INDEPENDENT AUDITOR'S REPORT

To the Members of HCG Medi-Surge Hospitals Private Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCG Medi-Surge Hospitals Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

Corresponding figures for the year ended 31 March 2017 of the Ind AS financial statements have been audited by the predecessor auditor who expressed an unmodified opinion dated 22 May 2017.

Our opinion is not modified in respect of these matter.

Independent Auditor's Report (continued)

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 in terms of Section 143(11) of the Act, we give in "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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

Independent Auditor’s Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

   i. The Company has disclosed the impact of pending litigation in Note 24 – Contingent liabilities.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s registration number: 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place: Bengaluru
Date: 8 August 2018

HCG Medi-Surge Hospitals Private Limited

Annexure - A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of HCG Medi-Surge Hospitals Private Limited ("the Company") on the Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of the assets. Pursuant to the programme, entire fixed assets were verified during the current year and no material discrepancies were noticed on such verification

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held in the name of the Company. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) The Company has not made any loans and investments or given guarantee and security. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, duty of customs, value added tax, cess, goods and service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, duty of customs, value added tax, cess and goods and service tax other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of service tax, sales tax, goods and service tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute. Details of income tax, value added tax and duty of customs which have not been deposited as on 31 March 2018 on account of disputes are given below:

Annexure - A to the Independent Auditor's Report (continued)

Name of statue	Nature of dues	Rs. in Million	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.74	AY 2011-12	Commissioner of Income Tax Appeal
Gujarat VAT Act	Value Added Tax	15.69	FY 2011-12	Commissioner of Commercial Tax
Customs Act	Customs	4.49	FY 2011-12	Customs, Excise and Service Tax Appellate Tribunal

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings obtained from financial institutions/ bank during the year. The Company has not issued any debentures and did not have any borrowings from government.

(ix) According to the information and explanations given to us, the Company did not raise money during the year by way of initial public offer or further public offer (including debt instruments) and by way of term loan. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company is a private limited Company and accordingly the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment of preference shares during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place: Bengaluru
Date: 8 August 2018

Annexure - B to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting with reference to Ind AS financial statement of HCG Medi-Surge Hospitals Private ("the Company") as at 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). 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 Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 Ind AS financial statements.

Annexure- B to the Independent Auditor's Report (continued)

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 with reference to Ind AS financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place: Bengaluru
Date: 8 August 2018

HCG Medi-Surge Hospitals Private Limited

Balance Sheet as at	Note No.	31 March 2018	31 March 2017
			Rs. In Millions
ASSETS			
Non-current assets			
Property, plant and equipment	3	707.10	641.10
Capital work-in-progress	3	-	57.81
Financial assets			
Loans	10	18.93	17.67
Other financial assets	4	17.63	23.05
Deferred tax assets (net)	5.2	12.06	12.54
Other non-current assets	6	44.16	32.21
Total non - current assets		**799.88**	**784.38**
Current assets			
Inventories	7	31.77	17.76
Financial assets			
Trade receivables	8	39.51	15.33
Cash and cash equivalents	9A	38.00	38.78
Bank balance other than cash and cash equivalents above	9B	3.71	-
Loans	10	0.34	0.54
Other financial assets	4	18.97	19.43
Other current assets	6	7.90	5.44
Total current assets		**140.20**	**97.28**
TOTAL ASSETS		**940.08**	**881.66**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	55.69	55.69
Other equity	12	133.17	92.95
Total equity		**188.86**	**148.64**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	350.65	465.10
Provisions	14	1.16	0.72
Other non-current liabilities	15	56.65	12.80
Total non - current liabilities		**408.46**	**478.62**
Current liabilities			
Financial liabilities			
Trade payables	16	149.10	119.16
Other financial liabilities	17	160.98	94.00
Provisions	14	1.75	1.31
Income tax liabilities (net)	5.3	6.70	10.41
Other current liabilities	15	24.23	29.52
Total current liabilities		**342.76**	**254.40**
TOTAL LIABILITIES		**751.22**	**733.02**
TOTAL EQUITY AND LIABILITIES		**940.08**	**881.66**

Significant accounting policies 2

The accompanying notes are an integral part of these Ind AS financial statements

As per reports of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W -100022

for and on behalf of the Board of Directors of
HCG Medi-Surge Hospitals Private Limited

Amit Somani
Partner
Membership Number: 060154

Dr. B S Ajaikumar
Director
DIN 00713779

Dr. B.S. Ramesh
Director
DIN 00518434

Krishnaraj Chirag
Company Secretary

Place : Bengaluru
Date : 8 August 2018

Place : Bengaluru
Date : 8 August 2018

Place : Bengaluru
Date : 8 August 2018

Place : Bengaluru
Date : 8 August 2018

HCG Medi-Surge Hospitals Private Limited

		Note No.	31 March 2018	31 March 2017
				Rs. In Millions
Statement of profit and loss for the year ended		**Note No.**	**31 March 2018**	**31 March 2017**
I	**Income**			
	Revenue from operations	18	938.17	826.56
	Other income	19	2.74	12.69
	Total income (I)		**940.91**	**839.25**
II	**Expenses**			
	Purchases of medical and non-medical items		205.43	151.79
	Changes in inventories	20	(14.01)	(7.60)
	Employee benefits expense	21	110.10	85.48
	Finance costs	22	50.45	39.81
	Depreciation and amortisation expense	3	91.60	58.35
	Other expenses	23	477.53	449.06
	Total expenses (II)		**921.10**	**776.89**
III	**Profit before tax (I - II)**		**19.81**	**62.36**
IV	**Tax expense**			
	Current tax	5.1	6.74	12.82
	Deferred tax	5.1	0.60	2.45
	Total tax expense (IV)		**7.34**	**15.27**
V	**Profit for the year (III - IV)**		**12.47**	**47.09**
VI	**Other comprehensive income/ expense**			
	Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurements of the defined benefit plans	29.2	(0.37)	0.48
	(b) Income tax effect		0.12	(0.17)
	Other comprehensive income for the year/expense, net of tax (VI)		**(0.25)**	**0.31**
VII	**Total comprehensive income for the year (VI + VII)**		**12.22**	**47.40**
	Earnings per share			
	Basic and diluted (in Rs.)	26	2.24	8.46
	Significant accounting policies	2		

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for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W -100022

for **and on behalf of the Board of Directors of**
HCG Medi-Surge Hospitals Private Limited

Amit Somani
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Place : Bengaluru
Date : 8 August 2018

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Krishnaraj Chirag
Company Secretary

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Date : 8 August 2018

HCG Medi-Surge Hospitals Private Limited

Cash flow statement for the years ended	Note No.	31 March 2018	31 March 2017
			Rs. In Millions
Cash flow from operating activities			
Profit before tax		19.81	62.36
Adjustments for:			
Finance costs		50.45	36.48
Interest income		(2.50)	(3.04)
Government grant		(6.63)	-
Depreciation and amortisation expense		91.60	58.35
Movement in working capital:			
Changes in trade receivables		(24.18)	0.23
Changes in inventories		(14.01)	(7.60)
Changes in loans, other financial assets and other assets		21.27	(13.45)
Changes in trade payables and financial liabilities		29.94	42.34
Changes in provisions		0.51	0.44
Changes in other liabilities		(17.70)	10.21
Cash generated from operations		**148.56**	**186.32**
Income tax (paid) / refunds, net		(10.45)	4.99
Net cash generated from operating activities (A)		**138.11**	**191.31**
Cash flow from investing activities			
Interest received		1.19	2.03
Acquisition of property, plant and equipment		(41.41)	(320.25)
Margin money deposits, net		(0.20)	(5.78)
Net cash used in investing activities (B)		**(40.42)**	**(324.00)**
Cash flows from financing activities			
Proceeds from borrowings		8.61	250.11
Repayment of borrowings		(48.18)	(44.26)
Interest paid		(58.90)	(41.21)
Net cash (used in) / generated from financing activities (C)		**(98.47)**	**164.64**
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(0.78)	31.95
Cash and cash equivalents at the beginning of the year	9.A	38.78	6.83
Cash and cash equivalents at the end of the year	9.A	**38.00**	**38.78**

Refer note 37 for reconciliation of movements of liabilities to cash flows arising from financing activities.

Significant accounting policies 2

The accompanying notes are an integral part of these Ind AS financial statements

As per reports of even date attached

***for* B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W -100022

***for* and on behalf of the Board of Directors of**
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Krishnaraj Chirag
Company Secretary

Place : Bengaluru
Date : 8 August 2018

HCG Medi-Surge Hospitals Private Limited

Statement of changes in equity for the year ended 31 March 2018

a. Equity share capital

	No of shares	Rs. in Million
Balance as at 01 April 2016	5,568,704	55.69
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	**5,568,704**	**55.69**
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	**5,568,704**	**55.69**

b. Other equity **Rs. In Millions**

	Reserves and surplus	Items of other comprehensive income	
Particular	**Retained earnings**	**Remeasurements of the defined benefit plan**	**Total other equity**
Balance as at 01 April 2016	**45.04**	**0.51**	**45.55**
Profit for the year	47.09	-	47.09
Other comprehensive income for the year, net of income tax	-	0.31	0.31
Total comprehensive income	**47.09**	**0.31**	**47.40**
Balance as at 31 March 2017	**92.13**	**0.82**	**92.95**
Profit for the year	12.47	-	12.47
Other comprehensive income for the year, net of income tax	-	(0.25)	(0.25)
Fair valuation of corporate guarantee given by holding company	28.00	-	28.00
Total comprehensive income	**40.47**	**(0.25)**	**40.22**
Balance as at 31 March 2018	**132.60**	**0.57**	**133.17**

Significant accounting policies 2

The accompanying notes are an integral part of these Ind AS financial statements

As per reports of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W -100022

for **and on behalf of the Board of Directors of**
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Company Secretary

Place : Bengaluru
Date : 8 August 2018

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Place : Bengaluru
Date : 8 August 2018

Place : Bengaluru
Date : 8 August 2018

1 General information

HCG Medi-Surge Hospitals Private Limited (`the Company') is a hospital offering specialized services in cancer treatment. The registered office of the Company is situated at #1, Maharashtra Society, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006.

2 Significant accounting policies

2.1 Basis of preparation of the financial statements

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable.

b) Functional and presentaion currency

These financial statements are presented in Indian Rupees (Rs), which is also the Company's functional currency. All amounts are in Indian Rupees million except share data and per share data, unless otherwise stated.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

d) Use of estimates and judgements

In preparing these financial statements, management of the Company has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

Jugements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes

a Note 28 - Lease arrangements.
b Note 30 - Financial instruments.

Assumptions and estimate uncertainities

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

a Note -3 - Estimation of useful life of property, plant and equipment.
b Note 5.2 - Deferred tax balances (net).
c Note 24 - Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

d Note 29 - Employee benefit plans: key acturial assumptions.

e) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to the chief financial officer.
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.2 Summary of significant accounting policies

(a) Revenue recognition

Medical services

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

Sale of medical and non-medical items

Pharmacy sales are recognised when the significant risks and rewards of ownership is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Other operating revenue

Other operating revenue comprises revenue from ancillary revenue generating activities like operations and maintenance arrangements as per the management agreement with other entities. The service income is recognised on the basis of services rendered and as per the terms of agreement.

Interest income

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

(b) Leases

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

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

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

(c) Foreign currency translation

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions or an average rate approximates the actual rate at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise except for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to 01 April 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.
Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

(d) Borrowing costs

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

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

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

(e) Employee benefits

Defined contribution plan

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

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

Employee benefits (continued)

Defined contribution plan

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

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement.

(f) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The amount of current tax reflects the best estimate of the tax to be paid after considering the uncertainity and is calculated by using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum alternative tax ('MAT') paid in accordance with the laws, which gives arise to future economic benefits in the form of adjustment of future tax liability is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Ind AS 12, Income Taxes defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

(g) Property, plant and equipment

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

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of property, plant and equipment are as follows:

Asset category	**Useful life as per management**	**As per Schedule II of Companies Act, 2013**
Plant and medical equipment	10-15 years	10-15 years
Data processing equipment	3-6 years	3-6 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognized as capital advance and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work- in-progress.

(h) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the assets.

(i) Inventories

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

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

(j) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provisions for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

(k) Financial instruments

i . Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial instruments (continued)

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Financial instruments (continued)
iii. Derecognition

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

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

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

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

(l) Impairment
(i) Financial assets (other than at fair value)

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

(ii) Non-financial assets

(a) Tangible and intangible assets

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

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

(m) Earnings per share
Basic earnings per share are computed by dividing loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company does not have any potential diluted equity shares.

(n) Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

(o) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises cash on deposits with banks and highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

(p) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

(q) New accounting standards not yet adopted
Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 01 April 2018:

i. Ind AS 115 - Revenue from Contracts with Customers
On 28 March 2018, the MCA notified the Ind AS 115 Revenue from contract with customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and service. Further, the new standard requires enhanced disclosure about the nature,amount, timing and uncertainty of revenue and cash flow arising from the entity's contract with customers. The effective date for adoption of Ind AS 115 is financial period beginning on or after 01 April 2018.

There is no impact on account of adoption of Ind AS 115 to the Company's current policy of revenue recognition.

ii. Ind AS 21 – The effect of changes in foreign Exchange rates
The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements for the year 31 March 2018.

3 Property, plant and equipment and capital work-in-progress

Rs. In Millions

Description of Assets	**Leasehold improvements**	**Plant and medical equipment**	**Furniture and fixtures**	**Data processing equipment**	**Vehicles**	**Tangible assets Total (A)**	**Capital work in progress* (B)**	**Total (A+B)**
I. Gross Block								
Balance as at 01 April 2016	**55.12**	**251.47**	**19.91**	**3.93**	**1.64**	**332.07**	**147.54**	**479.61**
Additions*	35.04	359.10	9.20	1.82	0.52	**405.68**	310.91	**716.59**
Capitalised	-	-	-	-	-	-	(400.64)	**(400.64)**
Exchange fluctuation	-	0.09	-	-	-	**0.09**	-	**0.09**
Balance as at 31 March 2017	**90.16**	**610.66**	**29.11**	**5.75**	**2.16**	**737.84**	**57.81**	**795.65**
Additions*$	21.85	131.56	2.30	1.85	0.47	158.03	26.80	**184.83**
Disposals	-	(0.67)	(0.42)	(0.41)	(0.38)	(1.88)	-	**(1.88)**
Capitalised	-	-	-	-	-	-	(84.61)	**(84.61)**
Exchange fluctuation	-	0.04	-	-	-	0.04	-	**0.04**
Balance as at 31 March 2018	**112.01**	**741.59**	**30.99**	**7.19**	**2.25**	**894.03**	**-**	**894.03**
II. Accumulated depreciation and impairment								
Balance as at 01 April 2016	**11.29**	**22.68**	**2.99**	**1.21**	**0.22**	**38.39**	**-**	**38.39**
Depreciation expense	15.08	37.11	4.47	1.39	0.30	**58.35**	-	**58.35**
Balance as at 31 March 2017	**26.37**	**59.79**	**7.46**	**2.60**	**0.52**	**96.74**	**-**	**96.74**
Eliminated on disposal of assets	-	(0.41)	(0.32)	(0.38)	(0.30)	(1.41)	-	**(1.41)**
Depreciation expense	**25.01**	**59.77**	**4.79**	**1.66**	**0.37**	**91.60**	**-**	**91.60**
Balance as at 31 March 2018	**51.38**	**119.15**	**11.93**	**3.88**	**0.59**	**186.93**	**-**	**186.93**
Net block as at 31 March 2017	**63.79**	**550.87**	**21.65**	**3.15**	**1.64**	**641.10**	**57.81**	**698.91**
Net block as at 31 March 2018	**60.63**	**622.44**	**19.06**	**3.31**	**1.66**	**707.10**	**-**	**707.10**

Refer note 13 for details of charge created on property, plant and equipment.
* Includes expenses capitalised of Rs 3.40 million (FY 16-17. Rs.0.37 million).
$ Additon includes governent grant recognised at fair value - Refer note 15

Rs. In Millions

4 Other financial assets

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Unbilled revenue	-	15.75	-	19.43
Term deposit*	17.63	-	21.14	-
Interest accrued on deposits	-	3.22	1.91	-
	17.63	**18.97**	**23.05**	**19.43**

*The above deposits are restrictive as it pertains to margin money given against bank loan.

5 Income tax expense

5.1 Income tax recognised in the statement of profit and loss

	As at 31 March 2018	As at 31 March 2017
Current income tax:		
In respect of the current year	6.74	12.82
Deferred tax		
In respect of the current year	0.60	2.45
Total income tax expense recognised in the statement of profit and loss	**7.34**	**15.27**

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

	As at 31 March 2018	As at 31 March 2017
Profit before tax for the year	**19.81**	**62.36**
Enacted income tax rate in India	27.55%	33.06%
Computed expected tax expense	5.46	20.62
Effect of:		
Income not taxable	(1.53)	-
Non-deductible expenses	1.89	-
Sec 43B items	1.52	
Adjustments recognised in respect of changes in brought forward tax losses	-	(5.35)
	7.34	**15.27**

5.2 Deferred tax balances

	As at 31 March 2018	As at 31 March 2017
Deferred tax assets	27.58	52.62
Deferred tax liability	(15.53)	(40.08)
	12.06	**12.54**

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2018 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(40.08)	24.56	-	(15.52)
Financial assets at amortised cost	0.05	-	-	0.05
MAT credit entitlement	22.13	0.01	-	22.14
Provision for doubtful debts	1.70	-	-	1.70
Defined benefit obligation	0.88	0.93	0.12	1.93
Tax losses	23.63	(23.41)	-	0.22
Others	4.23	(2.69)	-	1.54
	12.54	**(0.60)**	**0.12**	**12.06**

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

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(16.44)	(23.64)	-	(40.08)
Financial assets at amortised cost	0.08	(0.03)	-	0.05
MAT credit entitlement	9.31	12.82	-	22.13
Provision for doubtful debts	1.70	-	-	1.70
Defined benefit obligation	3.39	(2.34)	(0.17)	0.88
Tax losses	17.12	6.51	-	23.63
Others	-	4.23	-	4.23
	15.16	**(2.45)**	**(0.17)**	**12.54**

5.3 Current tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017
Provision for income tax (net of advance tax)	6.70	10.41
	6.70	**10.41**

Rs. In Millions

6 Other assets

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Capital advances	17.15	-	17.26	-
Prepaid expenses	27.01	6.24	14.95	3.77
Advance to vendors	-	1.66	-	1.67
	44.16	**7.90**	**32.21**	**5.44**

7 Inventories (lower of cost and net realisable value)*

	As at 31 March 2018	As at 31 March 2017
Medicial and non medical items*	31.77	17.76
	31.77	**17.76**

*Inventories are subject to charge to secure bank loans. There are nil provision for written down to net realisable value.

8 Trade receivables (unsecured)

	As at 31 March 2018	As at 31 March 2017
Considered good*	39.51	15.33
Considered doubtful	5.13	5.13
	44.64	**20.46**
Allowance for doubtful debts (expected credit loss allowance-refer note 31)	(5.13)	(5.13)
	39.51	**15.33**

* Includes receivable from related parties (refer note 35)

9 Cash and bank balances

	As at 31 March 2018	As at 31 March 2017
A. Cash and cash equivalents		
Cash on hand	0.51	6.42
Cheques on hand	0.19	2.78
Balances with Banks		
In current accounts	27.25	23.61
In EEFC accounts	10.05	5.97
	38.00	**38.78**
B. Bank balance other than cash and cash equivalents above		
Other deposit*	3.71	-
	3.71	**-**

*Other deposits include margin money deposits with banks.

10 Loans (unsecured, considered good)

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Security deposits	18.93	-	17.67	0.31
Advances to employees	-	0.34	-	0.23
	18.93	**0.34**	**17.67**	**0.54**

Rs. In Millions

11 Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised Share capital :		
10,000,000 equity shares of Rs.10 each (as at 31 March 2017 : 10,000,000 equity shares of Rs. 10 each)	100.00	100.00
Issued, subscribed and paid up capital comprises:		
5,568,704 fully paid equity shares of Rs.10 each (as at 31 March 2017: 5,568,704 fully paid equity shares of Rs. 10 each)	55.69	55.69

11.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

	Number of shares	Rs. In million
Balance as at 01 April 2016	5,568,704	55.69
Issued during the year	-	-
Balance as at 31 March 2017	5,568,704	55.69
Issued during the year	-	-
Balance as at 31 March 2018	**5,568,704**	**55.69**

11.2 Details of shareholder holding more than 5% of equity shares

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Fully paid equity shares				
HealthCare Global Enterprises Limited	4,120,807	74.00%	4,120,807	74.00%
Asthta Oncology Private Limited	1,447,897	26.00%	1,447,897	26.00%

11.3 Rights, preferences and restrictions attached to equity shares

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends The Company has only one class of equity share having a par value of Rs.10 each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

11.4 There has been no buyback of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of balance sheet.

12 Other equity

	Note No	As at 31 March 2018	As at 31 March 2017
Retained earnings	12.1	132.60	92.13
Remeasurement of defined benefit plans	12.2	0.57	0.82
		133.17	**92.95**

12.1 Retained earnings

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	92.13	45.04
Profit for the year	12.47	47.09
Fair valuation of corporate guarantee given by holding company	28.00	-
Balance at the end of the year	**132.60**	**92.13**

12.2 Remeasurements of the defined benefit plans

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	0.82	0.51
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(0.25)	0.31
Balance at the end of the year	**0.57**	**0.82**

13 Borrowings

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Secured				
Term loans - from banks	296.76	3.65	303.50	-
Unsecured				
Deferred payment liabilities	53.89	140.45	161.60	72.31
Less : Amount included under "Other financial liabilites" (refer note 17)	-	(144.10)	-	(72.31)
Total	**350.65**	**-**	**465.10**	**-**

Rs. In Millions

13.1 Summary of borrowing arrangements

13.1.1 (i) The details of security and terms of repayment of term loans and other loans are stated below.

Detail of repayment terms, interest and maturity	As at 31 March 2018	As at 31 March 2017
Term loans from banks - secured		
Non-current portion*	299.85	303.50
Amounts included under current maturities of long-term debt	3.65	-
- Security: Exclusive charge on medical equipments and other fixed assets purchased out of bank finance and collateral security of equitable mortgage over immovable property. Exclusive charge on all the movable fixed asset and current assets (both present and future). Further, corporate guarantee is given by Healthcare Global Enterprises Limited, the holding company of the entity.		
- Rate of interest: bank's one year MCLR + 0.75% to 1% p.a.		
- Repayable in installments over a period of 4 to 10 years after 1 to 3 year moratorium from the date of borrowing.		
Repayment shedule will be 5% in 4th year, 10% 5&6 Year,15% in 7th Year & 20% will be payble in 8,9&10 year		
* Non-current portion of bank debt as disclosed herein is gross of Rs. 3.09 million towards unamortised loan processing charges, which is netted off below.		
Deferred payment liabilities - unsecured		
Non-current portion	53.89	161.60
Amounts included under current maturities of long-term debt	140.45	72.31
Repayment Term - Interest at the rate of 3% repayable in next 3 years		
- Repayment over a period of 1 to 3 years		
Less: Unamortised loan processing charges	(3.09)	-
Total	**494.75**	**537.41**
Non-current portion	350.65	465.10
Amounts included under current maturities of long-term debt	144.10	72.31

14 Provisions

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Employee benefits				
Gratuity (Refer note 29.2)	1.16	1.01	0.72	0.72
Compensated absences	-	0.74	-	0.59
Total	**1.16**	**1.75**	**0.72**	**1.31**

15 Other liabilities

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Advance from customers	-	14.41	-	19.75
Statutory dues	-	4.82	-	9.77
Deferred income*	51.06	5.00	-	-
Rent equalisation reserve	5.59	-	12.80	-
Total	**56.65**	**24.23**	**12.80**	**29.52**

* The Company imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, on the Company expected to meet the specified criteria, it is exempt from paying customs duty on imports which is recognised as a government grant. Fair value of the government grant is capitalised along with the equipment. Deferred income is amortised over the useful life of the equipment it has been procured for.The government grant recognised as at 31 March 2018 is Rs. 62.69 million. EPCG income recognised during the year is Rs 6.63 million. The unfulfilled export obligation as on 31 March 2018 is Rs.56.06 million.

16 Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables to related parties (refer note 35)	51.64	71.09
Other trade payables (refer note 33)	97.46	48.07
Total	**149.10**	**119.16**

All trade payables are ‘current.’ The Company’s exposure to currency and liquidity risks related to trade payable is disclosed in note 32.

17 Other financial liabilities

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Current maturities of long-term debt (Refer note 13)	-	3.65	-	-
Current maturities of deferred payment obligations (Refer note 13)	-	140.45	-	72.31
Interest accrued but not due on borrowings	-	2.41	-	2.60
Interest payable to holding company (Refer note 35)	-	6.83	-	6.83
Creditors for capital goods	-	0.71	-	5.13
Accrued employee benefits	-	6.93	-	7.13
Total	**-**	**160.98**	**-**	**94.00**

Rs. In Millions

18 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Income from medical services	909.93	808.43
Sale of medical and non medical items	17.19	13.99
Other operating revenue	11.05	4.14
	938.17	**826.56**

19 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income	2.50	3.04
Net foreign exchange gain	0.11	8.93
Miscellaneous income	0.13	0.72
	2.74	**12.69**
Interest income comprise:		
Interest on bank deposits	1.62	1.32
Other financial assets carried at amortised cost	0.88	1.72
	2.50	**3.04**

20 Changes in inventories

	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the beginning of the year	17.76	10.16
Inventories at the end of the year	31.77	17.76
	(14.01)	**(7.60)**

21 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	104.91	81.19
Contribution to provident and other funds	4.11	3.36
Staff welfare expenses	1.08	0.93
	110.10	**85.48**

22 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest costs		
Interest on bank loans	28.92	31.92
Interest on defined benefit obligations (Refer note 29.2)	0.13	0.11
Interest on loans from related parties	-	1.31
Interest on defined payment obligations	6.78	3.14
Other borrowing cost		
Commission on corporate guarantee	8.26	-
Bank charges	6.36	3.33
	50.45	**39.81**

23 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Medical consultancy charges (refer note 35)	296.46	288.45
Lab charges (refer note 35)	35.28	25.20
Power and fuel	18.05	13.72
House keeping expenses	16.39	14.50
Rent (refer note 28.1)	44.40	41.82
Repairs and maintainance		
- Buildings	2.78	2.04
- Machinery	19.39	18.69
- Others	2.78	4.12
Insurance	1.51	0.62
Rates and taxes	2.88	3.00
Printing and stationery	4.44	4.21
Advertisement, publicity and marketing	17.81	14.66
Travelling and conveyance	1.03	2.01
Legal and professional Fees	1.69	5.57
Payment to auditors (refer note 23.1)	0.85	0.63
Telephone expenses	0.35	0.96
Provision for doubtful debts	-	-
Loss on disposal of property, plant and equipment		-
Miscellaneous expenses	11.44	8.86
	477.53	**449.06**

Rs. In Millions

23.1 Payments to auditors (excluding taxes)	**Year ended 31 March 2018**	**Year ended 31 March 2017**
As an auditor		
Audit fee	0.83	0.55
Reimburesement of expenses	0.02	0.08
	0.85	**0.63**

23.2 Corporate social responsibility

Gross amount required to be spent by the Company during the year, as per Sec 135 of the Companies Act 2013, is Rs. 0.71 million (2016-17: Not applicable), the same is yet to be spent as on 31 March 2018.

24 Contingent liabilities	**As at 31 March 2018**	**As at 31 March 2017**
Value added tax (refer note 1)	15.69	-
Customs duty (refer note 2)	4.49	-
Income tax (refer note 3)	2.74	1.09
	22.92	1.09

1 HCG Medisurge Hospitals Private Limited's VAT Assessment has been done for FY 2011-12 and noted that the Company has not paid VAT totalling Rs.9.49 million on goods which the Company claimed as Exempted goods. The AO has levied interest of Rs. 4.56 million and penalty of Rs. 1.64 million by wrongly assessing service income as a taxable item and levying VAT on cafeteria which was offered by the Company to VAT under different VAT registration.
The Company has filed an appeal before the Joint Commissioner of Commercial Taxes producing the relevant supporting documents for supply of exempted goods, provision of medical Services and offering of cafeteria sales under different VAT registration number. The Company believes that the VAT demand will be dropped.

2 HCG Medisurge Hospitals Private Limited imported radiation equipment, Linear Accelarator-True Beam with standard accessories in two consigments. First consignment with main Linear Accelarator equiment was cleared by paying CVD @5% and second consignment was cleared as accessories of the medical equipment with Nil rate of CVD by claiming benefit under Notification No.06/2006 dated01.03.2006. The Commissioner of Customs has passed the order against the import of the second consignment as "Accessories/spare parts of Linear Accelarator" which attracts CVD @ 5% and declined the benefit of Notification No. 06/2006 and levied duty of Rs. 2.244 million and penalty of Rs. 2.244 million along with applicable interest.
The Company has appealed before Customs, Excise & Service Tax Appellate Tribunal, Mumbai and is positive of claiming benefit under said notification.

3 During the Financial Year 2011-12, HCG Medisurge Hospitals Private Limited had made payment to Aastha Oncology Private Limited towards their medical/professional consultancy services after deducting TDS @ 2% (Sec 197 certificate issued for Rs. 31 Million) and there after @ 10% under Section 194J. However, the AO has erred in arriving at the total amount paid/payable to Aastha Oncology Private Limited due to not considering the revised quarterly e-TDS return amount while making TDS assessment and has levied short payment of TDS of Rs. 1.51 million and interest of Rs. 1.23 million.
The Company has produced the supporting documents during appeal and also accepted a short payment of TDS after considering all transactions with Aastha Oncology Private Limited during the year amounts to for Rs. 24,722

The Company is involved in disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, including tax and commercial matters that arise from time to time in ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements.

25 Commitments	**As at 31 March 2018**	**As at 31 March 2017**
Estimated amount of contracts remaining to be executed on capital account (net of advance) and not provided for	1.79	7.14

26 Earnings per share

		For the year ending 31 March 2018	**For the year ending 31 March 2017**
a.	Profit for the period attributable to equity holders	12.47	47.09
b.	Weighted average number of equity shares for the year	5,568,704	5,568,704
c.	Nominal value of shares (in Rs.)	10	10
d.	Basic and diluted earning per equity share (Rs. per share) (a/b)	2.24	8.46

27 Segment information

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

Geographical information

Geographical information analyses the company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been presented based on the geographical location of the customers and segment assets has been presented based on the geographical location of the assets.

(i) Revenue from operations

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**
India	938.17	826.56
Total	**938.17**	**826.56**

(ii) Non current assets* -

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**
India	782.25	761.33
Total	**782.25**	**761.33**

*Non-current assets exclude financial instruments

Rs. In Millions

28 Leasing arrangements: The Company being a lessee

28.1 Operating lease arrangements

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 9 years and may be renewed for a further period, based on mutual agreement of the parties.

Payments recognised as an expense in note 23

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Minimum lease payments	44.40	41.82
	44.40	**41.82**

Future non-cancellable operating lease commitments

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Not later than 1 year	43.02	41.81
Later than 1 year and not later than 5 years	75.18	101.30
Later than 5 years	19.66	33.17
	137.86	**176.28**

29 Employee benefit plans

29.1 Defined contribution plans

The Company has defined contribution plan in form of provident fund. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the statement of profit and loss in respect of such schemes are given below:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Contribution to provident fund and pension scheme, included under contribution to provident and other funds	3.74	2.87
	3.74	**2.87**

29.2 Defined benefit plans

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

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows.	Year ended 31 March 2018	Year ended 31 March 2018
Current service cost	0.37	0.49
Net interest expense	0.13	0.11
Components of defined benefit costs recognised in the statement of profit and loss	**0.50**	**0.60**
Service cost recognised in employee benefits expense in note 21	0.37	0.49
Net interest expense recognised in finance costs in note 22	0.13	0.11
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in financial assumptions	(0.01)	(0.43)
Actuarial (gains) / losses arising from experience adjustments	0.38	(0.05)
Remeasurement on the net defined benefit liability recognised in other comprehensive income	**0.37**	**(0.48)**

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

	Year ended 31 March 2018	Year ended 31 March 2018
Present value of funded defined benefit obligation	2.17	1.44
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	**2.17**	**1.44**
Non- Current	1.16	0.72
Current	1.01	0.72

Movements in the present value of the defined benefit obligation are as follows.	Year ended 31 March 2018	Year ended 31 March 2018
Opening defined benefit obligation	1.44	1.47
Current service cost	0.37	0.49
Interest cost	0.13	0.11
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(0.01)	(0.43)
Actuarial gains and losses arising from experience adjustments	0.38	(0.05)
Benefits paid	(0.14)	(0.15)
Closing defined benefit obligation	**2.17**	**1.44**

Rs. In Millions

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses as determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant is not material.

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

The average duration of the benefit obligation at 31 March 2018 is 4.66 years (net of cashflow).

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

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Discount rate	6.40%	6.20%
Expected rate of salary increase	5.00%	5.00%
Rate of return on plan assets	NA	NA
Employee turnover rate	55.00%	55.00%

Maturity profile of defined benefit obligation:

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2018**
Within 1 year	1.01	0.72
1-2 years	0.62	0.50
2-3 years	0.35	0.30
3-4 years	0.22	0.17
4-5 years	0.11	0.09
6-10 years	0.10	0.08
Year 10+	0.00	0.00

Rs. In Millions

30 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2018 and 31 March 2017

Particulars	Carrying value as at		Fair value as at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Financial assets				
Amortised cost				
Loans	0.34	0.54	0.34	0.54
Trade receivables	39.51	15.33	39.51	15.33
Cash and cash equivalents	38.00	38.78	38.00	38.78
Bank balance other than cash and cash equivalents above	3.71	-	3.71	-
Other financial assets (includes current and non-current)	36.60	42.48	36.60	42.48
Total assets	**118.16**	**97.13**	**118.16**	**97.13**
Financial liabilities				
Amortised cost				
Borrowings (includes current maturities of borrowings)	494.75	537.41	494.75	537.41
Trade payables	97.46	48.07	97.46	48.07
Other financial liabilities (includes current and non-current)	16.88	21.69	16.88	21.69
Total liabilities	**609.09**	**607.17**	**609.09**	**607.17**

The management assessed that carrying value of above financial assets and liabilities approximates the fair value.

Refer note 16 for details related to charge on financial assets.

31 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments.

(i) Risk management framework

The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

(ii) Credit risk

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

a) Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the Company does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 10 of the financial statements.

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

Movement in the expected credit loss allowance	Year ended 31 March 2018	Year ended 31 March 2017
Balance at beginning of the year	5.13	5.13
Additional provision during the year	-	-
Balance at end of the year	**5.13**	**5.13**

The Company's exposure to customers is diversified. No single customer contributes to more than 10% of the outstanding receivable and unbilled revenue as of 31 March 2018 and 31 March 2017

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

Rs. In Millions

(iii) Liquidity risk

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

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017

	As at 31 March 2018				
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4 years and above**
Borrowings	144.10	70.92	31.17	34.00	214.74
Trade payables	97.46	-	-	-	-
Other financial liabilities	16.88	-	-	-	-
	258.44	**70.92**	**31.17**	**34.00**	**214.74**

	As at 31 March 2017				
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4 years and above**
Borrowings	72.31	118.81	62.26	30.35	253.68
Trade payables	48.07	-	-	-	-
Other financial liabilities	21.69	-	-	-	-
	142.07	**118.81**	**62.26**	**30.35**	**253.68**

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

a. Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Variable rate long term borrowings including current maturities	300.41	303.50
Total borrowings	**300.41**	**303.50**

b. Sensitivity analysis

	Impact on profit or (loss) before tax	
Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Sensitivity		
1% increase in MCLR rate	3.04	3.04
1% decrease in MCLR rate	(3.04)	(3.04)

(a) Foreign currency risk

The Company's exchange risk arises mainly from its foreign currency borrowings. As a result, depreciation of Indian rupee relative to these foreign currencies will have a significant impact on the financial performance of the Company. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The following table presents unhedged foreign currency risk from financial instruments as of 31 March 2018 and 31 March 2017

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Assets		
Cash and cash equivalents	10.05	5.97
Liabilities		
Borrowings	194.34	233.91
Net assets/(liabilities)	**(184.29)**	**(227.94)**

	Impact on profit or (loss) before tax	
Particulars	**As at 31 March 2018**	**As at 31 March 2017**
USD Sensitivity		
Rs/USD - Increase by 1%	1.58	1.68
Rs/USD - Decrease by 1%	(1.58)	(1.68)

Rs. In Millions

32 Capital management

The Company manages its capital to ensure Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

The capital structure is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Total equity attributable to the equity share holders of the Company	188.86	148.64
As percentage of total capital	29%	23%
Total borrowings	494.75	537.41
Cash and cash equivalents	(38.00)	(38.78)
Net loans and borrowings	456.75	498.63
As a percentage of total capital	71%	77%
Total capital (loans and borrowings and equity)	**645.61**	**647.27**

33 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier

Particulars	As at 31 March 2018	As at 31 March 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

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

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	2.48	0.01	2.49
(+) Permitted receipts	0.39	20.71	21.10
(-) Permitted payments	-	(0.12)	(0.12)
(-) Amount deposited in Banks	(2.87)	(19.16)	(22.03)
Closing cash in hand as on 30 December 2016	-	1.44	1.44

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

Rs. In Millions

35 Related Party Disclosures

a Details of related parties:

Description of relationship	**Names of related parties**
Holding company	HealthCare Global Enterprise Limited
Enterprises having significant influence	Aastha Oncology Private Limited
	HCG Foundation
Key Management Personnel (KMP)	**Non-executive directors**
	- Kaustubhbhai Dhirajlal Patel
	- Dr. B S Ramesh
	- Dr.B.S Ajaikumar
	- Rajendra Bhagwandas Toprani
	- Vijay Govinda Devanhalli

b Transactions with related party

Rs. In Millions

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**
Purchases of medical and non-medical items		
- HealthCare Global Enterprises Limited	149.50	118.53
Medical consultancy charges		
- HealthCare Global Enterprises Limited	15.98	-
- Astha Oncology Pvt. Ltd.	145.67	-
Lab charges		
- HealthCare Global Enterprises Limited	26.00	19.09
Income from medical services		
- HCG Foundation	0.28	1.64
Interest on loan		
- HealthCare Global Enterprises Limited	-	1.31
Capital expenditure/ revenue expenditure reimbursed		
- HealthCare Global Enterprises Limited	3.10	10.77
Corporate guarantee commission		
- HealthCare Global Enterprises Limited	8.26	-
Repayment of loan		
- HealthCare Global Enterprises Limited	-	18.52

c Closing balances with related party during the year

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Trade receivables		
- HCG Foundation	0.08	0.53
Interest Payable on borrowings		
- HealthCare Global Enterprises Limited	6.83	6.83
Trade payables		
- HealthCare Global Enterprises Limited	51.64	71.09
Corporate guarantees		
- HealthCare Global Enterprises Limited	303.50	303.50

36 The information of the previous year's have been re-grouped and reclassified wherever necessary so as to make them comparable with those of current year as below:

Particulars	**Previous year grouping**	**Current year grouping**	**Amount**
Security deposits	Other financial assets - Non-current	Loans - Non-current	17.67
Security deposits	Other financial assets - Current	Loans - current	0.31
Capital advances	Other current assets	Other non-current assets	17.26
Rent equalisation reserve	Trade payables	Other liabilities - Non-current	12.80
Accrued employee benefits	Trade payables	Other financial liabilities - Current	7.13

Rs. In Millions

37 Reconciliation of movement of liabilities to cash flow arising from financing activities

Particulars	**Term loans from banks and others**	**Deferred payment liabilities**	**Total**
Debt as at 1 April 2017	**303.50**	**233.91**	**537.41**
Interest accrued but not due	9.43	-	9.43
Cash flows including interest paid**	**(29.11)**	**(46.35)**	**(75.46)**
Ind AS adjustment with respect to unamortised loan processing charges	(3.09)	-	(3.09)
Interest expenses	28.92	6.78*	35.70
Interest accrued but not due as at 31 March 2018	(9.24)	-	(9.24)
Debt as at 31 March 2018	**300.41**	**194.34**	**494.75**

** The above interest paid does not include other borrowings costs and interest paid of Rs 23.01 million in respect of other facilities like corporate guarantee commission, bank charges etc which is not considered above.

* Interest expense accrued for the year has been converted to borrowings.

Significant accounting policies 2
The accompanying notes are an integral part of these Ind AS financial statements

As per reports of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W -100022

for **and on behalf of the Board of Directors of**
HCG Medi-Surge Hospitals Private Limited

Amit Somani
Partner
Membership Number: 060154

Place : Bengaluru
Date : 8 August 2018

Dr. B S Ajaikumar
Director
DIN 00713779

Place : Bengaluru
Date : 8 August 2018

Dr. B.S. Ramesh
Director
DIN 00518434

Place : Bengaluru
Date : 8 August 2018

Krishnaraj Chirag
Company Secretary

Place : Bengaluru
Date : 8 August 2018