard.

The total expense recognised in profit or loss towards provident fund contribution is Rs. 24540669 (for the year ended March 31, 2019: Rs. 16013717).

The total expense recognised in profit or loss towards Employee State Insurance is Rs. 4824016 (for the year ended March 31, 2019: Rs. 6295114).

**32.2 Defined benefit plans**

**(a) Gratuity**

The Company makes an annual contribution to Employee's group gratuity cum life assurance scheme of Life insurance corporation of India (LIC). The scheme provides for lumpsum payment to the vested employees at retirement, death while in employment, or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service, or part thereof in excess of 6 months. Vesting occurs on completion of five years of service.

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

	Valuation as at	
	31-Mar-20	31-Mar-19
Discount rate(s)	6.00%	6.66%

**Imperial Hospital & Research Centre Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
(Amounts in INR unless otherwise stated)

Expected rate(s) of salary increase	Uniform 8.0%	Uniform 8.0%
Average longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

**Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows**

	31-Mar-20	31-Mar-19
Service cost:		
Current service cost	61,91,065	58,34,479
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	13,40,837	12,17,960
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>75,31,902.32</b>	<b>70,52,438.68</b>

**Remeasurement on the net defined benefit liability:**

Return on plan assets (excluding amounts included in net interest expense)	-5,79,371	-10,05,940
Actuarial (gains) / losses arising from changes in demographic assumptions	-3,48,257	1,70,000
Actuarial (gains) / losses arising from changes in financial assumptions	3,32,760	54,589
Actuarial (gains) / losses arising from experience adjustments	14,06,983	-18,68,470
Components of defined benefit costs recognised in other comprehensive income	19,70,857	(6,37,942)
<b>Total</b>	<b>95,02,759</b>	<b>64,14,497</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

**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-20	31-Mar-19
Present value of funded defined benefit obligation	2,89,24,703	2,41,04,467
Fair value of plan assets	-19,19,555	-17,97,078
<b>Funded status</b>	<b>2,70,05,148</b>	<b>2,23,07,389</b>
Restrictions on asset recognised	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>2,70,05,148</b>	<b>2,23,07,389</b>

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

	31-Mar-20	31-Mar-19
Opening defined benefit obligation	2,41,04,467	2,07,78,269
Current service cost	61,91,065	58,34,479
Interest cost	14,64,601	13,39,942
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-3,48,257	1,70,000
Actuarial gains and losses arising from changes in financial assumptions	3,32,760	54,589
Actuarial gains and losses arising from experience adjustments	14,06,983	-18,68,470
Benefits paid	-42,26,916	-22,04,342
<b>Closing defined benefit obligation</b>	<b>2,89,24,703</b>	<b>2,41,04,467</b>

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

	Year ended 31-Mar-20	Year ended 31-Mar-19
Opening fair value of plan assets	17,97,078	17,85,377
Interest income	1,23,764	1,21,983
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)	(5,79,371)	(10,05,940)
Contributions from the employer	48,05,000	31,00,000
Contributions from plan participants		
Benefits paid	(42,26,916)	(22,04,342)
<b>Closing fair value of plan assets</b>	<b>19,19,555</b>	<b>17,97,078</b>

The fair value of the plan assets are as follows

	31-Mar-20	31-Mar-19
Equity investments categorised by industry type:		
- Others	19,19,555	17,97,078
<b>Total</b>	<b>19,19,555</b>	<b>17,97,078</b>

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and attrition rates. 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:

	Change in assumption		Increase in assumption		Decrease in assumption	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Discount rate	+100 basis points	+100 basis points	2,83,89,323	2,35,73,003	-	-
	-100 basis points	-100 basis points	-	-	2,94,84,469	2,46,63,853
Salary growth rate	+ 100 basis points	+ 100 basis points	2,93,25,264	2,45,37,326	-	-
	-100 basis points	-100 basis points	-	-	2,85,33,697	2,36,85,007
Attrition rate	+ 100 basis points	+ 100 basis points	2,88,17,071	2,40,01,307	-	-
	-100 basis points	-100 basis points	-	-	2,90,35,880	2,42,10,809

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. The Maturity profile of the defined benefit obligation is 2 to 3 years

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

(b) **Leave encashment benefits**  
 As per the company's leave policy, every employee who has worked for a period of not less than 240 days during a calendar year, shall be eligible for not less than 15 days privilege leave computed at the rate of one day for every 20 days of actual service.

No other post-retirement benefits are provided to these employees.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

	Valuation as at	
	31-Mar-20	31-Mar-19
Discount rate(s)	6.00%	6.66%
Expected rate(s) of salary increase	Uniform 8.0%	Uniform 8.0%
Average longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows

	31-Mar-20	31-Mar-19
Service cost:		
Current service cost	54,61,544	48,27,723
Past service cost and (gain)/loss from settlements	10,94,767	10,70,922
Net interest expense	65,56,311	58,98,645

Components of defined benefit costs recognised in profit or loss

Remeasurement on the net defined benefit liability:	-1,01,610	35,201
Return on plan assets (excluding amounts included in net interest expense)	2,71,723	42,587
Actuarial (gains) / losses arising from changes in demographic assumptions	53,00,703	16,65,178
Actuarial (gains) / losses arising from changes in financial assumptions	-	17,42,966
Actuarial (gains) / losses arising from experience adjustments	1,20,27,127	76,41,611
Components of defined benefit costs recognised in other comprehensive income		
Total		

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

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-20	31-Mar-19
Present value of funded defined benefit obligation	1,98,46,169	1,92,46,907
Fair value of plan assets	1,98,46,169	1,92,46,907
Funded status	1,98,46,169	1,92,46,907
Restrictions on asset recognised		
Net liability arising from defined benefit obligation	31-Mar-20	31-Mar-19
	1,98,46,169	1,92,46,907
Opening defined benefit obligation	1,98,46,169	1,92,46,907
Current service cost	54,61,544	48,27,723
Interest cost	10,94,767	10,70,922
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-1,01,610	35,201
Actuarial gains and losses arising from changes in financial assumptions	2,71,723	42,587
Actuarial gains and losses arising from experience adjustments	53,00,703	16,65,178
Benefits paid	-68,16,467	-70,42,349
Closing defined benefit obligation	2,50,56,829	1,98,46,169

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

	Year ended 31-Mar-20	Year ended 31-Mar-19
Opening fair value of plan assets		
Interest income		
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)		
Contributions from the employer	68,16,467	70,42,349
Contributions from plan participants		
Benefits paid	-68,16,467	-70,42,349
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>

The fair value of the plan assets are as follows

	31-Mar-20	31-Mar-19
Equity investments categorised by industry type:		
- Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and attrition rates. 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:

	Change in assumption		Increase in assumption		Decrease in assumption	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Discount rate	+100 basis points	+100 basis points	2,46,26,991	1,94,43,617	-	-
	-100 basis points	-100 basis points	-	-	2,55,05,562	2,02,69,150
Salary growth rate	+ 100 basis points	+ 100 basis points	2,53,75,737	2,01,66,695	-	-
	-100 basis points	-100 basis points	-	-	2,47,45,753	1,95,35,518
Attrition rate	+ 100 basis points	+ 100 basis points	2,50,35,135	1,98,29,116	-	-
	-100 basis points	-100 basis points	-	-	2,50,79,669	1,98,64,150

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. The Maturity profile of the defined benefit obligation is 2 to 3 years

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

### 33 Financial instruments

#### 33.1 Capital management

The Company's objectives with respect to its capital structure are to maintain effective access to capital on a long-term basis at reasonable rates, and to deliver appropriate financial returns. The capital structure of the Company consists of equity and net debt detailed in notes 14, 15, 16 and 18..

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to incur new debt or issue new shares. Management reviews the Company's capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The following table describes the Company's gearing ratio which is one of the key metrics used internally for capital management. The Company is not subject to any externally imposed capital requirements.

#### Gearing ratio

The gearing ratio at end of the reporting period was as follows

	As at 31-Mar-20	As at 31-Mar-19
Debt	81,73,95,349	83,80,50,866
Cash and bank balances	8,59,77,774	6,84,04,251
<b>Net Debt</b>	<b>73,14,17,574</b>	<b>76,96,46,615</b>

#### Total Equity

#### Net debt to equity ratio

Debt is defined as long-term and short-term borrowings including finance lease obligations

0.62

0.78

**33.2 Categories of financial instruments**

**Financial assets**

Measured at amortised cost  
 (a) Cash and bank balances  
 (b) Other financial assets at amortised cost

	As at 31-Mar-20	As at 31-Mar-19
	8,59,77,774	6,84,04,251
	51,78,13,015	55,65,02,501
	<b>60,37,90,789</b>	<b>62,49,06,752</b>

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk for such financial assets.

Particulars	Weighted average effective interest rate( %)	Less than 1 month	1-3 months	3 months to 1 year	1 Year to 5 years	> 5 years
<b>31-Mar-20</b>						
Non-interest bearing		15,84,68,289	12,54,44,125	13,96,76,697	18,02,01,678	-
Variable interest rate instruments						
Fixed interest rate instruments						
		<b>15,84,68,289</b>	<b>12,54,44,125</b>	<b>13,96,76,697</b>	<b>18,02,01,678</b>	-
<b>31-Mar-19</b>						
Non-interest bearing		14,38,90,076	14,37,72,549	13,58,39,251	20,14,04,877	-
Variable interest rate instruments						
Fixed interest rate instruments						
		<b>14,38,90,076</b>	<b>14,37,72,549</b>	<b>13,58,39,251</b>	<b>20,14,04,877</b>	-

**33.3 Financial risk management objectives**

Risk management strategies, policies and limits ensure risks and exposures are aligned to Company's business strategy and risk tolerance. The Company's Board of Directors are responsible for providing risk management oversight. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of this risk framework in relation to the risks faced by the Company. Internal audit personnel assist the Audit Committee in its oversight role by monitoring and evaluating the effectiveness of the organization's risk management system.

**33.4 Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

**33.4.1 Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. However these are not considered significant by the management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities as at		Assets as at	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Trade Receivables	-	-	1,92,30,001.13	1,80,61,485.43
Import Payables	-	-	-	-

**Foreign currency sensitivity analysis**

The Company is primarily exposed to the currency fluctuations in USD. The trade receivables comprise of dues from Republic of Tanzania, AAR Insurance Tanzania and Consulate general of UAE.

The following table details the Company's sensitivity to a 10% increase and decrease in the Rs. against US Dollars. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rs. strengthens 10% against the relevant currency. For a 10% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Changes in assumptions	Currency USD impact	
		31-Mar-20	31-Mar-19
Impact on profit and loss for the year	10% increase	19,23,000	18,06,149
Impact on total equity as at the end of the reporting period			
Impact on profit and loss for the year	10% decrease	19,23,000	18,06,149
Impact on total equity as at the end of the reporting period			

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### 33.4.2 Interest rate risk

Interest rate risk arises from borrowings. Debts at variable rates exposes the company to cash flow risk. In the opinion of the management, interest rate risk during the year under report was not substantial enough to require intervention or hedging through derivatives or other financial instruments.

### 33.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Majority of the Company's transactions are earned in cash or cash equivalents. The trade receivables comprise mainly of receivables from Insurance Companies, Corporate customers and Government Undertakings. The Insurance Companies are required to maintain minimum reserve levels and the Corporate Customers are enterprises with high credit ratings. Accordingly, the Company's exposure to credit risk in relation to trade receivables is considered low. Before accepting any new credit customer, the company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. The outstanding with the debtors are reviewed periodically.

Further, the Company is not significantly exposed to geographical distribution risk.

### 33.6 Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 33.6.2 below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

#### 33.6.1 Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Weighted average effective interest rate( %)	Less than 1 month	1-3 months	3 months to 1 year	1 Year to 5 years	> 5 years
<b>March 31, 2020</b>						
Finance lease liability (Fixed interest rate instruments)	12%/9%	16,17,056	32,78,463	24,99,830	76,35,573	6,19,60,151
Variable interest rate borrowings	8.15% to 8.50%	-	3,00,00,000	9,00,00,000	48,00,00,000	21,00,00,000
Trade payables/Other Financial Liabilities (Non-interest bearing)		4,10,09,244	26,51,83,441	29,43,57,107	13,92,99,040	-
		<b>4,26,26,300</b>	<b>29,84,61,905</b>	<b>38,68,56,937</b>	<b>62,69,34,613</b>	<b>27,19,60,151</b>
<b>March 31, 2019</b>						
Finance lease liability (Fixed interest rate instruments)	12%	14,08,665	43,11,080	1,21,45,654	68,68,094	-
Variable interest rate borrowings	8.85% TO 9.15%	-	2,00,00,000	7,00,00,000	48,00,00,000	25,01,85,467
Trade payables/Other Financial Liabilities (Non-interest bearing)		11,70,47,882	21,97,42,913	6,19,13,891	11,57,37,323	5,29,14,810
		<b>11,84,56,547</b>	<b>24,40,53,993</b>	<b>14,40,59,545</b>	<b>60,26,05,417</b>	<b>30,31,00,277</b>

The carrying amounts of the above are as follows:

	31-Mar-20	31-Mar-19
Finance lease liability	7,69,91,072	2,47,33,493
Variable interest rate borrowings	81,00,00,000	82,01,85,467
Trade payables	73,98,48,833	56,73,56,820
	<b>1,62,68,39,905</b>	<b>1,41,22,75,780</b>

For the purposes of the above table, foreign currency liabilities have been computed applying spot rates on the Balance Sheet date

#### 33.6.2 Financing facilities

The Company has access to financing facilities as described below. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Particulars	As at 31-Mar-20	As at 31-Mar-19
Secured bank overdraft facility:		
- amount used	-	-
- amount unused	14,00,00,000	15,00,00,000
	<b>14,00,00,000</b>	<b>15,00,00,000</b>
Secured bank loan facilities with various maturity dates through to Dec-2026 and which may be extended by mutual agreement:		
- amount used	1,00,00,00,000	92,01,85,467
- amount unused	18,00,00,000	7,98,14,533
	<b>1,18,00,00,000</b>	<b>1,00,00,00,000</b>

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

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the company's financial statements approximate their fair values.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
<b>Financial assets at amortised cost:</b>				
Investments (carried at cost)	5,00,000	5,00,000	5,00,000	5,00,000
Trade receivables	41,86,41,746	41,86,41,746	44,29,13,869	44,29,13,869
Cash and cash equivalents	8,59,77,774	8,59,77,774	6,84,04,251	6,84,04,251
Other financial assets	9,86,71,269	9,86,71,269	11,30,88,632	11,30,88,632
	<b>60,37,90,789</b>	<b>60,37,90,789</b>	<b>62,49,06,752</b>	<b>62,49,06,752</b>
<b>Financial liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
Borrowings	69,00,00,000	69,00,00,000	73,01,85,467	73,01,85,467
Finance lease obligations	73,95,349	73,95,349	1,78,65,399	1,78,65,399
Trade payables	59,19,39,532	59,19,39,532	54,06,43,021	54,06,43,021
Other financial liabilities	26,79,09,301	26,79,09,301	11,67,13,799	11,67,13,799
	<b>1,55,72,44,181</b>	<b>1,55,72,44,181</b>	<b>1,40,54,07,686</b>	<b>1,40,54,07,686</b>
31-Mar-20				
Particulars	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments	-	-	5,00,000	5,00,000
Trade receivables	-	-	41,86,41,746	41,86,41,746
Cash and cash equivalents	-	-	8,59,77,774	8,59,77,774
Other financial assets	-	-	9,86,71,269	9,86,71,269
<b>Total</b>	-	-	<b>60,37,90,789</b>	<b>60,37,90,789</b>
<b>Financial liabilities</b>				
Borrowings	-	-	69,00,00,000	69,00,00,000
Finance lease obligations	-	-	73,95,349	73,95,349
Trade payables	-	-	59,19,39,532	59,19,39,532
Other financial liabilities	-	-	26,79,09,301	26,79,09,301
	-	-	<b>1,55,72,44,181</b>	<b>1,55,72,44,181</b>
31-Mar-19				
Particulars	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments	-	-	5,00,000	5,00,000
Trade receivables	-	-	44,29,13,869	44,29,13,869
Cash and cash equivalents	-	-	6,84,04,251	6,84,04,251
Other financial assets	-	-	11,30,88,632	11,30,88,632
<b>Total</b>	-	-	<b>62,49,06,752</b>	<b>62,49,06,752</b>
<b>Financial liabilities</b>				
Borrowings	-	-	73,01,85,467	73,01,85,467
Finance lease obligations	-	-	1,78,65,399	1,78,65,399
Trade payables	-	-	54,06,43,021	54,06,43,021
Other financial liabilities	-	-	11,67,13,799	11,67,13,799
	-	-	<b>1,40,54,07,686</b>	<b>1,40,54,07,686</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

**Valuation technique used to determine fair value**

The management believes that the amortised cost approximates the fair values.

**34 Related party transactions**

The Company is controlled by the following entity:

Name	Type	Place of incorporation	31-Mar-20	Ownership interest
				31-Mar-19
Apollo Hospitals Enterprise Limited	Ultimate holding company	India	90.00%	90.00%
Apollo Home Healthcare (India) Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
AB Medical Centres Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Health and Life style Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Nellore Hospitals Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Samudra Health Care Enterprises Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Western Hospitals Corporation (P) Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Hospitals (UK) Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Sapien Biosciences Private Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Assam Hospitals Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Lavasa Health Corporation Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Rajshree Hospitals Private Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Total Health	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Home Healthcare Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Healthcare Technology Solutions Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Hospitals International Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Future Parking Private Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Apollo Hospitals Singapore Pte Limited	Subsidiary of Apollo Hospitals Enterprise Ltd			
Alliance Dental Care Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd			
Apollo Specialty Hospitals Pvt Ltd	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd			

**Imperial Hospital & Research Centre Limited****Notes to the financial statements for the year ended March 31, 2020**

(Amounts in INR unless otherwise stated)

Apollo Dialysis Private Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd
Apollo Sugar Clinics Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd
Apollo CVHF Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd
Kshema Health Private Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd
Apollo Bangalore Cradle Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd
Apollo Gleneagles Hospital Limited	Step down subsidiary companies of Apollo Hospitals Enterprise Ltd
Apollo Gleneagles PET-CT Private Limited	Joint Ventures of Apollo Hospitals Enterprise Ltd
Apokos Rehab Private Limited	Joint Ventures of Apollo Hospitals Enterprise Ltd
Family Health Plan Insurance TPA Limited	Associates of Apollo Hospitals Enterprise Ltd
Indraprastha Medical Corporation Limited	Associates of Apollo Hospitals Enterprise Ltd
Apollo Munich Health Insurance Company Limited	Associates of Apollo Hospitals Enterprise Ltd
Stemcyte India Therapeutics Private Limited	Associates of Apollo Hospitals Enterprise Ltd
Apollo Amrishi Oncology Services Pvt Ltd (Associate of Apollo Hospitals Int	Associates of Apollo Hospitals Enterprise Ltd
ABC Trading Corporation	
ADELIN PHARMA PRIVATE LIMITED	
AMG Health Care Destination Private Limited	
Apex agencies	
Apollo Education Research Foundation, Chennai	
Apollo family benevolent fund trust	
Apollo Hospital Educational Trust	
Apollo Medskills Limited	
Apollo Shine Foundation	
Apollo Sindoori Hotels Limited	
Apollo Tele Health Services Pvt Ltd	
Apollo Telemedicine Networking Foundation	
Associated Electrical Agencies	
Bona Sera Hotels Limited	
Cadila Pharmaceuticals Limited	
Dasve Convention Center Limited	
Dhruv Pharma pvt ltd	
Dishnet Wireless Limited	
Dr GSK Velu	
Ecomotel Hotel Limited	
Faber Sindoori Management Services Private Limited	
Focus Medisales Private Limited	
Full Spectrum Adventure Limited	
Gleneagles Development Pte Ltd	
Gleneagles Management Services Pte Ltd	
Green Channel Travels Services Private Limtied	
Healthnet Global Limited	
Indian Hospitex Private Limited	
IRM Enterprises Private Limited	
Keimed Private Limited	
Kurnool Hospitals Enterprise Limited	
Lakeshore Watersport Company Ltd	
Lavasa Corporation Limited	
Lavasa Hotel Ltd	
Lifetime Wellness Rx International Limited	
Lucky pharmaceuticals pvt ltd - New Delhi	
Matrix Agro	
Maxivision Laser Centre Private Limited	
Medihaux International Private Limited	
Medihaux Pharma Private Limited – Hyderabad	
Medsmart Logistics Private Limited	
Medvarsity Online Limited	
Meher Distributors Private Limited - Mumbai	
Munchener Rckvesicherung Geseil schaft	
My City Technology Ltd	
Neelkanth Drugs Pvt Ltd	
P Obul Reddy & Sons	
Palepu Pharma Private Ltd	
PPN Power Generating Company Private Limited	
Rajshree Catering Services	
Reasonable Housing Limited	
RJN Spectra Hospitals Pvt Ltd	
Sahayadri City Management	
Sahayadri City Management Limited	
Sanjeevani Pharma Distributors Private Limited	
Sanofi Synthelabo (India) Limited	
Searchlight Health Private Limited	
Srinivasa Medisales Private Limited	
Starlit Resort Limited	
Stemcyte Inc, USA	
Stemcyte India Therapeutics Private Limited	
Together Against Diabetic Foundation Trust	
Trivitron Healthcare Private Limited	
Vardhman Pharma Distributors Private Limited	
Warasgaon Power Supply Ltd	
Whistling Thrust Facility Service	
Wipro GE Health Care	
Wipro Limited	
Others (entities where key management personnel are able to exercise significant influence)	

**34.1 Key management personnel and Compensation**

The remuneration of directors and other members of key management

Particulars

Mr. Davison PK  
 Mr. Ramsekar Reddy  
 Mr. Anil Prasad Sahoo

Manager  
 Chief financial officer  
 Company Secretary

	Year ended 31-Mar-20	Year ended 31-Mar-19
	1,58,23,584	1,38,60,000
	39,07,062	39,32,265
	7,90,137	7,59,750
	<b>2,05,20,783</b>	<b>1,85,52,015</b>

**34.2 Transactions with related parties**

	Transactions			Closing Balance
	For the year ended 31-Mar-20	For the year ended 31-Mar-19	For the year ended 31-Mar-20	As at 31-Mar-19
<b>Apollo Hospitals Enterprise Limited (AHEL)</b>				
Interest Payable				(35,13,30,969) (32,53,13,859)
Deputation Staff Charges Paid	75,27,609	99,44,100		
Laboratory Income Received	(1,01,64,276)	(81,91,777)		
Reimbursement of expenses paid	1,75,85,902	2,94,71,162		
Reimbursement of Expenses Received	(1,47,49,309)	(22,74,870)		
Purchases of Medicines for the IP/OP Services	73,12,216	1,20,18,444		
Amount payable towards the pharmacy sales to IP/OP patients	(55,09,92,948)	(49,85,95,961)		
Collections made and remitted on behalf of AHEL	50,81,92,380	45,16,60,773		
Collections made on behalf of imperial hospitals and remittances	(21,12,886)	(85,11,949)		
<b>Apollo Sugar Clinic Ltd (ASCL)</b>				
Out Patient Service Amount paid	1,42,49,074	1,22,76,801	(17,69,685)	(12,77,262)
Doctors Payment Reimbursement received	(33,58,455)	(29,53,901)		
Rent Received	(6,79,294)	(6,74,978)		
Lab / Radiology Revenue received	(41,97,693)	(39,20,299)		
<b>Alliance Dental care Limited (ADCL)</b>				
OP Service Amount paid	1,63,07,212	1,63,75,427	(43,45,663)	(15,75,798)
<b>Apollo Sindoori Hotels Limited (ASHL)</b>				
Accommodation charges paid	11,45,773	19,26,775	(1,19,80,262)	(73,48,504)
Food & Beverage Comprehensive Contract Amount Paid	6,30,16,487	5,74,19,728		
Food & Beverage charges collected on behalf of ASHL	88,22,508	83,35,284		
Rent Paid	44,27,216	40,71,000		
Reimbursement of expenses paid	22,42,560	48,18,852		
Reimbursement of Expenses Received	(5,32,262)	(5,31,345)		
<b>Faber Sindoori Management Services Private Limited (FSMSPL)</b>				
Housekeeping Comprehensive Contract Amount Paid and Others	7,27,18,956	6,31,19,817	(1,29,22,973)	(98,69,711)
<b>Lifetime Wellness RX International Ltd</b>				
Advertisement charges paid	6,30,000	9,07,400	(6,16,980)	(4,51,620)
Counselling charges paid	9,29,200	7,15,720		
<b>Matrix Agro Pvt Ltd</b>				
Power charges paid	3,40,08,725	3,25,26,720	(91,250)	(2,89,598)
<b>Apollo Munich Insurance Co Limited</b>				
In Patient Service Income	(4,99,73,181)	(3,55,67,217)	30,50,633	32,65,014
Out Patient Service Income	(22,52,211)	(23,49,852)		
<b>Family health plan TPA Limited</b>				
In Patient Service Income	(16,40,26,554)	(13,64,64,958)	2,75,20,866	2,53,98,016
Out Patient Service Income	(1,24,80,859)	(1,02,76,087)		
<b>Apollo Bangalore Cradle Limited (ABCL)</b>				
Out Patient Service Income	(1,28,570)	(3,34,052)	2,70,173	1,68,674
<b>Apollo family benevolent fund trust</b>				
Company's Contribution to the trust fund	9,57,275	9,06,900		
Employee contribution collected and remitted to the trust*	1,23,17,204	93,30,441		
<b>Wipro Limited</b>				
Annual maintenance contract	46,885	87,603	(1,20,612)	(1,67,497)
<b>Wipro GE Health Care</b>				
Annual Maintenance contract	34,24,761	32,50,295	(9,58,078)	(8,59,444)
Purchase of Capital goods	1,75,50,462	1,19,53,557		
<b>ABC Trading Corporation</b>				
Rental income	(5,08,091)	(4,76,867)	1,05,830	1,09,679
<b>Trivitron Healthcare Pvt Ltd</b>				
Annual Maintenance contract	41,903	38,45,392	(13,39,421)	(25,42,251)
Purchase of Material	15,26,184	15,28,565		
<b>Medsmart Logistics Pvt Ltd</b>				
Purchase	5,41,37,286	4,53,95,471	(1,05,67,149)	(81,40,016)
<b>Green Channel Travel Ser. Div. Of Firm Ltd</b>				
Travelling Expenditure	23,66,079	9,89,083		

Amounts in positive balance is the amount paid / expenses incurred and negative amount is the amount received / income earned. Similarly the amounts in brackets represent amounts payable

\* This has not been included as income/expense of the Company

**35 Lease**

**35.1 The Company as lessee**

**Leasing Arrangement**

Short Term Lease - The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Payments recognised as an expense**

**Particulars**

Minimum lease payments

	Year ended 31-Mar-20	Year ended 31-Mar-19
Minimum lease payments	2,33,40,471	2,59,54,009

There are no non cancellable operating lease commitments for the Company

**36 Commitments**

**Particulars**

Estimated amount of contracts remaining to be executed on capital account and not provided for

31-Mar-20 31-Mar-19

**37 Contingent liabilities**

**Particulars**

- (a) Claims against the company not acknowledged as debt
- (b) Other money for which the company is contingently liable

	31-Mar-20	31-Mar-19
Income Tax (Refer note 37.2)	14,29,975	14,29,975
Service tax (Refer note 37.1)	-	18,87,834
Bank guarantees-EPCG	5,70,68,994	5,70,68,994
Bank Guarantees-Others	44,00,000	32,00,000
Letter of credit	3,44,68,087	3,02,95,539

**37.1** For Financial year 2006 – 2007 to 2010-2011, the service tax department has raised a demand of Rs. 1887834 which is disputed and the company has deposited a sum of Rs 1887834 under protest against this demand. The company has filed an appeal against the said demand before CESTAT-Bengaluru, and the liability has been considered contingent until the conclusion of the appeal. In the current year the amount is expensed.

**37.2** For Assessment year 2007-2008, the income tax department has raised a demand of Rs.1429975 which is disputed and appealed against by the Company. The company has deposited a sum of Rs.1429975 under protest against this demand, pending disposal of its appeal. The liability will be considered contingent until the conclusion of the appeal.

**38 Dues to Micro, Small and Medium-Scale Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier

Particulars	As at 31st Mar 2020 Rs.	As at 31st Mar 2019 Rs.
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	87,82,003	33,91,306
- Interest	-	-