

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MALNAD HOSPITAL AND INSTITUTE OF ONCOLOGY PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **MALNAD HOSPITAL AND INSTITUTE OF ONCOLOGY PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration not applicable.

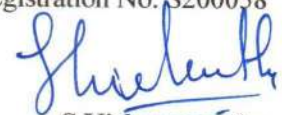


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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid during the year by the Company, hence is in compliance with section 123 of the Companies Act, 2013.
- (i) As required by the Companies (Auditor's Report) Order, 2020 ("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.

For S G M & Associates LLP
Chartered Accountants
LLP's Registration No. S200058





S Vishwamurthy
Partner

Membership No. 215675

Bengaluru, 1 September 2022
UDIN: 22215675ARFROX3935

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.
 - (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) In respect of inventories:
- (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
 - (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company during the year has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, during the year the Company has not accepted any deposit or amount which are deemed to be deposit. Hence reporting under clause (v) of the Order is not applicable.



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- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax and Goods and Services Tax as on 31 March 2022 on account of disputes.
- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, hence reporting under (ix)(e) of the Order is not applicable.
- (f) The Company does not have investment in subsidiaries, joint ventures and associates and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.



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- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) There were no whistle-blower complaints received during the year by the Company and hence reporting under (xi)(c) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) In our opinion internal audit is not applicable to the Company and hence reporting under clause (xiv) of the Order is not applicable.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and had incurred cash losses during the immediately preceding financial year.
- (xviii) During the year there is resignation of the statutory auditor of the Company and there were no objection or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



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- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year

For **S G M & Associates LLP**
Chartered Accountants
LLP's Registration No. S200058



S Vishwamurthy

S Vishwamurthy
Partner

Membership No. 215675

Bengaluru, 1 September 2022
UDIN: 22215675ARFROX3935

Malnad Hospital and Institute of Oncology Private Limited

Balance Sheet as at 31 March 2022

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Particulars	Note No.	As at	
		31-Mar-2022	31-Mar-2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	12.08	13.06
Right-of-use assets	6	1.96	0.49
Other intangible assets	7	0.21	0.20
Financial assets			
Other financial assets	8	0.22	4.69
Deferred tax assets (net)	9	1.59	2.73
Income tax assets (net)	10	6.99	2.23
Other non-current assets	11	0.22	0.17
Total non - current assets		23.27	23.57
Current assets			
Inventories	12	2.27	1.97
Financial assets			
Trade receivables	13	13.43	31.20
Cash and cash equivalents	14	1.65	5.24
Loans	15	0.74	0.63
Other financial assets	16	42.20	20.78
Other current assets	17	0.15	0.19
Total current assets		60.44	60.01
TOTAL ASSETS		83.71	83.58
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	9.50	9.50
Other equity	19	44.45	33.39
Total equity		53.95	42.89
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	-	0.66
Lease liabilities	6	1.33	-
Provisions	21	3.57	2.75
Total non-current liabilities		4.90	3.41
Current liabilities			
Financial liabilities			
Borrowings	22	-	0.51
Lease liabilities	6	0.82	0.75
Trade payables	23		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		21.11	26.12
Other financial liabilities	24	0.32	7.79
Other current liabilities	25	0.71	0.76
Provisions	26	1.90	1.35
Total current liabilities		24.86	37.28
Total liabilities		29.76	40.69
TOTAL EQUITY AND LIABILITIES		83.71	83.58

See accompanying notes forming part of the financial statements

In terms of our report attached

For S G M & Associates LLP

Chartered Accountants

LLP Reg No. S200058


S Vishwamurthy

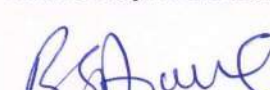
Partner

Membership No: 215675



Bengaluru, 01 September, 2022

For and on behalf of Board of Directors

Malnad Hospital and Institute of Oncology Private Limited

Dr. B.S. Ajaikumar

Director

DIN: 00713779


Dr. T. Narendra Bhat

Director

DIN: 00532432

Bengaluru, 01 September, 2022



Malnad Hospital and Institute of Oncology Private Limited

Statement of Profit and Loss for the year ended 31 March 2022

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Particulars	Note No.	For the year ended	
		31-Mar-2022	31-Mar-2021
I Revenue from operations	27	96.88	92.15
II Other income	28	1.33	0.89
III Total income (I+II)		98.21	93.04
IV Expenses			
Purchases of medical and non-medical items		35.15	29.30
Changes in inventories	29	(0.30)	1.36
Employee benefits expense	30	16.51	15.53
Finance costs	31	0.58	0.54
Depreciation and amortisation expense	32	2.80	2.15
Other expenses	33	27.68	26.56
Total expenses (III)		82.42	75.44
V Profit before tax (III-IV)		15.79	17.60
VI Tax expense	34		
Current tax			
for current year		3.39	4.90
Deferred tax expense/ (credit)		1.04	(0.64)
Total tax expense		4.43	4.26
VII Profit for the year (V-VI)		11.36	13.34
VIII Other comprehensive (loss)/ income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(0.40)	(0.07)
Income tax effect		0.10	0.02
Other comprehensive (loss)/ income for the year, net of income tax		(0.30)	(0.05)
IX Total comprehensive income for the year (VIII)		11.06	13.29
Earnings per equity share (nominal value of share ₹ 100)			
Basic and diluted (in ₹)	35	116.47	139.96

See accompanying notes forming part of the financial statements

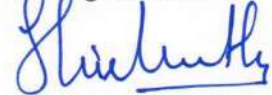
As per our report of even date attached

In terms of our report attached

For S G M & Associates LLP

Chartered Accountants

LLP Reg No. S200058


S Vishwamurthy

Partner

Membership No: 215675



Bengaluru, 01 September, 2022

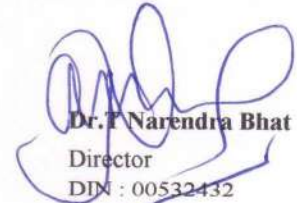
For and on behalf of Board of Directors

Malnad Hospital and Institute of Oncology Private Limited

Dr. B.S. Ajaikumar

Director

DIN: 00713779


Dr. T Narendra Bhat

Director

DIN : 00532432

Bengaluru, 01 September, 2022



Malnad Hospital and Institute of Oncology Private Limited
Statement of changes in equity for the year ended 31 March 2022
(Amount in ₹ Millions, except for shares data or as otherwise stated)

A Equity share capital

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Opening balance	9.50	9.50
Changes in equity share capital during the year	-	-
Closing balance	9.50	9.50

B Other equity

Particulars	Reserve and surplus	Total
	Retained earnings	Other equity
Balance as at 01-Apr-2020		
Profit for the year	20.10	20.10
Other comprehensive income for the year, net of income tax	13.34	13.34
Other comprehensive loss for the year, net of income tax	(0.05)	(0.05)
Additions during the year	-	-
Balance as at 31-Mar-2021	33.39	33.39
Profit for the year	11.36	11.36
Other comprehensive loss for the year, net of income tax	(0.30)	(0.30)
Balance as at 31-Mar-2021	44.45	44.45

Notes

Retained earnings: Retained earnings represent the amount of accumulated earnings of the Company.

Remeasurement of defined benefit plan: This represents the actuarial gain and losses on defined benefit plan (excluding interest).

See accompanying notes forming part of the financial statements

As per our report of even date attached

In terms of our report attached

For S G M & Associates LLP

Chartered Accountants

LLP Reg No. S200058

S Vishwamurthy

S Vishwamurthy

Partner

Membership No: 215675



Bengaluru, 01 September, 2022

For and on behalf of Board of Directors

Malnad Hospital and Institute of Oncology Private Limited

Dr. B.S. Ajaikumar

Dr. B.S. Ajaikumar

Director

DIN: 00713779

Dr. T. Narendra Bhat

Dr. T. Narendra Bhat

Director

DIN: 00532432

Bengaluru, 01 September, 2022



Malnad Hospital and Institute of Oncology Private Limited

Statement of Cashflow for the year ended 31 March 2022

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Cash flows from operating activities		
Profit before tax for the year	15.79	17.60
Adjustments for:		
Finance costs	0.58	0.54
Provision for expected credit loss and bad debts written-off	-	1.00
Interest income	(1.26)	(0.62)
Profit on disposal of property, plant and equipment	-	(0.24)
Depreciation and amortisation expense	2.80	2.15
Operating profit before working capital changes	17.91	20.43
Adjustments for (increase)/decrease in operating assets		
Trade receivables	17.77	(26.35)
Inventories	(0.30)	1.36
Financial and other assets	1.12	(1.52)
Adjustments for increase/(decrease) in operating liabilities		
Trade payable	(4.81)	11.77
Provisions	0.97	0.55
Financial other liabilities	(7.48)	(0.21)
Cash generated from operations	25.18	6.03
Income taxes paid (net of refunds)	(7.88)	(0.29)
Net cash generated by operating activities (A)	17.30	5.74
Cash flows from investing activities		
Interest received	0.54	0.43
Payments for property, plant and equipment	(1.02)	(1.74)
Proceeds from disposal of property, plant and equipment	-	0.32
Investment in bank deposits	(17.74)	(3.40)
Net cash used in investing activities (B)	(18.22)	(4.39)
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(1.17)	(0.52)
Repayment of lease liability including interest thereon	(1.15)	(0.65)
Finance cost paid	(0.35)	(0.43)
Net cash used in financing activities (C)	(2.67)	(1.60)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(3.59)	(0.25)
Cash and cash equivalents at the beginning of the year	5.24	5.49
Cash and cash equivalents at the end of the year	1.65	5.24
Reconciliation of changes in cashflows arising from financing activities		
Opening balance		
Non-current borrowings	0.66	1.15
Current maturities of long-term borrowings	0.51	0.54
Interest accrued but not due on borrowings	0.30	0.30
Non-current lease liabilities	-	0.68
Current lease liabilities	0.75	0.61
Total	2.22	3.28
Movement		
Additions to lease liabilities	2.32	-
Interest on borrowings	0.58	0.54
Repayment of long term borrowings	(1.17)	(0.52)
Payments of lease liabilities including interest	(1.15)	(0.65)
Interest paid	(0.35)	(0.43)
Total	0.23	(1.06)



Malnad Hospital and Institute of Oncology Private Limited

Statement of Cashflow for the year ended 31 March 2022

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Closing balance		
Non-current borrowings	-	0.66
Current maturities of long-term borrowings	-	0.51
Interest accrued but not due on borrowings	0.30	0.30
Non-current lease liabilities	1.33	-
Current lease liabilities	0.82	0.75
Total	2.45	2.22

See accompanying notes forming part of the financial statements

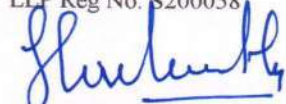
As per our report of even date attached

In terms of our report attached

For S G M & Associates LLP

Chartered Accountants

LLP Reg No. S200058

**S Vishwamurthy**

Partner

Membership No: 215675



Bengaluru, 01 September, 2022

For and on behalf of Board of Directors

Malnad Hospital and Institute of Oncology Private Limited**Dr. B.S. Ajaikumar**

Director

DIN: 00713779

**Dr. T Narendra Bhat**

Director

DIN : 00532432

Bengaluru, 01 September, 2022

1 General information

Malnad Hospital & Institute of Oncology Private Limited is engaged in setting up and managing cancer hospitals, cancer centers and medical diagnostic services. The registered office of the Company is situated at 9th mile stone, BH road opp Bidare Bus Stop Nidige Post, Shimoga 577222.

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 the Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. The financial statements for the year ended 31 March 2022 were approved by the Board of Directors and authorised for issue on 25 May 2022.

(b) Impact of Covid-19

The Company has taken into account, impact of COVID-19 pandemic, if any, on its financial statement captions based on internal and external information upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

(c) Functional and presentation 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.

(d) 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.

(e) Use of estimates and judgements

In preparing these financial statements, management 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 on-going 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.

Judgements

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:

- Note 5 - Property, plant and equipment: Timing of capitalisation and nature of cost capitalised.
- Note 34 - Financial instruments.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

- Note 5 - Estimation of useful life of property, plant and equipment.
- Note 29.2 - Deferred tax balances (net).
- Note 33 - Employee benefit plans: key actuarial assumptions.
- Note 35 - Expected credit loss.

(f) 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's 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's 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's recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



3 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. As per Ind AS 115, "Revenue from contracts with customers", revenue from hospital services are recognized as and when services are performed, unless significant future uncertainties exist. The Company assess the distinct performance obligation in the contract and measures to at an amount that reflects the consideration it expects to receive net of tax collected and remitted to Government and adjusted for discounts and concession. The Company based on contractual terms and past experience determines the performance obligation satisfaction over time. Unbilled revenue is recorded for the service rendered where the patients are not discharged and final invoice is not raised for the services.

Sale of medical and non-medical items

Pharmacy sales are recognised when the control of the products being sold is transferred to the customer and no significant uncertainties exist regarding the amount of consideration that will be derived from the sale of goods as regarding its collection. 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.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Company recognizes a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer.

Disaggregation of revenue

The Company disaggregates revenue from hospital services (medical and healthcare services), sale of medical and non-medical items and other operating income. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cash flows are affected by industry, market and other economic factors.

Dividend and 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.

Dividend income is recognised when the Company's right to receive dividend is established.

(b) Leases

Company as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- > the contract involves the use of an identified asset;
- > the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- > the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) Foreign currency transactions

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

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 and employee state insurance to Government administered provident fund scheme and ESI scheme which is a 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. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

(f) Taxation

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

(i) Current tax

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

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.



(ii) 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 tax laws, which gives rise 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 assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Asset category	Useful life as per the 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
Office equipment	5 years	5 years
Vehicles	8 years	8 years

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) Intangible assets

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

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Asset category	Useful Life
Computer software	3 years

(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 GST wherever applicable applying first in first out (FIFO) method.



(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 provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the 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

a. 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.

b. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- 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 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.



(k) Financial instruments (continued)

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.

c. 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.

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

(ii) Non-financial assets

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.



(m) Earnings per share (EPS)

Basic earnings per share are computed by dividing profit 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 dilutive potential 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 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 segregate.

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, are considered part of the cash management system.

(q) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis.

4 Recent pronouncements

Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide Notification dated 23 March 2022. Following amendments and annual improvements to Ind AS are applicable from 1 April 2022.

Ind AS - 103 Business Combination

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

Ind AS - 16 Property, Plant and Equipment

The amendment clarifies that sale proceeds of items produced in the process of making Property, Plant and Equipment (PPE) available for its intended use cannot be deducted from the cost of PPE. Instead, such proceeds shall be recognized in the statement of profit or loss.

Ind AS - 37 Provisions

The amendment clarifies that the 'costs to fulfil' a contract include both incremental costs (direct labour and material) and an allocation of other direct costs (e.g: depreciation charge for an item of PPE used in fulfilling the contract).

Annual improvements to Ind AS 109 - Financial instruments

The amendment clarifies while performing the '10 percent test' for derecognition of financial liabilities, borrower includes only fees paid or received between borrower and lender directly or on behalf of the other's behalf.

The Company does not expect the above amendments / improvements to have any significant impact on its financial statements.



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note

No.

5 Property, plant and equipment

Description of assets	Plant and Medical Equipment	Office equipment	Furniture and fixtures	Data processing equipment	Vehicles	Total
I Gross block						
Balance as at 01-Apr-2020	15.03	0.41	1.73	1.18	1.71	20.06
Additions	0.76	0.05	0.06	0.13	0.79	1.79
Disposals	-	-	-	-	0.32	0.32
Balance as at 31-Mar-2021	15.79	0.46	1.79	1.31	2.18	21.53
Additions	0.13	0.05	0.73	-	-	0.91
Disposals	-	-	-	-	-	-
Balance as at 31-Mar-2022	15.92	0.51	2.52	1.31	2.18	22.44
II Accumulated depreciation and impairment						
Balance as at 01-Apr-2020	4.34	0.20	0.98	0.98	0.64	7.14
Depreciation expense	1.08	0.08	0.15	0.02	0.24	1.57
Eliminated on disposal of assets	-	-	-	-	0.24	0.24
Balance as at 31-Mar-2021	5.42	0.28	1.13	1.00	0.64	8.47
Depreciation expense	1.34	0.06	0.16	0.05	0.28	1.89
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at 31-Mar-2022	6.76	0.34	1.29	1.05	0.92	10.36
Net block						
31-Mar-2021	10.37	0.18	0.66	0.31	1.54	13.06
31-Mar-2022	9.16	0.17	1.23	0.26	1.26	12.08

Notes:

- All property, plant and equipment are owned by the Company unless otherwise stated.
- None of the above assets of the Company have been provided as security requiring any charges or satisfaction to be registered with the Registrar of Companies.
- None of the above assets of the Company have been subject to any adjustment towards revaluation during the current year.
- There are no proceeding initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

6 Leases

The Company has taken building on lease for hospital premises and staff accommodation. Movement in right-of-use assets and lease liabilities:

6.1 Right-of-use assets

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Opening balance	0.49	0.97
Additions	2.32	-
Depreciation	(0.85)	(0.48)
Deletions	-	-
Closing balance	1.96	0.49

6.2 Lease liabilities

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Opening balance	0.75	1.29
Additions	2.32	-
Deletion	-	-
Interest	0.23	0.11
Lease payments	(1.15)	(0.65)
Closing balance	2.15	0.75
Current	0.82	0.75
Non-current	1.33	-



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note

No.

6.3 Maturity analysis of OLL

Particulars	As at	
	31-Mar-2022	31-Mar-2021
1 year	0.82	0.75
1 to 5 years	1.33	-
More than 5 years	-	-

6.4 Amounts recognised in Statement of profit and loss and statement of cashflow

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Depreciation of right-of-use assets	0.85	0.48
Finance cost on finance lease obligations	0.23	0.11
Lease rent on short-term lease	0.19	0.17
Lease payments including interest on lease liabilities	1.15	0.65

7 Other intangible assets

Description of assets	Computer software	Total
Gross block		
Balance as at 01-Apr-2020	0.48	0.48
Additions	0.01	0.01
Disposals	-	-
Balance as at 31-Mar-2021	0.49	0.49
Additions	0.07	0.07
Disposals	-	-
Balance as at 31-Mar-2022	0.56	0.56
Accumulated depreciation and impairment		
Balance as at 01-Apr-2020	0.19	0.19
Amortisation expense	0.10	0.10
Eliminated on disposal of assets	-	-
Balance as at 31-Mar-2021	0.29	0.29
Amortisation expense	0.06	0.06
Eliminated on disposal of assets	-	-
Balance as at 31-Mar-2022	0.35	0.35
Net block		
31-Mar-2021	0.20	0.20
31-Mar-2022	0.21	0.21



Note

No.	Particulars	As at	
		31-Mar-2022	31-Mar-2021
8	Other financial assets		
	Non-current Unsecured, considered good		
	Security deposits	0.22	4.69
	Total	0.22	4.69
9	Deferred tax assets (net)		
	Deferred tax assets		
34		1.59	2.73
	Total	1.59	2.73
10	Income tax assets (net)		
	Advance tax (net of provision)		
		6.99	2.23
	Total	6.99	2.23
11	Other non-current assets		
	Unsecured, considered good		
	Capital advances	-	0.01
	Prepaid expenses	0.22	0.16
	Total	0.22	0.17
12	Inventories		
	Medical and non medical items		
		2.27	1.97
	Total	2.27	1.97
13	Trade receivables		
	Unsecured		
	Considered good	13.43	31.20
	Considered doubtful	6.93	6.93
	Provision for expected credit loss	20.36	38.13
		(6.93)	(6.93)
39.2	Total	13.43	31.20

(a) **The ageing of trade receivables as at the end of the reporting period is as follows:**

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Outstanding for following period from due date of payment		
Less than six months	13.08	31.20
Six months to one year	1.36	1.24
One to two years	5.92	5.69
Two to three years	-	-
More than three years	-	-
Provision for expected credit loss		
Less than six months	-	-
Six months to one year	1.01	1.24
One to two years	5.92	5.69
Two to three years	-	-
More than three years	-	-



14 Cash and cash equivalents

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Cash on hand	0.08	0.20
Balances with banks		
In current accounts	1.57	5.04
Total	1.65	5.24

15 Loans

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Unsecured, considered good		
Advance to employees	0.74	0.63
Total	0.74	0.63

16 Other financial assets

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Current Unsecured, considered good		
40 Advance to related parties	7.69	3.82
Unbilled revenue	5.80	6.44
Term deposits (original maturity less than 12 months)	28.14	10.40
Interest accrued on deposits	0.57	0.12
Total	42.20	20.78

17 Other current assets

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Unsecured, considered good		
Prepaid expenses	0.15	0.12
Advance to vendors	-	0.07
Total	0.15	0.19



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note**No.****18 Equity share capital**

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Authorised share capital 150,000 (2021: 150,000) Equity shares of ₹ 100/- each	15.00	15.00
Issued, subscribed and fully paid up 94,956 (2021: 94,956) Equity Shares of ₹ 100/- each fully paid up	9.50	9.50
Total	9.50	9.50

(a) Movements in equity share capital

Particulars	31-Mar-2022		31-Mar-2021	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	94,956	9.50	94,956	9.50
Shares issued during the year	-	-	-	-
Balance as at the end of the year	94,956	9.50	94,956	9.50

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 100 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by holding company

Particulars	31-Mar-2022		31-Mar-2021	
	Number of shares	Amount	Number of shares	Amount
HealthCare Global Enterprises Limited	94,956	9.50	94,956	9.50

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

Particulars	31-Mar-2022		31-Mar-2021	
	Number of shares	% of holding	Number of shares	% of holding
HealthCare Global Enterprises Limited	94,956	100.00%	94,956	100.00%

(e) There are no shares reserved for issue under options.**(f)** There are no shares allotted as fully paid up by way of bonus shares during the five years period immediately preceding the year end.**(g)** There are no shares allotted as fully paid up pursuant to contracts without payment being received in cash during the five years period immediately preceding the year end.**(h)** HealthCare Global Enterprises Limited is the promoter of the Company and there are were changes in the shareholding of the promoters during the above reporting periods.

Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note

No.

19 Other equity

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Retained earnings		
Opening balance	33.39	20.10
Profit for the year	11.36	13.34
Other comprehensive income arising from remeasurement of defined benefit obligation	(0.30)	(0.05)
Closing balance	44.45	33.39

20 Borrowings

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Non-current		
Secured, at amortised cost		
(a) Term loan from banks	-	0.66
Vehicle loan from banks / financial institutions	-	-
Total	-	0.66
Summary of borrowing arrangements		
(a) Term loan from banks		
Non-current portion	-	0.66
Current maturities of long-term debt	-	-
Security: Term loan from bank is secured by hypothecation against plant and equipment of the Company purchased out of finance. Rate of interest is 8.75% per annum. Payable in 81 monthly instalments commencing from the date of borrowings.		

21 Provisions

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Non-current		
38 Gratuity	3.57	2.75
Total	3.57	2.75

22 Borrowings

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Current		
Secured, at amortised cost		
Current maturities of long-term debt	-	0.51
20 Total	-	0.51



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

23 Trade payables

Particulars	As at	
	31-Mar-2022	31-Mar-2021
A Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditor other than micro enterprises and small enterprises	21.11	26.12
Total	21.11	26.12

A Details relating to micro, small and medium enterprises [MEME]

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Principal amount remaining unpaid to the supplier as at the end of the accounting year	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
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 during the year and remaining unpaid at the end of the accounting year	-	-

This information regarding micro enterprises and small enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.

B Ageing of trade payables

Outstanding for following periods from due date of payment	Less one year	One to two years	Two to three years	More than three years	Total
31-Mar-2022					
MSME	-	-	-	-	-
Others	18.07	0.23	-	-	18.30
Unbilled dues	2.81	-	-	-	2.81
31-Mar-2021					
MSME	-	-	-	-	-
Others	23.54	0.23	-	-	23.77
Unbilled dues	2.35	-	-	-	2.35

24 Other financial liabilities

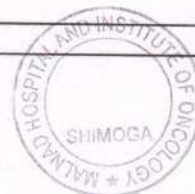
Particulars	As at	
	31-Mar-2022	31-Mar-2021
Current		
Interest payable to related parties	0.30	0.30
40 Advance received from related parties	-	-
Payable towards property, plant and equipment	0.02	0.06
Accrued salaries and benefits	-	7.43
Total	0.32	7.79

25 Other current liabilities

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Advance from patients	0.19	0.38
Statutory dues	0.52	0.38
Total	0.71	0.76

26 Provisions

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Non-current		
38 Gratuity	0.33	0.17
Compensated absence	1.57	1.18
Total	1.90	1.35



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note
No.
27 Revenue from operations

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Income from medical services	37.44	28.53
Sale of medical and non medical items	59.44	63.62
Total	96.88	92.15

Ind AS 115 - Additional disclosure

Particulars	As at	
	31-Mar-2022	31-Mar-2022
Contract balances		
16 Unbilled revenue	5.80	6.44
25 Advance from patients - Contract liability	0.19	0.38
Geographical information		
India	96.88	92.15

28 Other income

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
(a) Interest income	1.26	0.62
Gain on disposal of property, plant and equipment	-	0.24
Miscellaneous income	0.07	0.03
Total	1.33	0.89

(a) Interest income comprise

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Interest on bank deposits	0.99	0.51
income tax refund	0.27	0.11
Total	1.26	0.62

29 Changes in inventories

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Inventories at the beginning of the year	1.97	3.33
Inventories at the end of the year	2.27	1.97
Net decrease/(increase)	(0.30)	1.36

30 Employee benefits expense

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Salaries and wages	14.02	13.50
38 Contribution to provident and other funds	1.92	1.49
Staff welfare expenses	0.57	0.54
Total	16.51	15.53

31 Finance costs

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Interest cost on term loans	0.04	0.13
6 lease liabilities	0.23	0.11
38 defined benefit obligation	0.22	0.18
Other borrowing cost - bank charges	0.09	0.12
Total	0.58	0.54



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

32 Depreciation and amortisation expense

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Depreciation on		
5 Property, plant and equipment	1.89	1.57
6 Right-of-use assets	0.85	0.48
7 Amortisation of intangible assets	0.06	0.10
Total	2.80	2.15

33 Other expenses

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Medical consultancy charges	18.33	15.56
Lab charges	2.79	4.27
House keeping expenses	1.58	1.34
Power and fuel	0.15	0.10
6 Lease rent	0.19	0.17
Repairs and maintenance		
Building	0.24	0.30
Machinery	0.23	0.06
Others	1.29	1.07
Insurance	0.17	0.11
Rates and taxes	0.31	0.21
Printing and stationery	0.61	0.48
Advertisement, publicity and marketing	0.40	0.42
Travelling and conveyance	0.26	0.11
Legal and professional fees	0.34	0.50
(a) Payment to auditors	0.09	0.14
Communication expense	0.13	0.11
Provision for expected credit loss	-	1.00
Miscellaneous expenses	0.57	0.61
Total	27.68	26.56
(a) Payments to auditors (excluding taxes)		
As an auditor		
Audit fees for audit of the financial statements of the Company	0.09	0.12
Out of pocket expenses	-	0.02
Total	0.09	0.14

34 Tax expense

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Current tax	3.39	4.90
(b) Deferred tax	1.04	(0.64)
(a) Total	4.43	4.26

(a) 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:

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2022
Profit before tax for the year	15.79	17.60
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	3.97	4.43
Effect of:		
Others	(0.08)	(0.17)
	3.89	4.26



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

(b) Movement in deferred tax	Opening Balance	Recognised in		Closing Balance
		SPL	OCI	
31-Mar-2022				
Deferred tax assets				
Expenses deductible in future years				
Provision for employee benefits	1.45	0.21	0.10	1.76
Provision for expected credit loss	1.74	-	-	1.74
Right-to-use assets and lease liabilities (net)	0.05	-	-	0.05
Total [A]	3.24	0.21	0.10	3.55
Deferred tax liabilities				
Property, plant and equipment and intangible assets	0.51	0.04	-	0.55
Total [b]	0.51	0.04	-	0.55
Net deferred tax assets/(liabilities) [A-B]	2.73	0.17	0.10	3.00

(b) Movement in deferred tax	Opening Balance	Recognised in		Closing Balance
		SPL	OCI	
31-Mar-2021				
Deferred tax assets				
Expenses deductible in future years				
Provision for employee benefits	1.07	0.36	0.02	1.45
Provision for expected credit loss	1.49	0.25	-	1.74
Right-to-use assets and lease liabilities (net)	(0.08)	0.13	-	0.05
Total [A]	2.48	0.74	0.02	3.24
Deferred tax liabilities				
Property, plant and equipment and intangible assets	0.41	0.10	-	0.51
Total [b]	0.41	0.10	-	0.51
Net deferred tax assets/(liabilities) [A-B]	2.07	0.64	0.02	2.73

35 Earnings per equity share

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2021
Profit for the year attributable to equity holders	11.06	13.29
Weighted average number of equity shares for the year	94,956	94,956
Nominal value of shares (in ₹)	100	100
Basic and diluted earning per equity share (₹)	116.47	139.96

36 Contingent liabilities and capital commitments**(a) Contingent liabilities**

The Hon'ble Supreme Court has, in a decision dated 28 February 2019, ruled that special allowance would form part of wages for computing the Provident Fund (PF) contribution. The Company keeps a close watch on further clarifications and directions from the respective department based on which suitable action would be initiated.

(b) Other litigations

The Company is involved in other disputes, law suits and other claims including commercial matters which arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on the financial statements.

37 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'. Further, all assets, current and non-current assets are based in India. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note**No.****38 Employee benefit plans****38.1 Defined contribution plans**

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

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2021
Contribution to		
Provident fund and pension scheme	1.42	1.17
Employee state insurance scheme	0.34	0.32
Total	1.76	1.49

38.2 Defined benefit plans

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

The principal assumptions used for the purposes of the actuarial valuations are as follows:

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Discount rate	5.40%	6.30%
Expected rate of salary increase	5.00%	5.00%
Rate of return on plan assets	7.00%	7.00%
Employee turnover rate	13.40%	13.40%

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

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2021
Current service cost	0.38	0.32
Net interest expense	0.22	0.18
Components of defined benefit costs recognised in the statement of profit and loss	0.60	0.50
Remeasurement on the net defined benefit liability		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	0.19	0.04
Actuarial (gains) / losses arising from experience adjustments	0.19	0.05
Excess of interest on plan assets over actual return	0.02	(0.02)
Remeasurement on the net defined benefit liability recognised in other comprehensive income	0.40	0.07

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

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Present value of funded defined benefit obligation	4.20	3.22
Fair value of plan assets	0.30	0.30
Unfunded status	3.90	2.92
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	3.90	2.92
Current	0.33	0.17
Non-current	3.57	2.75



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note**No.****Movements in the present value of the defined benefit obligation are as follows.**

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Opening defined benefit obligation	3.22	2.76
Current service cost	0.38	0.32
Interest cost	0.22	0.18
Remeasurement (gains)/losses		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	0.19	0.04
Actuarial gains and losses arising from experience adjustments	0.19	0.05
Benefits paid	-	(0.13)
Closing defined benefit obligation	4.20	3.22

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

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Opening fair value of plan assets	0.30	0.28
Interest income	0.02	0.02
Benefit payments from the fund	-	(0.02)
Excess return over interest income on plan assets	(0.02)	0.02
(a) Closing fair value of plan assets	0.30	0.30

(a) *The above fund assets are invested in insurance managed funds***38.3 Sensitivity analysis**

Particulars	As at			
	31-Mar-2022		31-Mar-2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(0.22)	0.24	(0.16)	0.18
Future salary increase (1% change)	0.54	(0.45)	0.41	(0.34)
Attrition rate (10% change)	0.02	(0.02)	0.01	(0.01)

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

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

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

The average duration of the benefit obligation at 31 March 2022 is 8.46 years (as at 31 March 2021: 7.93 years)

Maturity profile of defined benefit obligation:

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Within 1 year	0.62	0.46
1 - 5 year	1.96	1.57
5 - 10 year	1.89	1.47
> 10 year	1.48	1.27
	5.95	4.77



Note

No.

39 Financial instruments

39.1 The carrying value and fair value of financial instruments by categories is as follows

Particulars	Carrying value as at		Fair value as at	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
Financial assets				
Amortised cost				
Loans	0.74	0.63	0.74	0.63
Trade receivables	13.43	31.20	13.43	31.20
Cash and cash equivalents	29.79	15.64	29.79	15.64
Other financial assets	14.28	15.07	14.28	15.07
Total assets	58.24	62.54	58.24	62.54
Financial liabilities				
Amortised cost				
Borrowings	-	1.17	-	1.17
Lease liabilities	2.15	0.75	2.15	0.75
Trade payables	21.11	26.12	21.11	26.12
Other financial liabilities	0.32	7.79	0.32	7.79
Total liabilities	23.58	35.83	23.58	35.83

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

39.2 Financial risk management

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

(a) 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, bank balance 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.

Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. 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 13 of the financial statement.

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 derived as per the trend of trade receivable ageing of previous years.

The Provision matrix at the end of the reporting period is as follows:

Particulars	31-Mar-2022	31-Mar-2021
<i>Unit of measurement</i>	%	%
Less than 1 year	7 to 10	7 to 10
1-2 year	50	50
2-3 year	70	70
More than 3 year	100	100

Movement in the expected credit loss allowance:

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2021
Balance at the beginning of the year	6.93	5.93
Addition/(reversal) during the year	-	1.00
Balance at the end of the year	6.93	6.93



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

**Note
No.**

No single customer accounted for more than 10% of the revenue as of 31 March 2021 and 31 March 2020. There is no significant concentration of credit risk. Details of geographic concentration of revenue is included in note 37 to the financial statements.

Trade receivables include dues from companies in which any director is a director or member

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Gutti Malnad LLP	1.80	2.03
Malnad Hi-Tech Diagnostic Centre LLP	0.33	0.59

Cash and cash equivalents

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

(b) Liquidity risk

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

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

The working capital position of the Company is given below:

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Cash and Bank balance (including deposits)	29.79	15.64
	29.79	15.64

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	< 1 year	1-2 years	2-3 years	3-4 years	> 4 years
31-Mar-2022					
Borrowings	-	-	-	-	-
Lease liabilities	0.82	1.33	-	-	-
Trade payables	21.11	-	-	-	-
Other financial liabilities	0.32	-	-	-	-
	22.25	1.33	-	-	-
31-Mar-2021					
Borrowings	0.51	0.56	0.10	-	-
Lease liabilities	0.07	0.68	-	-	-
Trade payables	26.12	-	-	-	-
Other financial liabilities	7.79	-	-	-	-
	33.98	0.68	-	-	-

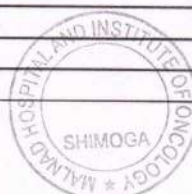
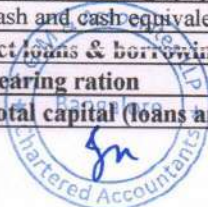
(c) Market risk

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.

39.3 Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern 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-Mar-2022	31-Mar-2021
Total equity attributable to the equity share holders of the Company	53.95	42.89
Borrowings [non-current and current]	-	1.17
Lease liabilities	2.15	0.75
Total borrowings [A]	2.15	1.92
Cash and cash equivalents [including deposit with banks] [B]	29.79	15.64
Net loans & borrowings [A - B]	(27.64)	(13.72)
Gearing ration	NA	NA
Total capital (loans and borrowings and equity)	56.10	44.81



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note

No.

40 Related party transactions

A List of related parties

Description of relationship	Names of related parties
Holding Company (HC)	HealthCare Global Enterprises Limited
Fellow subsidiaries (FS)	HealthCare Global Senthil Multi Specialty Hospital Private
Joint venture of the HC	Strand Life Sciences Private Limited
Companies in which KMP / Relatives of KMP can exercise significant influence	Bharath Hospital and Institute of Oncology Sada Sharada Tumor and Research Institute B.C.C.H.I Trust Malnad Hi-Tech Diagnostic Centre LLP Malnad MRI Centre, Shimoga Gutti Malnad LLP
Key management personnel (KMP)	Non-executive directors T.Narendra Bhat PLN Achar B.S Ajaikumar

B Transactions with related parties

Particulars	For the year ended	
	31-Mar-2022	31-Mar-2021
Sale of medical and non medical items		
Gutti Malnad LLP	-	-
Purchases of medical and non-medical items		
HealthCare Global Enterprises Limited	-	-
Revenue share		
HealthCare Global Enterprises Limited	30.45	26.82
Expenditure charged by the Company in connection with revenue share expenses		
HealthCare Global Enterprises Limited	16.19	14.10
Rent		
Sada Sharada Tumor and Research Institute	1.26	0.72
Income from lab charges		
Malnad Hi-Tech Diagnostic Centre LLP	-	-
Lab charges		
Strand Life Sciences Private Limited	0.83	1.59
HealthCare Global Enterprises Limited	0.95	-
Malnad Hi-Tech Diagnostic Centre LLP	1.23	1.32
Income from radiology		
Malnad MRI Centre	-	0.01
Radiology charges		
Malnad MRI Centre	-	-
Medical Consultancy Charges		
Dr. PLN Achar	0.03	-
Dr. Narendra Bhat	0.05	-
Reimbursement of capital expenditure/ revenue expenditure incurred by		
HealthCare Global Enterprises Limited	0.66	0.50
Expenditure incurred by the Company on behalf of		
Sada Sharada Tumor and Research Institute	0.35	0.77
Deposit placed with		
Sada Sharada Tumor and Research Institute	0.10	1.00
Loans and advances received/ (repaid)		
HealthCare Global Enterprises Limited	-	-
Loans and advances given to/ (repaid by)		
HealthCare Global Enterprises Limited	-	-
Sada Sharada Tumor and Research Institute	-	-
B.C.C.H.I Trust	-	-



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note

No.

C Balances with related parties

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Trade receivables		
Gutti Malnad LLP	1.80	2.03
HealthCare Global Enterprises Limited	-	-
Malnad Hi-Tech Diagnostic Centre LLP	-	-
Interest payable on holding company		
HealthCare Global Enterprises Limited	0.30	0.30
Other financial liabilities		
HealthCare Global Enterprises Limited	-	-
Other financial assets		
Sada Sharada Tumor and Research Institute	4.19	4.82
B.C.C.H.I Trust	-	-
Security deposits		
Gutti Malnad LLP	3.50	3.50
Sada Sharada Tumor and Research Institute	0.01	0.01
Trade payables		
HealthCare Global Enterprises Limited	2.66	8.80
Strand Life Sciences Private Limited	-	0.77
Malnad Hi-Tech Diagnostic Centre LLP	0.33	0.59
Malnad MRI Centre, Shimoga	(0.05)	(0.06)



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note**No.****41 Impact of Covid-19**

The Company has taken into account, impact of COVID-19 pandemic, if any, on its financial statement captions based on internal and external information upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

42 Additional information**(a) Loans and advances in the nature of loan granted to promoters, directors, KMPs and related parties**

Particulars	As at	
	31-Mar-2022	31-Mar-2021
Promoter	-	-
Directors	-	-
Key managerial personnel	-	-
40 Related parties	-	-

(b) Financial ratios

Particulars	Methodology	31-Mar-2022	31-Mar-2021
(i) Current ratio	Current assets over current liabilities	2.43	1.61
(i) Inventory turnover ratio	Inventory over consumption of goods	16.44	11.57
Debt equity ratio [%]	Debt over equity	4%	4%
(ii) Return on equity [%]	PAT over total average equity	23%	37%
Trade receivables turnover ratio	Revenue from operations over average trade receivables	4.34	4.97
Trade payables turnover ratio	Adjusted expenses over average trade payables	3.63	3.86
(i) Net capital turnover ratio	Revenue from operations over average working capital	3.32	6.22
Net profit [%]	Net profit over revenue	11%	14%
EBITDA [%]	EBITDA over revenue	20%	22%
(ii) Return on capital employed [%]	PBIT over average capital employed	34%	50%

Notes

EBIT - Earnings before interest and taxes

PBIT - Profit before interest and taxes including other income

EBITDA - Earnings before interest, taxes, depreciation and amortisation

PAT - Profit after tax

Debt includes current and non-current lease liabilities

Adjusted expenses refers to other expenses net of non-cash expenses and donations

Capital employed refers to total shareholders' equity and debt

Investments includes non-current investment, current investment and margin-money deposit

Explanation for change in the ratio by more than 25% as compared to the preceding year

- (i) Movement in current ratio, inventory turnover ratio and net-capital turnover ratio, is on account of better management of working capital and increase in inventory at the yearend.
- (ii) Decrease in 'Return on equity' and 'Return on capital employed' ration is on account of decrease in profit after tax (PAT) in 2021-22. The Company has not been able to increase its billing rates to cover the increase in operation cost, resulting in decrease in PAT. Hence the reduction in return-on-equity.



Malnad Hospital and Institute of Oncology Private Limited

Notes forming part of financial statements

(Amount in ₹ Millions, except for shares data or as otherwise stated)

Note

No.

43 Additional Regulatory Information

- (i) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (ii) The Company does not have any transactions or investments with struck off companies during the year ended 31-Mar-2022.
- (iii) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

