

Vinay & Keshava LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls.



VK Commerce

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relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

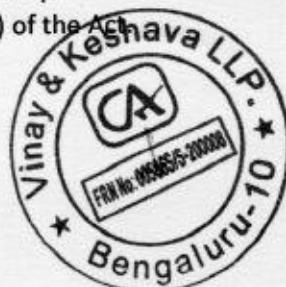
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit/loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to note 35 to the financial statements relating to the proceedings initiated against the company by Government of Karnataka. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the 'Annexure – A' a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

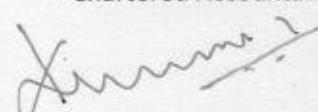


(f) With respect to the Adequacy of the internal Financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate Report in **'Annexure - B'**

(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 explanation given to us.

- i. The Company does not have any pending litigation which would impact its financial position
- ii. The company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the investor Education and Protection fund by the company

For VINAY & KESHAVA LLP
Chartered Accountants



CA M.S.Keshava
Designated Partner
Membership No: 201113
FRN: 0055865



Place: Bangalore
Date: 23.05.2016

"ANNEXURE-A" TO THE AUDITOR'S REPORT

The Annexure Referred to in the Auditor's report to the Members of IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED (The Company), for the year ended 31st March 2016. We report that:

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:

1. (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. However, during the current year no Physical verification of Fixed Assets has taken place.
-
- (c) The Title deeds of all the immovable properties are held in the name of the company
-
2. The company is a service 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 the use in the delivery of these services.
 - i. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. Discrepancies noted on verification were not material.
 - ii. 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 the nature of its business.
 - iii. In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. 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
4. In respect of loans, investments and guarantees to which the provisions of Sec 185 and 186 of the companies Act, 2013 have been complied with.

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5. 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.
6. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, as amended specified by the Central Government under section 148(1) of the Companies Act and are of the Opinion that *prima facie* the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. (a) 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, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

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, service tax there are no arrears of outstanding statutory dues as at 31st March 2016 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, and custom duty and cess which have not been deposited on account of any dispute.

8. Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to its bank.
9. In our opinion and according to the information and explanations given to us, the Company has availed term loans and the said term loans have been used for the purpose for which the term loans have been obtained.
10. 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.
11. The managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by S.197 r/w Schedule V to the Companies Act.
12. The Company is not a Nidhi Co, and therefore clause 3(12) of the Order is not applicable to the company.



13. All transactions with the related parties are in compliance with S.188 and 177(where applicable) of the companies Act,2013 and the details thereof have been disclosed in the Financials Statements etc as required by the Accounting standards and Companies Act,2013.
14. The Company has not made any preferential allotment/private placement of the shares during the year and therefore clause 3(14) of the Order is not applicable to the Company
15. The Company has not entered into any non-cash transaction with directors/persons connected with him and therefore clause 3(15) of the order is not applicable to the company.
16. 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.

For VINAY & KESHAVA LLP
Chartered Accountants



CA M.S.Keshava
Designated Partner
Membership No: 201113
FRN: 005586S



Place: Bangalore
Date: 23.05.2016

'Annexure –B' to the Independent Auditor's Report of Even Date On the Financial Statements Of Imperial Hospital & Research Center Limited

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 & Research Center Limited (the Company)** as of March 31st, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financials Controls

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

Definition 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 respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operative effectively as at 31st March 2016.

For VINAY & KESHAVA LLP
Chartered Accountants



CA M. S. Keshava
Designated Partner
Membership No: 201113
FRN: 005586S



Place: Bangalore

Date: 23.05.2016

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

(Amount in Rs)

Particulars	Note No.	Figures as at the end of Current Reporting Period (31.03.2016)	Figures as at the end of Current Reporting Period (31.03.2015)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	3	299,450,000	299,450,000
(b) Reserves and Surplus	4	231,098,176	169,414,517
(c) Money Received Against Share Warrants			
2 Share application money pending allotment		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings	5	924,994,172	897,482,002
(b) Deferred Tax Liabilities (Net)	6	55,358,309	66,648,161
(c) Other Long Term Liabilities	7	19,864,291	14,556,400
4 Current liabilities			
(a) Short-Term Borrowings	8	115,121,061	184,186,617
(b) Trade Payables	9	579,728,912	593,161,694
(c) Other Current Liabilities	10	218,122,741	236,684,217
(d) Short-Term Provisions	11	11,948,918	5,193,097
TOTAL		2,455,686,580	2,466,776,705
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	1,678,317,432	1,739,235,339
(ii) Intangible Assets			207,501
(iii) Capital Work-in-Progress		3,729,750	1,608,916
(iv) Intangible Assets Under Development			-
(b) Non-Current Investments	13	500,000	-
(c) Deferred Tax Assets (net)	14	45,136,121	94,043,431
(d) Long-Term Loans and Advances	15	119,311,363	117,006,280
(e) Other Non-Current Assets			
2 Current assets			
(a) Current Investments			-
(b) Inventories	16	54,548,552	54,833,460
(c) Trade Receivables	17	451,783,930	367,823,502
(d) Cash and Bank Balances	18	70,060,924	64,740,197
(e) Short-Term Loans and Advances	19	14,889,210	7,117,424
(f) Other Current Assets	20	17,409,297	20,160,655
TOTAL		2,455,686,580	2,466,776,705

Notes 3 to 20 and notes to accounts form part of this Balance Sheet
for and on behalf of the Board

As per Our Report annexed


DIRECTOR

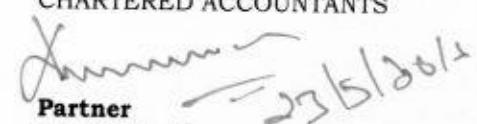

DIRECTOR


CHIEF FINANCIAL OFFICER


COMPANY SECRETARY

Place: Bengaluru
Date : 17.05.2016

For VINAY & KESHAVA LLP
CHARTERED ACCOUNTANTS

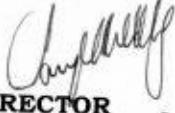

Partner
CA M.S.Keshava
Membership No : 201113
Firm Registration No. 0055868

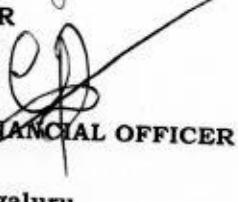
IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs)

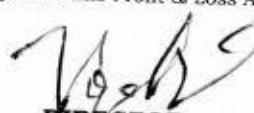
Particulars		Note No	Figures for the Current Reporting Period (31.03.2016)	Figures for the Current Reporting Period (31.03.2015)
I	Revenue From Operations	21	1,826,741,499	1,645,557,672
II	Other Income	22	13,193,915	26,339,178
III	Total Revenue (I + II)		1,839,935,414	1,671,896,850
IV	Expenses:			
	Purchases of Medical Consumables and Drugs	23	477,899,381	492,284,336
	Changes in Inventories Medical Consumables and Drugs	24	(851,914)	(4,041,724)
	Employee Benefits Expense	25	314,097,957	276,149,849
	Finance Costs	26	149,111,829	160,102,678
	Depreciation and Amortization Expense	27	123,355,616	126,084,974
	Other Expenses	28	644,334,877	548,164,524
	Corporate Social Responsibility Expenses		1,062,060	1,062,059
	Total Expenses		1,709,009,805	1,599,806,697
V	Profit before exceptional and extraordinary items and tax (III-IV)			
VI	Exceptional Items		130,925,608	72,090,153
VII	Profit before extraordinary items and tax (V - VI)		-	-
VIII	Extraordinary Items		130,925,608	72,090,153
IX	Profit before tax (VII- VIII)		130,925,608	72,090,153
X	Tax expense:			
	(1) Current Tax		(20,334,140)	-
	(2) Deferred Tax		(48,907,311)	(25,358,119)
XI	Profit (Loss) for the period from continuing operations (IX-X)		61,684,157	46,732,034
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV	Profit (Loss) for the period (XI + XIV)		61,684,157	46,732,034
XVI	Earnings per equity share:			
	(1) Basic		2.06	1.56
	(2) Diluted		-	-

Notes 21 to 28 and Notes to Accounts form part of this Profit & Loss Account


DIRECTOR

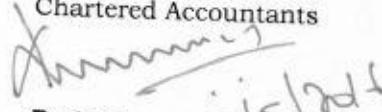

CHIEF FINANCIAL OFFICER

Place: Bengaluru
Date : 17-05-2016


DIRECTOR


COMPANY SECRETARY

For VINAY & KESHAVA LLP
Chartered Accountants


Partner 23/5/2016
CA M.S.Keshava
Membership No : 201113
Firm Registration No. 005586S

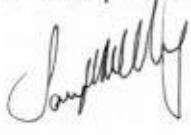
IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

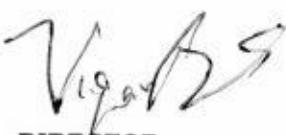
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	31.03.2016	31.03.2015
A Cash Flow from Operating Activities		
Net Profit/Loss Before Tax and Extraordinary Items	130,925,608	72,090,153
Adjustment for :		
a. Depreciation	123,355,616	126,084,974
b. Interest	149,111,829	160,102,678
c. Loss on Sale of Asset	1,254,293	-
Operating Profit/Loss before Working Capital changes	404,647,346	358,277,806
Adjustment for :		
Loans and Advances and Other Assets	(6,217,262)	2,799,351
Liabilities and Provisions	(120,620,094)	78,598,556
Trade Receivables	(83,960,428)	(36,560,134)
Cash generated from/used in Operating Activities	193,849,562	403,115,580
B Cash Flow from Investing Activities		
a. Fixed Assets	(64,259,646)	(96,979,580)
b. Fixed Assets - WIP	(2,120,834)	91,084
c. Sale of Asset	774,648	-
c. Investment in Shares	(500,000)	-
Net Cash from/used in Investing Activities	(66,105,832)	(96,888,496)
C Cash Flow from Financing Activities		
a. Proceeds from Long Term Borrowings	27,512,169	(116,434,791)
b. Interest Paid	(149,111,829)	(160,102,679)
Cashflow from Financing Activities	(121,599,659)	(276,537,470)
Net increase/decrease in Cash & Cash Equivalents	6,144,070	29,689,614
Add: Opening Cash & Cash Equivalent	55,399,181	25,709,568
Closing Cash & Cash Equivalent	61,543,251	55,399,181
Break up for Closing Cash & Cash Equivalents		
Cash on Hand	1,065,179	2,477,018
Cash at Bank	60,478,072	52,922,163
Total	61,543,251	55,399,181

for and on behalf of the Board

As per Our Report annexed


DIRECTOR

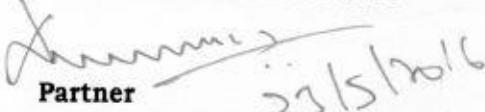

DIRECTOR


CHIEF FINANCIAL OFFICER


COMPANY SECRETARY

Place:Bengaluru
Date : 17.05.2016

For VINAY & KESHAVALL
CHARTERED ACCOUNTANTS


Partner
CA M.S.Keshava

Membership No : 201113
Firm Registration No. 005586S

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Note 3 - Share Capital

(Amount in Rs)

Particulars	March 31, 2016		March 31, 2015	
	Number	Amount	Number	Amount
Share Capital				
Authorised				
3,50,00,000 Equity Shares of Rs. 10/- each	35,000,000	350,000,000	35,000,000	350,000,000
Issued				
2,99,45,000 Equity Shares of Rs. 10/- each	29,945,000	299,450,000	29,945,000	299,450,000
Subscribed and Paid up				
2,99,45,000 Equity Shares of Rs. 10/- each fully paid up	29,945,000	299,450,000	29,945,000	299,450,000
		299,450,000		299,450,000

The Company has only one class of share referred to as equity shares having a par value of Rs.10/-.
Each holder of equity is entitled to one vote per share

The reconciliation of the number of share outstanding and the amount of share capital as at March 31, 2016 and March 31, 2015 is set out below

Particulars	Equity Shares	
	Number	Amount
Shares outstanding at the beginning of the year	29,945,000	299,450,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	29,945,000	299,450,000

Details of Shareholders holding more than 5% equity share as on 31st March 2016

Name of Shareholder	March 31, 2016		March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Apollo Hospitals Enterprise Limited	26,950,496	90.00%	26,950,496	90.00%
Dr. Viqar Syed	1,497,250	5.00%	1,497,250	5.00%
Shri..Ziaulla Sheriff	1,497,250	5.00%	1,497,250	5.00%
	29,944,996		29,944,996	

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

The Present Share Holding Pattern as at 31.03.2016 is as follows -

SIN o	Name of Share Holders	Address	No.of Shares as on 31/03/16	Price Per Share	Amount in Rs. As on 31/03/16	%	No.of Shares as on 31/03/15	Price Per Share	Amount in Rs. As on 31/03/15	%
1	D.R.A.M.Nisar Syed	D77, Golden Enclave, Airport Road, Bangalore - 560 017	-	10	-	0.00%	-	10	-	0.00%
2	Dr.Khaitija Syed	D77, Golden Enclave, Airport Road, Bangalore - 560 017	-	10	-	0.00%	-	10	-	0.00%
3	Dr.Viqr Syed	D77, Golden Enclave, Airport Road, Bangalore - 560 017	1,497,250	10	14,972,500	5.00%	1,497,250	10	14,972,500	5.00%
			1,497,250		14,972,500	5.00%	1,497,250		14,972,500	5.00%
4	Shri Ziaulla Sheriff	Al-Barka, Golden Enclave, Airport Road, Bangalore - 560 017	1,497,250	10	14,972,500	5.00%	1,497,250	10	14,972,500	5.00%
			1,497,250		14,972,500	5.00%	1,497,250		14,972,500	5.00%
5	Apollo Hospitals Enterprises Limited	No.19, Bishop Gardens Raja Annamallaipuram, Chennai - 600 028.	26,950,496	10	269,504,960	90.00%	26,950,496	10	269,504,960	90.00%
			26,950,496		269,504,960	90.00%	26,950,496		269,504,960	90.00%
6	Smt. Suneeta Reddy	# 5, Subba Rao Avenue, II Street, Nungambakkam, Chennai - 60006	1	10	10	0.00%	1	10	10	0.00%
7	Smt. Sangita Reddy	# 8-2-674/B212, Road No. 13 Banjara Hills, Hyderabad - 500034	1	10	10	0.00%	1	10	10	0.00%
8	Shri. Prathap Chandra Reddy	# 19, Bishop Garden, Raja Annamalaipuram, Chennai, 600028	1	10	10	0.00%	1	10	10	0.00%
9	Smt. Preetha Reddy	# 5, Subba Rao Avenue, II Street, Nungambakkam, Chennai - 60006	1	10	10	0.00%	1	10	10	0.00%
	Total		29,945,000		299,450,000	100%	29,945,000		299,450,000	100%

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Note 4 - Reserves & Surplus

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Reserves & Surplus		
A. Securities Premium Account		
Opening Balance	199,000,000	199,000,000
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	199,000,000	199,000,000
B. Revaluation Reserve		
Opening Balance	199,000,000	199,000,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	199,000,000	199,000,000
C. Capital Reserve		
Opening Balance	1,489,433	-
(+) Current Year Transfer		1,489,433
(-) Written Back in Current Year	-	-
Closing Balance	1,489,433	1,489,433
D. Surplus		
Opening balance	(230,074,916)	(262,966,440)
(+) Net Profit/(Net Loss) For the current year	61,684,157	46,732,034
(-) Depreciation	(498)	(13,840,510)
Closing Balance	(168,391,257)	(230,074,916)
Total	231,098,176	169,414,517

As per the new Companies Act 2013, additional depreciation charged on Opening Balance of Fixed Assets is adjusted against the Opening Balance of Reserve

Note 5 - Long Term Borrowings

	31st March 2016	31st March 2015
Secured		
From Unscheduled Banks		
(i) Yes Bank - Bangalore - Term Loan 2		
	20,000,000	19,000,000
(ii) Yes Bank - Bangalore - Term Loan 3		
	144,026,685	126,290,476
(iii) Indus Ind Bank Ltd - Chennai		
	162,967,487	278,191,526
(iv) HDFC Bank Ltd - Chennai		
	598,000,000	474,000,000
Total	924,994,172	897,482,002

(i) Yes Bank - Bengaluru - Term Loan 2

Term of Repayment

Tenor 130 months, Repayment in FY 2023-2024

Security

First charge on immovable fixed assets of borrower. Exclusive First charge on movable fixed assets (present and future not exclusive charged to any other lender) of borrower. Exclusive charge on equipments purchased under YBL Term Loan. Second Charge on current assets (present and future) of borrower. Exclusive charge on equipments purchased under YBL Term Loan

(ii) Yes Bank - Bengaluru - Term Loan 3**Term of Repayment**

Tenor 131 months, Repayment in 36 quarterly installments starting from June 2015.

Security

First charge on immovable fixed assets of borrower. Exclusive First charge on movable fixed assets (present and future not exclusive charged to any other lender) of borrower. Exclusive charge on equipments purchased under YBL Term Loan. Second Charge on current assets (present and future) of borrower. Exclusive charge on equipments purchased under YBL Term Loan

(iii) Indus Ind Bank Ltd - Chennai**Term of Repayment**

Repayment in 20 quarterly installment. FY15 Rs. 98.50 million FY16 Rs. 104.36 million, FY 17 Rs. 115.90 million, FY18 Rs. 102.56 million, FY 18 Rs. 59.7 million

Security

All present and future of the movable and immovable properties of the borrower - First pari-passu charge on all the movable fixed assets of the borrower (present and future) and Second pari-passu charge on all the current assets of the borrower both present and future. All present and future book debts. All present and future stock in trade.

(iv) HDFC Bank Ltd - Chennai**Term of Repayment - Rs. 500.0 Million**

Tenor is 9 years, including moratorium period of 1 year and repayment of 8 years. Repayment in 32 quarterly installment immediately after a moratorium of 1 year from the date of first drawdown. First installment will be paid at the end 15 months from date of drawdown/from June 2015

Security

First paripassu charge on movable and immovable fixed assets of the company

Term of Repayment - Rs. 150.0 Million

Tenor is 4 years, comprising moratorium period of 1 Year and Repayment period of 3 years. Repayment in 12 quarterly installment from the end of the quarter starting after the moratorium of 1 year from first drawdown.

Security

First paripassu charge on movable and immovable fixed assets of the company

Note 6 - Other Long Term Liabilities

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Rent Deposit	700,000	700,000
Creditors for Capital Goods	54,658,309	65,948,161
Total	55,358,309	66,648,161

Note 7 - Long Term Provisions

Particulars	31st March 2016	31st March 2015
Provision for employee benefits		
Gratuity	13,715,939	9,715,939
Leave Encashment	6,148,352	4,840,461
Total	19,864,291	14,556,400

Note 8 - Short Term Borrowings

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
From Unscheduled Banks		
Yes Bank - Bangalore <i>[First Charge on Current Assets (present & future) of the borrower]</i>	11,51,21,061	14,30,37,850
From Others <i>(Loan obtained from the Holding Company - Apollo Hospital Enterprise Ltd. Repayable on demand)</i>		4,11,48,767
Total	11,51,21,061	18,41,86,617

Note 9 - Trade Payables

Particulars	31st March 2016	31st March 2015
For Hospital Services	11,64,65,632	11,73,48,409
For Others	46,32,63,280	47,58,13,285
Total	57,97,28,912	59,31,61,694

Note 10 - Other Current Liabilities

Particulars	31st March 2016	31st March 2015
(a) Current maturities of long-term debt		
(i) Term Loans from Banks		
(i.i) Yes Bank Ltd	80,01,483	76,46,867
(i.ii) Indus Ind Bank Ltd	11,59,01,140	10,43,62,054
(i.iii) HDFC Bank Ltd	2,60,00,000	2,60,00,000
(b) Other payables		
Patient Advance	3,31,03,831	3,16,52,843
Rent Deposits	65,340	65,340
Tax Deducted at Source	72,37,332	32,01,322
Expenses Payables	1,26,28,237	1,19,95,911
Sales Tax Outward	-	61,806
Luxury Tax Payable	9,16,859	10,19,752
PT Payable	91,800	1,58,750
Service Tax Payable	35,035	3,63,505
For Capital Goods	1,15,73,961	4,78,60,961
Contribution to PF	21,37,853	18,67,074
ESI	4,29,870	4,28,031
Total	21,81,22,741	23,66,84,217

Note 11 - Short Term Provision

Particulars	31st March 2016	31st March 2015
Bonus	98,24,799	41,31,038
Corporate Social Responsibility Exp. Provision	21,24,119	10,62,059
Total	1,19,48,918	51,93,097

Note 12 - Fixed Assets

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block			
	Balance as at 01.04.2015	Additions	Deletions	Balance as at 31.03.2016	Balance as at 01.04.2015	Depreciation charge for the year	Depreciation transferred to Reserve	On disposals	Balance as at 31.03.2016	Balance as at 01.04.2015	Balance as at 31.03.2016
Tangible Assets											
Land	200,000,900			200,000,900					200,000,900	200,000,900	
Buildings	897,108,597	10,107,567	(1,800,000)	905,416,164	99,349,314	14,193,816			797,759,283	792,102,273	
Plant and Equipment											
Medical Equipment & Surgical Instruments	1,096,499,183	31,659,138		1,128,158,321	432,963,117	88,184,550			521,147,667	607,010,654	
Air Conditioning Plant & Air Conditioners	40,940,562	7,823,675		48,764,238	16,171,562	3,120,682			19,292,244	24,769,000	
Furniture and Fixtures	28,361,104	1,373,070		29,734,174	10,169,180	3,547,768			13,716,947	29,471,994	
Vehicles	13,855,759	1,891,392	(1,015,626)	14,731,505	9,544,046	1,019,890			18,191,924	16,017,227	
Office equipment	61,332,431	7,203,653		68,536,084	35,608,759	10,053,536			4,311,692	4,725,013	
Office equipment - Computers	34,999,614	4,201,151		39,200,765	30,056,811	3,027,873	-498		25,723,672	22,873,788	
Total	2,373,098,130	64,259,646	(2,815,626)	2,434,542,150	633,862,789	123,148,115	498	(786,685)	756,224,718	1,739,245,340	1,678,317,432

Note : The exchange difference arising on account of sterling amount capitalised to the extent of Rs. 18,759.47/- (available in USD) included in the Medical Equipment costing us. your deposit account of Rs. 11,122.102/- is claimed

The land has been originally allotted by State Government of Karnataka and during the financial year 2008-09, the same was transferred to the concerned department.

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block				
	Balance as at 01.04.2015	Additions	Deletions	Balance as at 31.03.2016	Balance as at 01.04.2015	Depreciation charge for the year	Depreciation transferred to Reserve	On disposals	Balance as at 31.03.2016	Balance as at 01.04.2015	Balance as at 31.03.2016
Intangible Assets											
Computer Software	7,230,687			7,230,687	7,023,184		207,501				
Total	7,230,687			7,230,687	7,023,184		207,501			7,230,685	207,503

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Note 13 - Non - Current Investments

Particulars	(Amount in Rs)	
	31st March 2016	31st March 2015
Investment in -		
Matrix Agro Pvt. Ltd (50,000 Equity Shares of Rs. 10 each, allotted at Face Value)	5,00,000	-
Total	5,00,000	-

Note 14 - Deferred Tax Asset(Net)

Particulars	31st March 2016	31st March 2015
Opening Balance as per Balance Sheet	9,40,43,432	11,94,01,550
Deferred Tax Asset / (Liability) for the year	(4,89,07,311)	(2,53,58,119)
Total	4,51,36,121	9,40,43,431

Note 15 - Long Term Loans and Advances

Particulars	31st March 2016	31st March 2015
Security Deposit	1,76,36,301	1,78,67,301
Other Deposits (Unsecured, considered good)	48,38,514	48,38,514
TDS Receivables	1,63,61,431	1,60,97,189
Income Tax Refunds	8,04,75,117	7,82,03,276
Total	11,93,11,363	11,70,06,280

Note 16 - Inventories

Particulars	31st March 2016	31st March 2015
Inventories		
a. Cath Lab	1,87 56,716	1,58,72,838
b. F&B Stores	-	3,16,342
c. Lab Materials	43,89,272	43,06,555
d. OT Surgical Instruments	2,30,16,538	2,45,77,953
e. Pharmacy Stock	11,12,051	13,33,205
f. Ward Stock	8,32,322	8,58,092
g. Printing & Stationery Stock	6,12,160	6,42,048
h. House Keeping Stock	58,19,493	69,26,426
Total	5,45,48,552	5,48,33,460

Note - Hypothecated towards Term Loan and Cash Credit Facilities

Note 17 - Trade Receivables

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Trade receivables outstanding for a period less than six months from the date they are due for payment (Unsecured, considered good)	189,936,883	196,630,152
Trade receivables outstanding for a period exceeding six months from the date they are due for payment (Unsecured, considered good)	269,377,663	179,021,562
Less: Provision for doubtful debts	7,530,616	7,828,212
Total	261,847,047	171,193,350
	451,783,930	367,823,502

Note - Hypothecated towards Term Loan and Cash Credit Facilities

Note 18 - Cash & Bank Balances

Particulars	31st March 2016	31st March 2015
Bank Balance		
Axis Bank - A/c 851	11,277,293	33,800,347
Yes Bank - Escrow - A/c 128	1,515,250	6,547,881
Indusind Bank - A/c 264	2,601,856	500,000
State Bank Of India - A/c 586	6,287,318	3,480,280
HDFC - A/c 067	6,876,549	5,604,447
Canara Bank - A/c 426	7,678	7,678
Canara Bank - A/c 813	1,534	1,534
Canara Bank - A/c 041	46,867	46,867
IOB - A/c 940	14,646	14,727
IOB - A/c 666	51,183	51,264
Jammu and Kashmir Bank - A/c 543	918,416	895,155
ICICI Bank - A/c 319	30,779,482	1,971,983
Yes Bank - A/c 979	100,000	-
Cash on hand	1,065,179	2,477,018
Deposits with Bank	8,517,672	9,341,016
Total	70,060,924	64,740,197

Deposit with bank are under lien with the bankers for obtaining Bank Guarantees, Letter of Credits and Term Loans

Note 19 - Short Term Loans and Advances

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Staff Advances	1,016,398	45,992
Advances - Others	2,492,159	4,470,713
Advances - Capex	11,380,653	2,600,720
(Unsecured, considered good)		
Total	14,889,210	7,117,424

Note 20 - Other Current Assets

Particulars	31st March 2016	31st March 2015
Prepaid Expenses	16,418,010	12,930,547
Interest Receivable	1,287	377,763
Due From Group Companies	990,000	6,852,346
Total	17,409,297	20,160,655

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Note 21 - Revenue from Operations

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Revenue from Healthcare Services	1,826,741,499	1,645,557,672
	1,826,741,499	1,645,557,672

Note 22 - Other Income

Particulars	31st March 2016	31st March 2015
Interest on Bank Deposit	786,748	865,832
Baby Centre-Licence Fee	206,473	189,334
CCD - Licence Fee	1,042,035	849,866
Exchange Difference	820,321	1,191,001
Food&Beverage Collection	1,176,412	14,410,573
Parking Charges	2,663,874	2,995,949
Rent for IBS	86,158	85,440
Rent From ATM	244,978	247,380
Sale of Scrap	96,441	432,846
Interest on IT Refund	3,132,218	2,658,561
Clinic Income	280,627	260,736
Manpower Charges	1,500,000	1,365,450
Sugar Clinic - Rent	1,026,500	305,164
Miscellaneous Income	131,130	481,046
Total	13,193,915	26,339,178

Note 23 - Purchase of Medical Consumables and Drugs

Particulars	31st March 2016	31st March 2015
Purchase of Medical Consumables and Drugs	477,899,381	492,284,336
Total	477,899,381	492,284,336

Note 24 - Change in Inventory of Medical Consumables and Drugs

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Opening Stock of Medical Consumables and Drugs	47,264,985	43,223,262
Less - Closing Stock of Medical Consumables and Drugs	48,116,899	47,264,986
Total	(851,914)	(4,041,724)

Note 25 - Employee Benefits Expenses

Particulars	31st March 2016	31st March 2015
Employee Benefits Expense		
Salaries and Wages	261,053,850	233,891,074
Contribution to Provident and Other Funds	12,858,757	11,154,957
Employee State Insurance	3,882,229	4,079,268
Staff Welfare Expenses	7,988,921	7,050,435
Staff Education & Training	254,680	281,602
Gratuity	8,041,436	3,082,860
Electricity Charges - Nurse Hostel	1,202,665	1,433,742
Linen & Uniforms	2,895,525	2,668,312
Other Allowances	10,082,402	8,996,889
Rent	5,822,502	2,938,537
Traveling Expenses	14,990	572,173
Total	314,097,957	276,149,849

Note 26 - Finance Cost

Particulars	31st March 2016	31st March 2015
Interest Expense		
Other Unsecured Loans	2,653,236	2,588,240
Cash Credit	12,868,264	16,761,068
Term Loan	111,074,212	122,563,970
Other Borrowing Costs		
Bank Charges	11,836,173	9,233,883
Other Finance Charges	10,679,944	8,955,517
Total	149,111,829	160,102,678

Note - 27 - Depreciation and Amortisation of Expenses

Particulars	31st March 2016	31st March 2015
Depreciation	123,355,616	126,084,974
Total	123,355,616	126,084,974

Note 28 - Other Expenses

(Amount in Rs)

Particulars	31st March 2016	31st March 2015
Power and fuel	46,396,866	43,518,232
Water Charges	4,041,071	6,442,748
Rent	16,964,657	15,261,002
Repairs to Machinery	8,748,047	8,071,323
Repairs to Vehicles	2,311,709	2,488,620
Office Maintenance & Others	1,018,570	916,404
Insurance	1,471,450	1,063,412
Rates and Taxes, excluding taxes on income	7,139,001	4,927,239
Postage & Telegram	269,241	373,494
Advertisement, Publicity & Marketing	63,567,613	58,505,076
Travelling & Conveyance	10,744,785	10,778,267
Security Charges	5,399,594	3,578,161
Legal & Professional Fees	100,210,763	89,007,402
Continuing Medical Education & Hospitality Expenses	440,669	209,537
Hiring Charges	1,548,029	1,947,604
Telephone Expenses	4,298,724	4,740,189
Books & Periodicals & Subscription	875,195	313,050
Loss on sale of Asset	1,254,293	-
JCI Expenses	1,885,932	4,097,353
Bad Debts Written off	35,946,140	14,459,047
Audit Fees - Statutory, Tax Audit	2,425,842	2,464,243
Audit Fees - Internal	2,282,695	2,373,494
Outsourcing Expenses	103,821,475	70,548,139
Miscellaneous Expenses	4,048,865	6,274,010
Guarantee Money	104,369,030	88,821,968
House Keeping Expenses	29,032,394	30,036,571
Printing & Stationery	14,643,121	12,636,738
Discount Allowed	8,588,266	12,118,852
Bio Medical and Engineering	59,313,387	50,933,547
Service Tax Expenses	1,277,454	1,258,802
Total	644,334,877	548,164,524

Particulars	31st March 2016	31st March 2015
Payment to the Auditors as		
a. Audit Fees	1,660,517	1,611,242
b. for taxation matters	154,575	142,135
c. for professional charges	610,750	710,866
Total	2,425,842	2,464,243

Note 1 - Description of Business:

(Note - Amount is stated in Rs. in million)

Imperial Hospital & Research Centre Limited, (Formerly known as Imperial Cancer Hospital & Research Centre Limited) is 90% subsidiary of M/s Apollo Hospital Enterprises Limited, Chennai, a listed company. The company has established a 269 bed, super specialty hospital in Bengaluru

Note 2 - Significant Accounting Policies

A. Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention under accrual method of accounting and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and according to the provisions of the Companies Act, 2013.

B. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

C. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a) Income from Healthcare Services is recognized on completed service contract method. Revenue also includes the value of services rendered pending final billing in respect of inpatients undergoing treatment as on 31st March 2016. The company recognizes the revenue net of discounts. Revenue from hospital services is recognized excluding doctor fee and pharmacy charges collected on behalf of Medical/Surgical Consultants and Pharmacy.
- b) Revenue is recognized in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis.
- c) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

D. Inventories:

- a) The inventories of all medicines, medical items used for the treatment of Patients and dealt with by the Company are valued at cost. In the absence of any further estimated costs of completion and estimated costs necessary to put it to use, the Net realizable Value is not applicable. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present locations after adjusting for VAT, wherever applicable, applying the FIFO method.
- b) Stock of provisions, stores, stationeries and housekeeping items are stated at cost. The net realizable value is not applicable in the absence of any further modification/alteration before being consumed in-house. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT, wherever applicable applying the FIFO method.
- c) Surgical Instruments, linen, crockery and cutlery are valued at cost. The net realizable value is not applicable in the absence of any further modification/alteration before being consumed in-house. Cost of these inventories comprises of all costs of purchases and other costs incurred in bringing the inventories to their present location.
- d) Imported inventories are accounted for at the applicable exchange rates prevailing on the date of transaction.

E. Depreciation and Amortization:

- a) Depreciation on fixed assets is provided using Straight Line Method as per the provisions of Schedule II of the Companies Act 2013 on single shift basis for the Assets put to use. Depreciation is charged on a pro rata basis for the assets put to use during the period.
- b) In respect of the assets sold during the year, depreciation has been provided from the date of acquisition or the beginning of the year, whichever is more, till the date of its disposal.
- c) Depreciation on Assets acquired under Financial Lease is provided over the primary period of lease of 7 years or over the useful lives of the respective fixed assets, whichever is shorter. This is in conformity with the definition of lease term as per Clause 3 of AS 19 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006.

F. Fixed Assets, intangible assets and capital work-in-progress:

- a) All Fixed Assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses are recognized where necessary. Additional costs relating to the acquisition and installation of fixed assets are capitalized. VAT on purchases of Fixed Assets is capitalized to the cost of the Asset
- b) Capital work-in-progress comprises of amounts expended on development/acquisition of Fixed Assets that are not yet ready for their intended use at the Balance Sheet Date. Expenditure during construction period directly attributable to the projects under implementation is included under Capital work- in -progress, pending allocation to the assets. Advances paid to acquire fixed assets are included under long term/short term loans and advances as the case maybe.
- c) Assets acquired under Finance Lease Arrangements are capitalized to the extent of Present Value of future Minimum lease payments, while finance charges are charged to revenue on accrual basis.
- d) Interest on borrowings, for acquisition of Fixed Assets and exchange fluctuation arising out of foreign borrowings and the related revenue expenditure incurred for the period prior to the commencement of operation of the Assets are capitalized.
- e) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Cost of software including directly attributable cost, if any, acquired for internal use, is allocated /amortized over a period of 5 years.

G. Retirement benefits to employees:

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost.

Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which employees render service), and post employment benefits (benefits which are payable after completion of employment), are measured on a discounted basis by the Projected Unit Credit Method, on the basis of annual third party actuarial valuations.

Defined Contribution Plan

The Company makes contributions towards Provident Fund and Employees State Insurance as a defined contribution retirement benefit fund for qualifying employees.

The Provident Fund Plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost, as per the statute, to the retirement benefit schemes to fund the benefits. Employees State Insurance dues are remitted to the Employees State Insurance Corporation

Defined Benefit Plans

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial Gains or Losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

a) Gratuity:

The Company makes an annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of Life Insurance Corporation of India, for funding defined benefit plan for qualifying employees which is recognized as an expense. The Scheme provides for lump sum payment to 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 six months. Vesting occurs upon completion of five years of service.

b) Leave encashment benefits:

As per the company 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.

H. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. As per Accounting Standard 16 'Borrowing costs', a qualifying asset is one that takes a necessarily substantial period of time to get ready for its intended use. All other borrowing costs are expensed as and when incurred.

I. Transactions in Foreign Currencies:

- a) Monetary items relating to foreign currency transactions remaining unsettled at the end of the year are translated at the exchange rates prevailing at the date of the Balance Sheet. The difference in translation of monetary items and the realized gains and losses on foreign exchange transactions are recognized in the Statement of Profit and Loss in accordance with Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)', as notified under the Companies (Accounting Standards) Rules, 2006
- b) Exchange differences arising on settlement or restatement of foreign currency denominated liabilities borrowed for the acquisition of Fixed Assets are now capitalized based on Para 46A of Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)' and MCA circular dated 09 August 2012.

J. Leases

a) Where the Company is the lessee

- i. Leases where the Lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i. Leases where all the risks and benefits of ownership of the leased items are transferred to the lessee are classified as Finance Lease and the Leased item is capitalized in the books of account. Depreciation is claimed over the term of the Lease or useful lives of the Asset whichever is shorter. Finance charges are expensed in the statement of Profit and loss on accrual basis.

b) Where the Company is the Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

K. Segment Reporting:

The Company is engaged in rendering Healthcare Services, which in context of Accounting Standard 17 issued by the ICAI is considered as the only business segment.

L. Taxation:

a) Income Tax is computed using the tax effect accounting method, where taxes are accrued in the same period as and when the related revenue and expense arise.

b) The differences that result between the Losses calculated for Income Tax purposes and the Losses as per the financial statements are identified and thereafter deferred tax asset or deferred tax liability is recorded for timing differences. Net Deferred Tax is recognized as per Accounting Standard (AS) -22.

M. Impairment:

Carrying amount of all the assets will be reviewed once in a year and if recoverable amount is less than the carrying amount, Impairment loss is recognized as required by Accounting Standard (AS)-28. However the management is of the opinion that, no impairment loss or reversal of impairment loss is required in the current financial year, as conditions of impairment do not exist.

N. Earnings per Share:

In determining the earnings per share, the Company considers the Net Profit/Loss after tax after extraordinary items and includes post-tax effect of any extraordinary items.

O. Preliminary and pre-operative Expenses:

Preliminary and pre-operative Expenses are amortized over a period of 5 years.

P. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Q. Provisions, Contingent Liabilities and Unfulfilled Capital Commitments:

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not provided for unless a reliable estimate of probable outflow to the Company exists as at the Balance Sheet date.

Note 29 – Inventories

During the current financial year surgical instruments were written off to the extent of Rs.6.69.

Note 30 - Foreign Currency Transactions

Particulars	31.03.2016	31.03.2015
Earnings in Foreign Currency	66.7	105.1
Expenditure in Foreign Currency -		
Operating Expenses	5.49	14.35
Capital in Nature	59.22	50.02
Exchange Difference		
Amount Capitalised to TrueBeam Medical Equipment. (Exchange difference calculated on the amount payable in foreign currency)	1.87	2.99

Note 31 - Leases

During the year 2013-14 the company, has capitalized PET CT – Medical Equipment and accounted under finance lease. The details are hereunder –

Particulars	31.03.2016	31.03.2015
Total Capitalised Value	Rs. 82.19	Rs. 82.19
Net Carrying Amount of Asset	Rs. 56.03	Rs. 67.15
Useful Life of the Asset	7 Years	7 Years
Lease Term	7 Years	7 Years
Finance Charges during the year	Rs. 8.49	Rs. 9.35
Repayment of Liability during the year	Rs. 8.47	Rs. 6.06

PV of Minimum Lease Payments –

Particulars	31.03.2016
Upto 1 Year	Rs. 11.28
1 year to 5 year	Rs. 55.88
More than 5 year	Rs. -

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Note 32 - Related Party transactions:

The details of the related party transactions entered into by the company, are as under:-

SL No	Name of the Party	Nature of Relationship	Nature of Transaction	Transaction		Closing Balance	
				FY15-16 (Rs. m)	FY14-15 (Rs. m)	31.03.16 (Rs. m)	31.03.15 (Rs. m)
1	Apollo Hospital Enterprises Limited (Chennai)	Holding Company	Purchase of Consumables & Medicines	17.24	18.53	368.88	389.67
			Reimbursement of Expenses	20.01	28.75		
			Reimbursement of Expense Paid	12.13	3.43		
			Interest on Short Term Loan and Reimbursement of Expenses	0.97	2.59		
			Payment towards Services	3.95	1.99		
			Deputation Staff Charges	4.13	14.72		
				64.18	29.20		
2	Apollo Sindoori Hotels Limited	Significant Influence	Rent	3.42	3.37	11.50	6.57
			Reimbursement of Expense Paid	0.79	0.31		
			Accomodation Charges	4.24	5.63		
				45.80	42.24		
3	Faber Sindoori Management Services Private Limited	Significant Influence	Availing of Housekeeping Services			11.54	10.39
5	Apollo Hospitals International	Significant Influence	Reimbursement of Expense Paid	0.04	0.00	0.04	(0.47)
6	Indraprastha Medical corporation	Significant Influence	Others	0.00	0.47	1.66	1.66
7	Apollo Gleneagles	Significant Influence	Reimbursement of Expenses	0.00	0.67	2.01	2.05
8	Lifetime Wellness RX International Ltd	Significant Influence	Others	1.60	1.67	0.47	0.24
9	Matrix Agro Pvt Ltd	Significant Influence	Purchase of Electric Power	7.69	0.00	2.68	0.00
10	Apollo Sugar Clinic Ltd	Significant Influence	Services	2.90	0.64	0.45	(1.59)
			Rent	1.37	0.34		
11	Apollo Munich Insurance Co Ltd	Significant Influence	Medical Insurance Services	15.84	0.32	1.30	0.80
12	Family Health Plan Ltd	Significant Influence	Medical Insurance Services	78.60	77.38	7.82	12.16

Note 33 - Taxes on Income (AS – 22):

Consequent to the issuance of AS 22 by ICAI, which is mandatory in nature, the company has recognized Deferred Taxes which result from the timing differences between the Book Profit and Tax Profits. Consequently, as required by the Standards, the deferred tax liability for the year aggregating Rs. 48.9 (Rs. 25.4) has been recognized in the Profit and Loss Account. The tax impact for the above purpose has been arrived by applying a tax rate of 34.61% being the prescribed tax rate for Indian companies under the Income tax Act, 1961.

Particulars	31st March 2016	31st March 2015
Opening Balance as per Balance Sheet	94.0	119.4
Deferred Tax Asset / (Liability) for the year	(48.9)	(25.4)
Total	45.1	94.0

Note 34 - Dues to Micro, Small and Medium-Scale Enterprises:

The Company is under process of compiling the information of creditors covered under the MSMED Act 2006.

Note 35 – Impairment of Assets:

FIXED ASSETS – LAND AND BUILDINGS – WDV AS ON 31.03.2016 – Rs.992.10

During the financial year 2014-15, the Company has received an order from Special Deputy Commissioner of Bengaluru alleging non-compliance of allotment conditions by the Company of the land on which the hospital building is constructed. Further, the said order of the authority also demands surrendering the land and the building to the state government.

The Company, has approached some reputed and senior advocates who have expertise and experience in handling such land related matters and they have all unanimously opined that, (a) there is no violation, on the part of the company, of any terms and condition of the allotment; (b) the order passed by the said authority is beyond jurisdiction and is opposed to the basic principles of natural justice as the company has not been provided with an opportunity to make a representation ; and (c) irrespective of the said order, there is no threat to the valid marketable title to the property held by the company

The company has made a written representation to the concerned authorities highlighting these facts and requesting withdrawal of the order. The State government has taken cognizance of the company representation and is in the process of reviewing the said order of the Deputy Commissioner. The company is confident that there will be no threat to the present status of the land and building considering the progress of the matter and the response received from the authorities.

Given the above-mentioned facts, the management is of the unequivocal opinion that no assets have been impaired during the year and there is no threat to the continuity of the operations of the company or its revenue earning capabilities.

Note 36 - Provisions, Contingent Liabilities and Unfulfilled Capital Commitments:

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not provided for unless a reliable estimate of probable outflow to the Company exists as at the Balance Sheet date.

a. EPCG Commitments:

Particulars	As on 31 st March	
	Mar-2016	Mar-2015
Outstanding guarantees and counter guarantees to various banks, in respect of Bank Guarantees given by those banks in favor of Customs authorities against of import of Capital Assets under EPCG scheme	Rs.24.00	Rs.26.91
Other Bank Guarantee	Rs. 2.51	Rs. 5.00

The Company has imported Fixed Assets under the EPCG Scheme under an obligation to earn Revenues in foreign currency to the extent of "eight/six" times the duty saved. The cumulative Export Obligation on the part of the Company as on 31st March 2016 is Rs. 230.72 (Rs 222.26).

During the year, the company has filed application for redemption of the EPCG License with DGFT office of Rs. 116.81 for which redemption certificate has been received on 11.04.2016.

Additional Commissioner of Customs has issued a demand cum show cause notice for non-fulfilment of export obligation under EPCG License no 0730004459. Total demand raised in the said Show cause notice is Rs. 3.08 plus interest. Redemption certificate for this license also has been received in the month of April 2016 and submitted to concerned authority for Cancellation of Bank Guarantee.

Additional Commissioner of Customs has issued a demand cum show cause notice for non-fulfilment of export obligation under EPCG License no 0730005797. Total demand raised in the said Show cause notice is Rs. 0.34. Redemption certificate for this license also has been received in the month of April 2016 and submitted to concerned authority for Cancellation of Bank Guarantee.

b. For Financial year 2006 – 2007 to 2010-2011, the service tax department has raised a demand of Rs. 1.88 which is disputed and the company has deposited a sum of Rs. 1.88 under protest against this demand. The company has filed an appeal against the said demand before CESTAT-Bengaluru, hence the liability will be considered contingent until the conclusion of the appeal.

c. For Assessment year 2007-2008, the income tax department has raised a demand of Rs.1.43 which is disputed and appealed against by the Company. The company has deposited a sum of Rs.1.43 under protest against this demand, pending disposal of its appeal. The liability will be considered contingent until the conclusion of the appeal, hence the debts have not been acknowledged by the company.

IMPERIAL HOSPITAL & RESEARCH CENTRE LIMITED

Note 37 – Corporate Social Responsibility Expenditure

During the year FY15-16, construction of a Laboratory Department in the Government School, Gottigere, Bengaluru has been started and advance for the civil work of Rs. 0.20 has been released.

Sl.No.	Particulars	Remarks
1	The Composition of the CSR Committee	Mr. Raj Kumar Menon; Chairperson Mr. Ganesan Venkatraman Smt. Sangita Reddy
2	Average net profit of the company for the last three financial years	Rs. 53.10
3	Prescribed CSR Expenditure (two percent of the amount as in item 2 above)	Rs. 1.06
4	Gross amount required to be spent by the company during the year 2014-15	Rs. 1.06
	Amount spent during the year FY15-16	Rs. 0.20
	Cumulative Balance to be spent as at 31.03.2016	Rs. 1.92

The CSR Projects identified are mentioned below -

Sl.No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and the district where projects or programs was taken	Amount Outlay(Budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2)Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency*
1	Construction of Laboratory facility for Government Higher Primary School.	Education	Gottigere Bannarghatta Road, Bengaluru.	Rs. 0.68	Advance payment released Rs. 0.20		Direct
2	Supply of Black board, chairs, slotted angles for Government Primary School	Education	Bannerghatta Road, Bengaluru.	Rs. 0.009	Rs. 0.009	Rs. 0.009	Direct
3	Supply and installation of grill work for Government Primary school for the safety of children	Education	Bannerghatta Road, Bengaluru.	Rs. 0.077	Rs. 0.077	Rs. 0.077	Direct

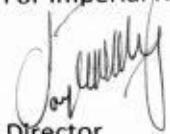
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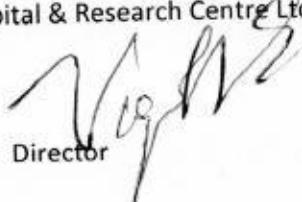
Note 38 - Others

Figures of the current period and previous year have been represented in Rs. Million (except in the case of Earnings per Share)

Previous year figures have been regrouped and reclassified wherever necessary to confirm with current years classification.

For Imperial Hospital & Research Centre Ltd,


Director


Director

Place - Bengaluru

Date - 17-05-2016