

**Western Hospitals Corporation Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2016**

**1 CORPORATE INFORMATION**

The Company was incorporated on 16 October 2006. The Company is yet to receive the necessary approvals and clearances from the authorities for setting up of Super-Specialty Hospitals and is yet to commence commercial operations.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Accounting**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2.2 Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known or materialise.

**2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.4 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**2.5 Revenue Recognition**

Dividend income is recognized as and when right to receive the dividend is established. Interest income is recognized on time proportion basis.



## 2.6 Taxation

Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences, being the difference between the taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient future taxable profits will be available to realize such assets. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognized as an asset, in accordance with the provisions contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## 2.7 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## 2.8 Provisions and Contingencies

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.



**Western Hospitals Corporation Private Limited**  
**Balance Sheet as at 31 March 2016**

<b>Particulars</b>	<b>Note</b>	<b>As at</b>	
		<b>31 March 2016</b>	<b>31 March 2015</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	180,000,000	180,000,000
Reserves and Surplus	4	(7,073,516)	(16,671,305)
<b>Current Liabilities</b>			
Other Current Liabilities	5	2,119,081	945,491
Short Term Provisions	6	1,586,648	1,814,141
<b>Total</b>		<b>176,632,213</b>	<b>166,088,327</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Current Investments	7	-	38,175,171
Cash and Cash Equivalents	8	6,391,297	125,331,527
Short Term Loans and Advances	9	162,500,000	-
Other Current Assets	10	7,740,916	2,581,629
		<b>176,632,213</b>	<b>166,088,327</b>

Summary of Significant Accounting Policies 2  
 See accompanying notes forming part of the 13-18  
 financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Karra & Co.,**  
 Chartered Accountants  
 Firm Registration No. 001749S

**K.Sathiyanarayanan**  
 Partner  
 Mem.No. 210737

Place : Chennai  
 Date : 06-May-2016



*R Krishnamurthy*

Director

*S. Krishnamurthy*

Director

**Western Hospitals Corporation Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2016**

<b>Particulars</b>	<b>Note</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
		<b>31 March 2016</b>	<b>31 March 2015</b>
		<b>Rs</b>	<b>Rs</b>
<b>Income</b>			
Other Income	11	14,444,156	12,388,071
<b>Total</b>		<b>14,444,156</b>	<b>12,388,071</b>
<b>Expenses</b>			
Other Expenses	12	477,148	429,326
<b>Total</b>		<b>477,148</b>	<b>429,326</b>
<b>Profit / (Loss) before Tax</b>		<b>13,967,008</b>	<b>11,958,745</b>
<b>Less: Tax Expenses</b>	15		
Current tax		4,369,220	3,030,720
<b>Total</b>		<b>4,369,220</b>	<b>3,030,720</b>
<b>Profit / (Loss) after Tax</b>		<b>9,597,788</b>	<b>8,928,025</b>
<b>Earnings per share</b>			
Basic and Diluted (in Rs.)	17	0.53	0.50

See accompanying notes forming part of the financial statements 13-18

In terms of our report attached  
**For Karra & Co.,**  
Chartered Accountants

**K.Sathiyanarayanan**  
Partner  
Mem.No. 210737

Place : Chennai  
Date : 06-May-2016

  
Director

  
Director

  
Vasan

**Western Hospitals Corporation Private Limited**  
**Cash Flow Statement for the year ended 31 March 2016**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
	Rs	Rs.
<b>A. Cash flow from operating activities</b>		
Profit after tax	9,597,788	8,928,025
<b>Adjustments for:</b>		
Interest income	(13,691,968)	(9,808,183)
Dividend Income from Current Investments	(752,188)	(2,579,888)
Operating (Loss) before changes in operating assets and liabilities	(4,846,368)	(3,460,046)
<b>Adjustments for Changes in operating assets and liabilities</b>		
Other current Assets	(5,159,287)	1,419,705
Short Term Provisions	(227,493)	786,831
Other current liabilities	1,173,590	917,401
Cash used in Operations	(9,059,558)	(336,109)
<b>Net Cash Flow Used in Operations</b>	<b>(9,059,558)</b>	<b>(336,109)</b>
<b>B. Cash flow from investing activities</b>		
Interest received	13,691,968	9,808,183
Loan given	(162,500,000)	-
Dividend Income from Current Investments	752,188	2,579,888
Bank Deposits having original maturity of more than 3 months (Note 8)	63,720,086	45,374,048
Proceeds from redemption of investment in mutual funds	-	4,420,112
<b>Net cash flow from investing activities</b>	<b>(84,335,758)</b>	<b>57,762,119</b>
<b>Net cash flows during the year (A+B)</b>	<b>(93,395,316)</b>	<b>57,426,010</b>
Opening balance of Cash and cash equivalents	99,786,611	42,360,601
Closing balance of Cash and cash equivalents	6,391,297	99,786,611
Net increase in cash and cash equivalents	<b>(93,395,315)</b>	<b>57,426,010</b>

**Reconciliation of Cash and Cash Equivalents with the Balance Sheet:**

Cash and Cash Equivalents as per Balance Sheet (Refer to Note 8)	6,391,297	125,331,527
Less: Bank Deposits having original maturity of more than 3 months (Note 8)	-	(63,720,086)
Add: Current investments considered as part of cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer to Note 7)	-	38,175,171
<b>Cash and Cash Equivalents at the end of the year *</b>	<b>6,391,297</b>	<b>99,786,611</b>
(* comprises)		
Cash on hand	20,676	17,876
Balances with banks		
In current accounts	6,370,621	61,593,565
Current investments considered as part of Cash and cash equivalents (Refer to Note 7)	-	38,175,171
<b>Total</b>	<b>6,391,297</b>	<b>99,786,611</b>

See accompanying notes forming part of the financial statements      13-18

In terms of our report attached

**For KARRA & Co.,**  
Chartered Accountants

**K.Sathiyararayanan**  
Partner  
Mem.No.210737

Place : Chennai  
Date : 06-May-2016

For and on behalf of the Board of Directors

*R.Krishnamurthy*

Director

*S.Srinivasan*

Director



Western Hospitals Corporation Private Limited  
 Notes forming part of the financial statements for the year ended 31 March 2016

	Particulars	As at		
		31 March 2016 Rs.	31 March 2015 Rs.	
<b>3 SHARE CAPITAL</b>				
<b>Authorised</b>				
	50,000,000 (Previous Year : 50,000,000) equity shares of Rs.10 each	500,000,000	500,000,000	
<b>Issued, Subscribed &amp; Paid-up</b>				
	18,000,000 equity (Previous Year : 18,000,000) shares of Rs 10 each	180,000,000	180,000,000	
	<b>Total</b>	<b>180,000,000</b>	<b>180,000,000</b>	

**3.1 Changes in number of issued equity share shares**

There has been no movement in the number of equity shares outstanding at the beginning and end of the year.

**3.2 Shares held by the Holding Company**

As at 31 March 2016, the entire paid-up share capital of the Company is held by Apollo Hospitals Enterprise Limited, the Holding Company.

**3.3 Details of Shareholders holding more than 5% Shares in the Company**

As at 31 March 2016, the 100% of share capital of the Company comprising 18,000,000 shares is held by Apollo Hospitals Enterprise Limited.

**3.4 Disclosure of Rights**

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

	Particulars	As at		
		31 March 2016 Rs.	31 March 2015 Rs.	
<b>4 RESERVES AND SURPLUS</b>				
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>				
Opening balance		(16,671,305)	(25,599,331)	
Profit/(Loss) For the year		9,597,788	8,928,025	
<b>Closing balance</b>		<b>(7,073,516)</b>	<b>(16,671,305)</b>	
	Particulars	As at		
		31 March 2016 Rs.	31 March 2015 Rs.	

**5 OTHER CURRENT LIABILITIES**

Statutory remittances - Tax deducted at source	28,100	32,140
Short Term Loans and Advances	2,090,981	913,351
<b>Total</b>	<b>2,119,081</b>	<b>945,491</b>



**Western Hospitals Corporation Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2016**

Particulars	As at	As at
	31 March 2016	31 March 2015
	Rs.	Rs.
<b>6 SHORT TERM PROVISION</b>		
Provision for income tax [Net of Advance tax paid & Tds Receivable	1,325,398	1,527,831
Outstanding expenses	-	33,500
Audit Fees Payable	261,250	252,810
Total	<b>1,586,648</b>	<b>1,814,141</b>

Particulars	As at	As at
	31 March 2016	31 March 2015
	Rs.	Rs.
<b>7 CURRENT INVESTMENTS</b>		
Unquoted Investments (valued at lower of cost and fair value)		
Investment in Mutual Funds		
Kotak Mutual Fund - Low Duration Fund Standard		
Weekly Dividend Regular Plan (Previous Year		
38,137.034 Units) @ Rs.1,001/- each	-	38,175,171
Total	-	<b>38,175,171</b>
Note: Aggregate Value of Current Investments		
Cost	-	<b>38,175,171</b>
Net asset value	-	<b>38,728,494</b>

Current investments are in the nature of "Cash and cash equivalents" (as defined in AS 3 Cash Flow Statements), and are considered as part of Cash and cash equivalents in the Cash Flow Statement.



**Western Hospitals Corporation Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2016**

Particulars	As at 31 March 2016 Rs.	As at 31 March 2015 Rs.
<b>8 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	20,676	17,876
Balances with banks		
(i) In current accounts	6,370,621	61,593,565
(ii) In deposits accounts, with original maturity greater than 3 months		63,720,086
<b>Total</b>	<b>6,391,297</b>	<b>125,331,527</b>
Note:		
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement are:	<b>6,391,297</b>	<b>61,611,441</b>
<b>9 SHORT TERM LOANS AND ADVANCES</b>		
Unsecured,considered good		
Apollo Hospitals Enterprise Limited	160,000,000	-
Apollo Lavasa Health Corporation Limited	2,500,000	-
	<b>162,500,000</b>	<b>-</b>
<b>10 OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	-	699,960
Interest accrued on Loans given	5,859,247	
Refund due - Income Tax - AY 2012-13	1,881,669	1,881,669
<b>Total</b>	<b>7,740,916</b>	<b>2,581,629</b>



**Western Hospitals Corporation Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2016**

<b>Particulars</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>11 OTHER INCOME</b>		
Interest Income	13,691,968	9,808,183
Dividend Income from Current Investments	752,188	2,579,888
<b>Total</b>	<b>14,444,156</b>	<b>12,388,071</b>
<b>Particulars</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>12 OTHER EXPENSES</b>		
Travelling expenses	55,200	26,100
Rates and Taxes	7,200	35,941
Conveyance	42,000	42,000
Office Maintenance	-	3,600
Professional Charges	86,210	40,785
Other Expenses	288	-
Statutory Audit Fees	250,000	250,000
- Service Tax	36,250	30,900
<b>Total</b>	<b>477,148</b>	<b>429,326</b>



**Western Hospitals Corporation Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2016**

**13 COMMITMENTS AND CONTINGENCIES**

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) – Rs. Nil (Previous Year Rs. Nil).
- (b) Claims against the Company Not acknowledged as Debts – Rs. Nil (Previous Year Rs. Nil).

**14 MICRO, SMALL AND MEDIUM ENTERPRISES**

As at 31 March 2016 and 31 March 2015, there are no amounts due to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. This has been relied upon by the auditors.

**15 TAXATION**

(a) **Deferred Tax**

No deferred tax has been recognized on grounds of prudence / virtual certainty requirements.

**16.1 RELATED PARTY TRANSACTIONS**

<b>Particulars</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>
Ultimate holding company	Apollo Hospitals Enterprise Limited	Apollo Hospitals Enterprise Limited
Enterprise under common control	Apollo Lavasa Health Corporation Limited Nil Nil	Apollo Health and Lifestyle Limited Indraprastha Medical Corporation Limited Apollo Rajshree Hospitals Private Ltd., Indore
Key management personnel	Mr.R.Krishnakumar, CFO Mr.S.M.Krishnan, CS	1.Dr Prathap C. Reddy 2. Mr.R.Krishnakumar,CFO 3. Mr.S.M.Krishnan, CS
Entities over which key management personnel exercise significant influence	Nil Nil	Indian Hospital Corporation Limited Apollo Mumbai Hospital Limited

Related party relationships are as identified by the Management and relied upon by auditors.



16.2 Transactions with the Related Parties

Transactions with related party	For the year ended 31 March 2016 Rs.	For the year ended 31 March 2015 Rs.
Advances paid and (recovered):		
Apollo Hospitals Enterprises Limited	160,000,000	-
Apollo Hospitals Enterprise Limited-Project Division	(2,058,841)	(913,351)
Apollo Hospitals Enterprise Limited-Hospital Division	(32,140)	-
Apollo Rajshree Hospitals P Ltd., Indore	-	100,000,000
Apollo Lavasa Health Corporation Limited	2,500,000	-
 Outstanding Balances	 For the year ended 31 March 2016 Rs.	 For the year ended 31 March 2015 Rs.
Amounts (Payable)/Receivable		
Apollo Hospitals Enterprises Limited	165,838,904	-
Apollo Hospitals Enterprise Limited-Project Division	(2,058,841)	(913,351)
Apollo Hospitals Enterprise Limited-Hospital Division	(32,140)	-
Apollo Lavasa Health Corporation Limited	2,520,343	-

17 EARNINGS PER SHARE

Particulars	For the year ended 31 March 2016 Rs.	For the year ended 31 March 2015 Rs.
Profit / (Loss) After Tax (Rs.)	9,597,788	8,928,025
Weighted Average No. of Equity Shares (Units)	18,000,000	18,000,000
Earnings per Share (Basic & Diluted) - in Rs.	0.53	0.50
Face Value per Share - in Rs	10	10

18 PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached  
For KARRA & Co.,  
Chartered Accountants

For and on behalf of the Board of Dire

K.Sathiyaranayanan  
Partner  
Mem.No. 210737

*R Krishnamurthy*

Director

*Sathiyaranayanan*

Director

Place : Chennai  
Date : 06-May-2016



Western Hospitals Corporation Private Limited

Assessment Year 2016-17  
Year Ended 31.03.2016

Provision for Tax Workings

Particulars	Amount	Rs.	Amount	Rs.
<b>I. Profits and Gains of Business or Profession</b>				
Net Profit as per P&L a/c			13,967,008	
Less: Admissibles/Not taxable under this head			13,967,008	
Interest Income on FD & other advances	13,691,968			
Dividend Received	752,188		14,444,156	
Business Income			(477,148)	
<b>II. Capital Gains</b>				
A. Short Term Capital Gain			-	
B. Long Term Capital Gain			-	
<b>III. Income From Other Sources</b>				
III. Income From Other Sources				-
Dividend from Mutual Fund Units	752,188			
<u>Less: Exempt u/s 10(35)</u>	752,188			
<b>Interest income (FD &amp; Other advances)</b>	13,691,968		13,691,968	
<b>Disallowance u/s 14A (based on provision for tax workings provided to us)</b>			-	
			-	
			13,691,968	
<b>Gross Total Income</b>			13,214,820	
<b>Less: Deduction u/c VIA</b>			-	
Total Income			13,214,820	
Total Income Rounded off to			13,214,820	
Tax on Income under normal Provisions	3,964,450			
Tax amount	3,964,450			
Surcharge @ 7%	277,512			
Education Cess @ 3%	127,259			
<b>Tax payable</b>			4,369,220	
<b>Less: TDS on Fixed Deposits (as per Trial balance)</b>	1,369,197			
<b>Assessed Tax</b>			3,000,023	
<b>Less: Advance Tax paid</b>	2,058,841			
Income tax payable			941,182	
234 B Interest	18,824			
234 C Interest	69,148			
Tax & Interest payable as per provision of income tax			87,972	
			1,029,154	
<b>provision to be made in accounts</b>			4,369,220	
Rounded off			4,369,220	
<b>Total Provision to be made in the Profit and Loss Account</b>			4,369,220	





## INDEPENDENT AUDITOR'S REPORT

To the Members of Western Hospitals Corporation Private Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Western Hospitals Corporation Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of 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 standalone 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) Rules, 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 control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements.**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013), we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;



- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance sheet, Statement of Profit and Loss, and Cash Flow Statement dealt by this Report are in agreement with the books of account;
- 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 written representation received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors were disqualified as on March 31, 2014, 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", and
- 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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.





iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Karra & Co,  
Chartered Accountants  
Firm Registration Number: 001749S

K.Sathiyanarayanan  
Partner  
Membership Number: 210737  
Place of Signature : Chennai  
Date :

*baw*  
K. SATHIYANARAYANAN  
Mem. No. 210737  
Partner: KARRA & CO.  
Chartered Accountants  
"Anugraha"  
28, Murray's Gate Road,  
Alwarpet, Chennai - 600 018.



**ANNEXURE - A TO THE AUDITOR'S REPORT**

The Annexure referred to in paragraph 1 under Report on other legal and regular requirements of the Independent Auditor's Report to the Members of **Western Hospitals Corporation Private Limited** for the year ended 31st March 2016. We report as required under paragraph 3 and 4 of the order that:

- i) (a) (b) & (c) These clauses are not applicable since the Company do not have fixed assets in its books of accounts and hence commenting on whether the Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets do not arise.
- ii) This clause is not applicable since there were no inventories in the books of accounts of the Company.
- iii) The company has granted unsecured loans to companies which are covered in the register maintained under section 189 of the Companies Act, 2013.
  - (a) The terms and conditions of the grant of such loans are not prejudicial to the interest of the company.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and the receipts are regular.
  - (c) No amount is overdue for ninety days.
- iv) In our opinion, the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- v) According to the information and explanation given to us, the Company has not accepted any deposits from the public under the provisions of sections 73 to 76 of the Companies Act, 2013 and the rules framed there under and the directives issued by the Reserve Bank of India are not applicable.



- vi) The maintenance of cost record, has not been specified by Central Government hence this clause is not applicable.
- vii) (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues applicable to the Company including provident fund, employees' state insurance, income-tax, cess and other statutory dues with the appropriate authorities during the financial year ended 31<sup>st</sup> March 2016. There are no undisputed amounts payable in respect of income tax, cess and other statutory dues which are outstanding as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.  
(b) There are no dues in respect of income tax, service tax, cess and other statutory dues that have not been deposited with the appropriate authorities on account of any dispute.
- viii) There were no borrowings from the banks, financial institutions or from the debenture holders. Hence the question of disclosure of Company defaulting the repayment of dues to banks or financial institutions or debenture holders and disclosure of period and amount of default do not arise.
- ix) This clause is not applicable as the company has not raised moneys by way of initial public offering or further public offer (including debt instruments) and term loans were applied for the purpose for which those were raised.
- x) To the best of our knowledge and belief and according to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the period under Audit. Hence disclosure of the nature and the amount involved in the fraud is not applicable.
- xi) This clause is not applicable as no Managerial Remuneration has been paid / provided during the year.
- xii) This clause is not applicable as the company is not a Nidhi Company.
- xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.





- xiv) This clause is not applicable since the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under the review.
- xv) The company has not entered into any non-cash transactions with the directors or persons connected with them.
- xvi) This clause is not applicable as the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Karra& Co.,  
Chartered Accountants  
Firm Registration Number: 001749S

K.Sathiyanarayanan  
Partner  
Membership Number: 210737  
Place of Signature : Chennai  
Date :

K. SATHIYANARAYANAN  
Mem. No. 210737  
Partner: KARRA & CO.  
Chartered Accountants  
"Anugraha"  
28, Murray's Gate Road,  
Alwarpet, Chennai - 600 018.





#### ANNEXURE - B TO THE 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 Western Hospitals Corporation Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

##### **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, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.





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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Karra & Co.,  
Chartered Accountants  
Firm Registration No: 001749S

K.Sathiyanarayanan  
Partner  
Membership Number: 210737  
Place of Signature : Chennai  
Date :

K. SATHIYANARAYANAN  
Mem. No. 210737  
Partner: KARRA & CO.  
Chartered Accountant's  
"Anugraha"  
28, Murray's Gate Road.  
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