

INDEPENDENT AUDITOR'S REPORT

To The Members of Malabar Institute of Medical Sciences Ltd

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Malabar Institute of Medical Sciences Ltd ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity 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 standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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 standalone 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 Management Discussion and Analysis, Directors' report and its annexures, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

Other Matter

The financial information of the Company for the year ended 31 March 2020 prepared in accordance with Ind AS included in the standalone financial statements, representing the comparative and opening balances in these financial statements, were audited by the predecessor auditor. The audit report of the predecessor auditor dated 10 June 2020, on such financial information, expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit 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.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply the Ind AS specified under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - (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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Jaideep S. Trasi
(Partner)
(Membership No. 211095)
(UDIN: 21211095AAAACF3929)

Place: Bengaluru
Date: 28 July 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Malabar Institute of Medical Sciences Ltd ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Jaideep S. Trasi
(Partner)
(Membership No. 211095)
(UDIN: 21211095AAAACF3929)

Place: Bengaluru
Date: 28 July 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 2 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 fixed assets 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) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
 - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
 - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at 31 March 2021 and therefore the provisions of clause (v) of the Order is not applicable.
 - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of healthcare services rendered. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears

as at 31 March 2021 for a period of more than six months from the date they became payable.

- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Services Tax and Value Added Tax as on 31 March 2021 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institutions and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer / further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Jaideep S. Trasi
(Partner)
(Membership No. 211095)
(UDIN: 21211095AAAACF3929)

Place: Bengaluru
Date: 28 July 2021

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Standalone Balance sheet as at 31 March 2021

(All amounts in Indian rupee crores)

	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	4	662.56	661.44
Right-of-Use Asset	34	23.23	5.47
Capital work-in-progress		6.31	5.25
Other Intangible assets	5	2.81	1.84
Financial assets			
Investments	6	9.29	9.29
Loans	7	2.85	3.74
Other financial assets	8	18.54	17.68
Deferred tax assets	30	-	2.62
Income tax assets (net)	30	4.43	10.07
Other non-current assets	9	1.33	2.66
Total non-current assets		731.35	720.06
Current assets			
Inventories	10	17.49	21.24
Financial assets			
Trade receivables	11	37.77	51.37
Cash and cash equivalents	12	16.28	9.93
Other bank balances	13	1.40	0.51
Loans	7	1.80	0.21
Other financial assets	8	6.85	4.95
Assets held-for-sale	42	0.87	0.87
Other current assets	9	4.75	5.40
Total current assets		87.21	94.48
Total assets		818.56	814.54
Equity and liabilities			
Equity			
Equity share capital	14	99.91	99.91
Other equity		349.63	337.52
Equity attributable to owners of company		449.54	437.43
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	112.96	131.21
Lease liabilities	34	22.13	6.51
Provisions	17	7.46	7.10
Deferred tax liabilities (net)	30	70.02	70.19
Other non-current liabilities	18	5.78	6.79
Total non-current liabilities		218.35	221.80
Current liabilities			
Financial liabilities			
Borrowings	15	0.34	26.99
Lease liabilities	34	3.18	1.15
Trade payables	19		
- Total outstanding dues of micro and small enterprises		3.99	3.82
- Total outstanding dues of creditors other than micro and small enterprises		93.64	79.59
Other financial liabilities	16	43.94	36.10
Other current liabilities	18	3.98	5.17
Provisions	17	1.60	2.49
Total current liabilities		150.67	155.31
Total equity and liabilities		818.56	814.54

Significant accounting policies

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The accompanying notes form an integral part of these standalone financial statements

Note 1 to 46

As per our report of even date attached

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm registration number: 008072S

for and on behalf of the Board of Directors of
MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
CIN:U85110KL1995PLC008677

Jaideep S. Trasi
Partner
Membership No.: 211095
Bengaluru
28 July 2021

Dr. Azad Moonen
Chairman and Managing Director
DIN: 00159403
Dubai
28 July 2021

Dr. P M Hamza
Whole Time Director
DIN: 02263209
Calicut
28 July 2021

Arjun Vijayakumar
Chief Financial Officer
Calicut
28 July 2021

Aby Eapen
Company Secretary
Membership no. ACS 23807
Calicut
28 July 2021

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD**Standalone Statement of profit and loss for the year ended 31 March 2021**

(All amounts in Indian rupee crores)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	20	552.77	484.17
Other income	21	6.63	3.35
Total income		559.40	487.52
Expenses			
Purchases of medicines and consumables	22	147.79	127.10
Changes in inventories	23	3.63	(8.77)
Professional fees to consultant doctors	24	128.64	122.54
Laboratory outsourcing charges	25	5.67	1.57
Employee benefits expense	26	113.94	103.61
Finance costs	27	18.48	17.28
Depreciation and amortisation expenses	28	29.32	23.98
Other expenses	29	93.08	87.56
Total expenses		540.55	474.87
Profit before tax		18.85	12.65
Tax expense			
Current tax	30	3.77	2.62
Current tax for earlier years	30	0.56	-
Deferred tax	30	2.47	(1.95)
Total Tax Expense		6.80	0.67
Profit for the year		12.05	11.98
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of net defined benefit liability		0.10	0.18
Income tax relating to items that will not be reclassified to profit or loss		(0.04)	0.01
Total comprehensive income for the year		12.11	12.17
Earnings per share (equity share of face value of INR 10 each)			
	32		
Basic		1.21	1.20
Diluted		1.21	1.20

Significant accounting policies

3

The accompanying notes form an integral part of these standalone financial statements

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MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Standalone Statement of changes in equity for the year ended 31 March 2021

(All amounts in Indian rupee crores)

A. Equity share capital

(Amount in INR crores)

	Note	Number of shares	Amount
Balance as at 1 April 2019		9.99	99.91
Changes in equity share capital during 2019-20	14	-	-
As at 31 March 2020		9.99	99.91
Changes in equity share capital during 2020-21	14	-	-
As at 31 March 2021		9.99	99.91

B. Other equity

Particulars	Reserves and surplus		Items of other comprehensive income	Total other equity attributable to equity holders of the Company
	Securities premium	Retained earnings	Remeasurement of net defined benefit liability/ (asset), net of tax	
Balance as at 1 April 2019	78.71	248.10	-	326.81
Profit for the year	-	11.98	-	11.98
Other comprehensive income for the year, net of tax	-	-	0.19	0.19
Total comprehensive income	-	11.98	0.19	12.17
Transferred to Retained earnings	-	0.19	(0.19)	-
Transactions with owners, recorded directly in equity				
Adjustment on initial application of Ind AS 116, net of tax	-	(1.46)	-	(1.46)
Total contributions by and distributions to owners	-	(1.27)	(0.19)	(1.46)
Balance as at 31 March 2020	78.71	258.81	-	337.52
Balance as at 1 April 2020	78.71	258.81	-	337.52
Profit for the year	-	12.05	-	12.05
Other comprehensive income for the year, net of tax	-	-	0.06	0.06
Total comprehensive income	-	12.05	0.06	12.11
Transferred to Retained earnings	-	0.06	(0.06)	-
Total contributions by and distributions to owners	-	-	-	-
Balance as at 31 March 2021	78.71	270.92	-	349.63

The description of the nature and purpose of each reserve within equity is as follows:

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

The accompanying notes form an integral part of these standalone financial statements

Notes 1 to 46

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm registration number: 008072S

for and on behalf of the Board of Directors of
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MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Standalone Statement of cash flows for the year ended 31 March 2021
(All amounts in Indian rupee crores)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Profit before exceptional items and tax	18.85	12.65
<i>Adjustments for</i>		
Depreciation and amortisation expenses	29.32	23.98
Finance costs	18.48	17.28
Interest income	(0.80)	(0.61)
Liabilities no longer required written back	(1.18)	(0.50)
Dividend on non-current investments	(0.32)	-
Allowances for credit losses on financial assets	2.74	2.35
Loss on disposal of property, plant and equipment (net)	0.15	0.07
Operating cash flows before movements in working capital	67.24	55.22
Movements in Working capital		
(Increase)/decrease in trade receivables	10.86	(11.91)
(Increase)/decrease in inventories	3.75	(9.37)
(Increase)/decrease in other financial assets and other assets	(2.88)	(4.63)
Increase/(decrease) in trade payables	14.22	51.60
Increase/(decrease) in provisions	(0.53)	0.38
Increase/(decrease) in other liabilities	3.42	(16.61)
Cash generated from / (used in) operating activities	96.08	64.68
Taxes paid, net of refund received	1.31	(7.38)
Net cash generated from / (used in) operating activities (A)	97.39	57.30
Cash flows from investing activities		
Interest received	0.91	0.41
Dividend received	0.32	-
Advance to Ezhimala Infrastructure LLP	-	(9.25)
Acquisition of property, plant and equipment	(34.72)	(61.70)
Restricted Deposits	(0.89)	1.25
Proceeds on disposal of property, plant and equipment	0.14	0.09
Net cash (used in)/ generated from investing activities (B)	(34.24)	(69.20)
Cash flows from financing activities		
Payment of lease liabilities	(3.14)	(1.79)
Finance cost	(18.25)	(16.74)
Long term secured loan availed	9.18	36.80
Long term secured loan repaid	(17.94)	(22.23)
Current borrowings (repaid)/availed, net	(26.65)	17.41
Net cash (used in) / generated from in financing activities (C)	(56.80)	13.45
Net (decrease) / increase in cash and cash equivalents (A+B+C)	6.35	1.55
Cash and cash equivalents at the beginning of the year	9.93	8.38
Cash and cash equivalents at the end of the year	16.28	9.93

Changes in liabilities arising from financing activities for the year ended 31 March 2021

Particulars	As at 1 April 2020	Cash inflows	Cash outflows	Non cash changes		As at 31 March 2021
				Fair value/other changes	Foreign exchange	
Non-current borrowings (including current maturities)	147.09	9.18	(17.60)	-	-	138.67
Current borrowings	26.99	-	(26.65)	-	-	0.34
Lease liabilities	7.66	-	(3.14)	20.79	-	25.31
Total	181.74	9.18	(47.39)	20.79	-	164.32

Changes in liabilities arising from financing activities for the year ended 31 March 2020

Particulars	As at 1 April 2019	Cash inflows	Cash outflows	Non cash changes		As at 31 March 2020
				Fair value/other changes	Foreign exchange	
Non-current borrowings (including current maturities)	132.12	37.20	(22.23)	-	-	147.09
Current borrowings	9.58	17.41	-	-	-	26.99
Lease liabilities	-	-	(1.79)	9.45	-	7.66
Total	141.70	54.61	(24.02)	9.45	-	181.74

(Refer to note 12 - Cash and cash equivalents)

The accompanying notes form an integral part of these standalone financial statements

Note 1 to 46

As per our report of even date attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm registration number: 008072S

for and on behalf of the Board of Directors of
MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
CIN:U85110KL1995PLC008677

Jaideep S. Trasi
Partner
Membership No.: 211095
Bengaluru
28 July 2021

Dr. Azad Moopen
Chairman and Managing Director
DIN: 00159403
Dubai
28 July 2021

Dr. P M Hamza
Whole Time Director
DIN: 02263209
Calicut
28 July 2021

Arjun Vijayakumar
Chief Financial Officer
Calicut
28 July 2021

Aby Eapen
Company Secretary
Membership no. ACS 23807
Calicut
28 July 2021

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

4 Property, plant and equipment

Particulars	Freehold land	Buildings	Leasehold improvements	Furniture and fixtures	Office equipments	Plant and equipment	Computer equipment	Medical equipment	Motor Vehicles	Total
Gross carrying value										
Balance at 1 April 2019	332.02	137.23	0.48	19.53	1.51	41.17	11.16	183.56	1.41	728.07
Additions	0.19	33.88	-	6.00	0.05	17.03	1.52	37.37	0.09	96.13
Disposals	-	-	-	(0.05)	-	(0.01)	(0.04)	(0.13)	(0.11)	(0.34)
Balance at 31 March 2020	332.21	171.11	0.48	25.48	1.56	58.19	12.64	220.80	1.39	823.86
Balance at 1 April 2020	332.21	171.11	0.48	25.48	1.56	58.19	12.64	220.80	1.39	823.86
Additions	0.03	4.39	-	3.64	0.17	2.87	3.19	13.40	0.01	27.70
Disposals	-	-	-	(1.72)	(0.61)	(1.22)	(0.35)	(3.76)	-	(7.66)
Balance at 31 March 2021	332.24	175.50	0.48	27.40	1.12	59.84	15.48	230.44	1.40	843.90
Accumulated Depreciation										
Balance at 1 April 2019	-	15.59	0.46	11.37	1.42	21.90	6.83	81.69	0.84	140.10
Depreciation for the year	-	2.52	-	1.69	0.04	2.81	1.30	14.04	0.11	22.51
Eliminated on disposals	-	-	-	(0.02)	-	(0.01)	(0.04)	(0.08)	(0.04)	(0.19)
Balance at 31 March 2020	-	18.11	0.46	13.04	1.46	24.70	8.09	95.65	0.91	162.42
Balance at 1 April 2020	-	18.11	0.46	13.04	1.46	24.70	8.09	95.65	0.91	162.42
Depreciation for the year	-	2.74	0.01	1.76	0.04	3.50	2.09	16.03	0.12	26.29
Eliminated on disposals	-	-	-	(1.71)	(0.61)	(1.18)	(0.34)	(3.53)	-	(7.37)
Balance at 31 March 2021	-	20.85	0.47	13.09	0.89	27.02	9.84	108.15	1.03	181.34
Carrying amounts (net)										
At 31 March 2021	332.24	154.65	0.01	14.31	0.23	32.82	5.64	122.29	0.37	662.56
At 31 March 2020	332.21	153.00	0.02	12.44	0.10	33.49	4.55	125.15	0.48	661.44

a) For details of property, plant and equipment pledged, refer Note 15

b) During the previous year Borrowing cost capitalized to the extent of 0.97 crore

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupee crores)

5 Intangibles assets

	Computer software
Gross carrying value	
Balance at 1 April 2019	1.61
Additions	1.48
Disposals	-
Balance at 31 March 2020	3.09
Balance at 1 April 2020	3.09
Additions	1.53
Disposals	-
Balance at 31 March 2021	4.62
Accumulated amortisation	
Balance at 1 April 2019	0.87
Amortisation for the year	0.38
Balance at 31 March 2020	1.25
Balance at 1 April 2020	1.25
Amortisation for the year	0.56
Balance at 31 March 2021	1.81
At 31 March 2021	2.81
At 31 March 2020	1.84

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

	As at 31 March 2021	As at 31 March 2020
6 Investments		
Non-current investments, unquoted		
<i>Investments in equity instruments of associates (at cost)</i>		
Investment in MIMS Infrastructure and Properties Private Limited 6,617,401 (31 March 2020: 6,617,401) equity shares of INR 10 each	6.62	6.62
<i>Investments in preference shares of associates (at cost)</i>		
Investment in MIMS Infrastructure and Properties Private Limited 2,673,274 (31 March 2020: 2,673,274) preference shares of INR 10 each	2.67	2.67
<i>Investments in equity instruments of subsidiaries (at cost)</i>		
Investment in Ezhimala Infrastructure LLP 40% of the total capital amounting to INR 40,000	*	*
	9.29	9.29
Aggregate carrying amount of unquoted investments	9.29	9.29
* Amount is below the rounding off norms adopted by the Company.		
7 Loans		
Non-current		
<i>Unsecured, considered good</i>		
Security deposits	2.85	3.74
	2.85	3.74
Current		
<i>Unsecured, considered good</i>		
Security deposits	1.80	0.21
	1.80	0.21
	4.65	3.95
Includes deposits with related party (refer note 36)		
8 Other financial assets		
Non-current		
<i>Unsecured, considered good</i>		
Advance against investment*	9.25	9.25
Fixed deposits **	9.29	8.43
	18.54	17.68
* Advance given to Ezhimala Infrastructure LLP (40% holding) for acquiring 140 cents of Land		
** The above deposits are maintained against guarantees issued by Banks and are restricted for periods exceeding 12 months as at the Balance Sheet date.		
Current		
<i>Unsecured, considered good</i>		
Insurance claim receivable	0.15	0.22
Diplomate of National Board Fee Receivable	0.08	-
Rent receivable	0.58	0.52
Interest accrued on fixed deposits with banks	0.59	0.70
Unbilled receivables	4.92	3.29
Dues from related party (refer note 36)	0.53	0.22
	6.85	4.95
	25.39	22.63
9 Other assets		
Non-current		
<i>Unsecured, considered good</i>		
Advance for capital goods	1.23	2.52
Other loans and advances	0.10	0.14
	1.33	2.66
Current		
Prepaid expenses	3.43	2.96
Advance to employees	0.23	0.59
Advance for supply of goods and services	1.09	1.85
	4.75	5.40
	6.08	8.06

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)
(All amounts in Indian rupee crores)

	As at 31 March 2021	As at 31 March 2020
10 Inventories		
<i>(Valued at lower of cost and net realisable value)</i>		
Medicines and medical consumables	16.00	19.62
Stores and spares	1.49	1.62
	17.49	21.24
For details of inventory pledged, refer Note 15		
11 Trade receivables		
Current		
Considered good - unsecured	44.71	55.57
Less: loss allowance	(6.94)	(4.20)
Net trade receivables	37.77	51.37
For details of trade receivable pledged, refer Note 15		
The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 37.		
Particulars(Ageing)	Gross receivables	% of Provisions
Due date to 1 year	38.67	8.86%
1-2 years	4.49	43.67%
More than 2 years	1.55	100%
12 Cash and cash equivalents		
Balance with banks	15.08	9.28
Cash on hand	1.20	0.65
	16.28	9.93
13 Other bank balances		
Balance in banks for margin money	1.40	0.51
	1.40	0.51

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)
(All amounts in Indian rupee crores)

14 Share capital	As at 31 March 2021		As at 31 March 2020	
	Number of shares (in crores)	Amount	Number of shares (in crores)	Amount
Authorised				
Equity shares of INR 10 each	10.00	100.00	10.00	100.00
	10.00	100.00	10.00	100.00
Issued, subscribed and fully paid-up				
Equity shares of INR 10 each	9.99	99.91	9.99	99.91
	9.99	99.91	9.99	99.91

(a) **Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to shareholders' share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(b) **Shares held by ultimate holding company**

	As at 31 March 2021		As at 31 March 2020	
	Number of shares (in crores)	Amount	Number of shares (in crores)	Amount
<i>Equity shares of INR 10 each fully paid-up held by Aster DM Healthcare Limited, Holding and Ultimate holding company</i>	7.41	74.08	7.41	74.08

(c) **Details of shareholders holding more than 5% shares of the Company**

	As at 31 March 2021		As at 31 March 2020	
	Number of shares (in crores)	% holding	Number of shares (in crores)	% holding
<i>Equity shares of INR 10 each fully paid-up held by Aster DM Healthcare Limited</i>	7.41	74.14%	7.41	74.14%

(d) **Shares reserved for issue under options and contracts: Nil**

(e) **Details of bonus shares issued during the past 5 years: Nil**

(f) **Details of shares issued for consideration other than for cash during the past 5 years: Nil**

(g) **Details of buyback of shares during the past 5 years: Nil**

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)
(All amounts in Indian rupee crores)

	As at 31 March 2021	As at 31 March 2020
15 Borrowings		
Non-current		
<i>Secured - at amortised cost</i>		
Term loans from bank	110.86	128.72
Current maturities of long term borrowings	27.81	18.37
	138.67	147.09
Less: Amount included under 'other financial liabilities' (refer note 16)	(27.81)	(18.37)
	110.86	128.72
 <i>Unsecured - at amortised cost</i>		
Term loans from Associate Companies	2.10	2.49
	112.96	131.21
Current		
<i>Secured - at amortised cost</i>		
Cash credit and overdraft facilities from banks	0.34	26.99
	0.34	26.99

Information about the Company's exposure to interest rate and liquidity risks are included in note 37.

A *Details of securities, terms and conditions on loans*

Lender	Security terms	Interest Rate (p.a.)	Tenure
South Indian Bank	Secured by equitable mortgage of 319.9 cents of land	Base rate plus 1.3%	36 months
HDFC Bank	A first exclusive charge on all immovable properties, present and future; all movables including equipment, machinery, spares, tools and accessories furniture, fixtures, vehicles and all other movable assets, both present and future (except equipment and vehicles already mortgaged to existing lenders). A second charge on Current Assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future. These charges shall rank pari-passu.	Base rate plus 1.1%	132 months
HDFC Bank	Secured by hypothecation of equipments purchased using the term loan	Base rate plus 1.1%	6 months - 60 months
ICICI Bank Limited (Cash Credit and Overdraft)	Secure by first pari passu charges on all current asset, operating cash flow, receivables, commission, revenue of whatsoever nature and whenever arising, present and future, intangibles, goodwill, uncalled capital, present and future. Corporate guarantee by Aster DM Healthcare Limited	M6-MCLR+0.975%	One year
Axis Bank	First pari passu charge on the entire current assets including receivables of the borrower, present and future. Corporate Guarantee of Aster DM Healthcare Limited	6M MCLR + 1.05% (currently 8.65%)	12 Month

B There are no continuing defaults in the repayment of the principal loan and interest amounts.

C For the year ended 31 March 2021, due to outbreak of Covid-19 pandemic, RBI vide circular DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 has directed banks and financial institutions to provide moratorium of 3 months to borrowers on all payments falling due between 1 March 2020 and 31 May 2020 and vide circular RBI/2019-20/244 DOR.No.BP.BC.71/ 21.04.048/ 2019-20 for all payments falling due between 1 June 2020 and 31 August 2020 to all eligible borrowers classified as standard. Accordingly, the Company has availed moratorium with respect to the principal and interest.

16 Other financial liabilities

Current		
Current maturities of long-term borrowings*	27.81	18.37
Interest accrued but not due on borrowings *	0.80	1.37
Security deposits from others	2.06	1.92
Dues to related party (Refer note 36)	7.72	3.15
Dues to creditors for capital goods	5.55	11.28
Unpaid dividend	0.00	0.01
	43.94	36.10

* The details of interest rates, repayment and other terms are disclosed in Note 15

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 37

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)
(All amounts in Indian rupee crores)

	As at 31 March 2021	As at 31 March 2020
17 Provisions		
Non-current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - Gratuity *	7.46	7.10
Compensated absences	-	-
	<u>7.46</u>	<u>7.10</u>
Current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - Gratuity *	1.60	1.55
Compensated absences	-	0.94
	<u>1.60</u>	<u>2.49</u>
 *Refer note 38		
18 Other liabilities		
Non-Current		
Deferred Government Grant*	5.78	6.79
	<u>5.78</u>	<u>6.79</u>
Current		
Deferred Government Grant*	0.59	-
Advances received from customers	-	1.79
Statutory dues payables	3.39	3.38
	<u>3.98</u>	<u>5.17</u>
 * represents government grant under Export Promotion Capital Goods (EPCG) scheme accounted at fair value as per Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance		
19 Trade payables		
Total outstanding dues of micro and small enterprises	3.99	3.82
Total outstanding dues of creditors other than micro and small enterprises	93.64	79.59
	<u>97.63</u>	<u>83.41</u>

All trade payables are 'current'. The average credit period taken is 30-60 days.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 37

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

The principal amount remaining unpaid to any supplier as at the end of the year	3.63	3.70
The interest due on the principal remaining outstanding as at the end of the year	0.05	*
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	0.05	0.12
The amount of interest accrued and remaining unpaid at the end of the year	0.36	0.12
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	0.48	0.12

*Amount is below the rounding off norms adopted by the Company

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

	Year ended 31 March 2021	Year ended 31 March 2020
20 Revenue from operations		
Revenue from hospital and medical services	513.78	440.55
Revenue from pharmacy	34.63	39.11
Other operating income	4.36	4.51
	<u>552.77</u>	<u>484.17</u>
The Company's revenue from other operating income comprises primarily of canteen sales (sales of food and beverages), revenue from courses conducted at the hospital, income from revenue sharing agreements.		
Refer notes below		
(i) Category of Customers		
Cash	444.75	391.26
Credit	108.02	92.91
	<u>552.77</u>	<u>484.17</u>
(ii) Nature of treatment		
In- patient	383.63	312.58
Out- patient	130.16	127.97
	<u>513.79</u>	<u>440.55</u>
21 Other income		
Interest income on bank deposits	0.80	0.61
Interest on income tax refund	0.57	-
Rent	1.34	1.56
Dividend on non-current investments	0.32	-
Liabilities no longer required written back	1.18	0.50
Other non-operating income	2.42	0.68
	<u>6.63</u>	<u>3.35</u>
22 Purchases of medicines and consumables		
Medicines and consumables	147.79	127.10
	<u>147.79</u>	<u>127.10</u>
23 Changes in inventories		
Opening stock	19.62	10.85
Closing stock	(15.99)	(19.62)
	<u>3.63</u>	<u>(8.77)</u>
24 Professional fees to consultant doctors		
Professional fees to consultant doctors	128.64	122.54
	<u>128.64</u>	<u>122.54</u>
25 Lab Outsourcing Charges		
Lab outsourcing charges	3.58	1.57
Hospital Lab Management Expenses	2.09	-
	<u>5.67</u>	<u>1.57</u>
26 Employee benefits expense		
Salaries and allowances	100.01	92.84
Contribution to provident and other funds (refer note 38)	6.18	6.51
Expenses related to post employment defined benefit plans (refer note 38)	2.02	1.72
Staff welfare expense	5.73	2.54
	<u>113.94</u>	<u>103.61</u>
27 Finance cost		
Interest on bank borrowings	16.05	16.48
Less : Amounts included in the cost of qualifying assets	-	(0.97)
	16.05	15.51
Interest on lease liabilities (Refer note 34)	1.60	0.82
Other borrowing costs	0.83	0.95
	<u>18.48</u>	<u>17.28</u>

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupee crores)

	Year ended 31 March 2021	Year ended 31 March 2020
28 Depreciation and amortisation		
Depreciation on property, plant and equipment (refer Note 4)	26.29	22.51
Depreciation on right-of-use assets (refer Note 34)	2.47	1.09
Amortisation on intangible assets (refer Note 5)	0.56	0.38
	29.32	23.98
29 Other expenses		
Consumables	4.81	3.28
Power, water and fuel	14.58	17.34
Housekeeping, security and others	21.52	22.80
Legal, professional and other consultancy	5.30	2.45
Auditors remuneration (refer Note 33)	0.09	0.10
Rent (refer note 34)	3.17	1.45
Repairs and maintenance - plant and equipment	9.12	3.68
Repairs and maintenance - building	1.46	1.37
Repairs and maintenance - others	4.07	9.89
Advertising and promotional	10.70	9.54
Rates and taxes	2.08	1.66
Allowance for credit losses on financial assets	2.74	2.35
Travelling and conveyance	2.04	0.66
Loss on sale of fixed assets (net)	0.15	0.07
Water charges	1.51	1.87
Corporate social responsibility*	0.39	0.32
Insurance	1.70	1.39
Communication	1.90	1.63
Donation & charity (refer note 40)	1.85	0.59
Bank charges	2.04	1.60
Miscellaneous expenses	1.86	3.52
	93.08	87.56
* Details of corporate social responsibility		
- Gross amount required to be spent during the year	0.30	0.32
- Amount spent during the year on :		
Construction/acquisition of an asset		
On purposes other than above	0.39	0.32
	0.39	0.32

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

30 Income taxes

(a) Income tax assets/(liability)

	As at 31 March 2021	As at 31 March 2020
Income tax payments, including taxes withheld	8.20	10.07
Less: Provision made towards tax liabilities	3.77	-
Net income tax assets/(liability) at the end	4.43	10.07

(b) Amount recognised in statement of profit and loss

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	3.77	2.62
Current tax for earlier years	0.56	-
Deferred tax (including MAT credit entitlement)	2.47	(1.95)
Tax expense for the year	6.80	0.67

(c) Amount recognised in other comprehensive income

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	-	-
Current tax for earlier years	-	-
Deferred tax (including MAT credit entitlement)	0.04	(0.01)
Tax expense for the year	0.04	(0.01)

(d) Reconciliation of effective tax rate

The standard rate of corporation tax applied to reported profit is 29.12 per cent (2019-20: 29.12 per cent). The Company has not opted for concessional tax rate regime effective from financial year 2019-20.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax	18.85	12.65
Statutory income tax rate	29.12%	29.12%
Tax expenses /(asset)	5.49	3.68
Non-deductible expenses/ permanent differences	0.72	0.08
Others	0.59	-
Impact of change in deferred tax rate	-	(3.09)
Income tax expense	6.80	0.67

(e) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the following:

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax asset		
Allowances for credit losses	2.02	1.22
Provision for employee benefits	2.64	2.78
Deferred Government Grant	1.86	1.98
Long term capital loss carried forward	0.40	0.40
Lease liabilities	0.87	0.63
Tax losses (Unabsorbed depreciation)	-	1.04
MAT credit entitlement receivable	3.83	2.62
Total deferred tax assets	11.62	10.67
Deferred tax liability		
On account of fair valuation of land *	52.09	52.09
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act	29.55	26.15
Total deferred tax liability	81.64	78.24
Deferred tax liability (net)	(70.02)	(67.57)

* The deferred tax liability arising on the fair valuation is recognised based on tax rates applicable to the long-term capital gains.

The Company offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

(ii) Movement in temporary differences

Particulars	Balances as at 31 March 2020	Recognised through retained earnings	Recognised in Profit and loss during 2020-21	Recognise in OCI during 2020-21	Balances as at 31 March 2021
Allowances for credit losses	1.22	-	0.80	-	2.02
Provision for employee benefits	2.78	-	(0.14)	-	2.64
Tax losses (Unabsorbed depreciation)	1.04	-	(1.04)	-	-
Deferred Government Grant	1.98	-	(0.12)	-	1.86
Long term capital loss carried forward	0.40	-	-	-	0.40
Lease liabilities	0.63	-	0.24	-	0.87
MAT credit entitlement receivable	2.62	-	1.21	-	3.83
On account of fair valuation of land *	(52.09)	-	-	-	(52.09)
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(26.15)	-	(3.40)	-	(29.55)
Net deferred tax (liabilities) / assets	(67.57)	-	(2.45)	-	(70.02)

Particulars	Balances as at 1 April 2019	Recognised through retained earnings	Recognised in Profit and loss during 2019- 20	Recognise in OCI during 2019-20	Balances as at 31 March 2020
Allowances for credit losses	0.65	-	0.57	-	1.22
Provision for employee benefits	3.22	-	(0.45)	0.01	2.78
Tax losses (Unabsorbed depreciation)	-	-	1.04	-	1.04
Deferred Government Grant	1.70	-	0.28	-	1.98
Long term capital loss carried forward	0.40	-	-	-	0.40
Lease liabilities	-	0.60	0.03	-	0.63
MAT credit entitlement receivable	-	-	2.62	-	2.62
On account of fair valuation land *	(52.09)	-	-	-	(52.09)
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(23.97)	-	(2.18)	-	(26.15)
Net deferred tax (liabilities) / assets	(70.09)	0.60	1.91	0.01	(67.57)

* The deferred tax liability arising on the fair valuation is recognised based on tax rates applicable to the long-term capital gains.

(iii) Tax losses carried forward

Particulars	Balances as at 31 March 2021	Deferred tax asset as at 31 March 2021	As at 31 March 2020	Deferred tax asset as at 31 March 2020	Expiry date
Brought forward losses	-	-	3.59	1.04	-
Brought forward losses	1.70	0.40	1.70	0.40	Various dates from 2021 to 2027
Total tax losses carried forward	1.70	0.40	5.29	1.44	

(iv) Unrecognised deferred tax asset

There are no unrecognised deferred tax asset on account of bought forward tax losses or other items

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

31 Contingent liabilities and commitments

Particulars	As at 31 March 2021	As at 31 March 2020
Contingent liabilities		
Claims against the Company not acknowledged as debt	4.77	3.86
Disputed income tax demand pending before assessing authorities (Refer note (a) below)	-	0.75
Disputed provident fund demand pending before appellate authorities (Refer note (b) below)	0.94	0.94
Bank guarantee	8.75	8.43
Letter of Credit	0.38	-
Employee bonus (Refer note (c) below)	1.61	1.61
Additional Salary payable under Minimum wages Act for retrospective period (refer note (e) below)	10.30	10.30
Export Commitment under EPCG claim (refer note (f) below)	5.22	5.24
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	7.21	5.77

a) The Company has received an income tax demand for the assessment year 2008-09 and 2012-13. The Company has opted for Vivad se Vishwas Scheme for the AY 2008-09 and 2012-13. The Income tax department has issued Form-3 for opting the scheme.

b) The Company has received demand from the provident fund authorities wherein demand of INR 0.94 crores net of advance has been raised against the Company on account of provident fund contribution in respect of certain trainees employed by the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demands received.

c) Employee bonus refers to amount payable to employees as per Payment of Bonus (Amendment) Act 2015 vis-à-vis retrospective application from 1 April 2014 to 31 March 2015. Company has relied on stay petition granted by the Honourable High Court of Kerala and Honourable High Court Madras against retrospective application of Payment of Bonus (Amendment) Act 2015 from 1 April 2014. Pending disposal of the case, no provision has been made in the books of accounts. The Company has obtained an independent legal opinion in support of this.

d) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Company has re-computed its liability towards PF for the month of March 2019 and has paid as per the Supreme Court judgement. In respect of the earlier periods/years, the Company has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

e) On 23 April 2018, The Government of Kerala issued an order revising the minimum wages of medical and nursing staff. The order mentions that the changes would be effective retrospectively from 1 October 2017. Since the legislation was issued in April 2018, management has started paying the revised salary with effect from 1 April 2018. The Company filed an appeal against the retrospective application of this order with the High Court of Kerala which has issued an interim stay order on 26 July 2018. The Writ Petition WP (c) No 25109/2018 challenging the retrospective effect of minimum wage order passed by the Government of Kerala is pending before the Hon'ble High Court of Kerala in hearing list. Based on the stay order and legal advice, management believes that their position will be upheld and therefore has not provided for the incremental cost for the period October 2017 to March 2018.

f) The Company has obtained duty free / concessional duty licenses for import of capital goods by undertaking export obligations under the EPCG scheme. As at 31 March 2021, export obligations remaining to be fulfilled amounts to INR 5.22 Crore (31 March 2020: INR 5.24 Crore). In the event that export obligations are not fulfilled, the Company would be liable to pay the levies. The Company's bankers have provided bank guarantees aggregating INR 8.43 Crore (31 March 2019: INR 7.83 Crore) to the customs authorities in this regard.

g) There are certain claims raised by various customers, pending before various consumer forums. The management does not expect the outcome of the action to have a material effect on its financial position.

h) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursement in respect of the above contingent liabilities.

i) The Company does not have any long-term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupee crores)

32 Earnings per share**A. Basic earnings per share**

The calculation of profit attributable to equity share holders and weighted average number of equity shares outstanding for the purpose of basic earnings per share calculations are as follows:

i) Net profit attributable to equity share holders (basic)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net profit for the year, attributable to the equity share holders	12.05	11.98

ii) Weighted average number of equity shares (basic)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance (Refer note 14)	9.99	9.99
Weighted average number of equity shares of INR 10 each for the year	9.99	9.99
Earnings per share, basic	1.21	1.20

B. Diluted earnings per share

The calculation of profit attributable to equity share holders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares is as follows:

i) Net profit attributable to equity share holders diluted

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net profit for the year, attributable to the equity share holders	12.05	11.98

ii) Weighted average number of equity shares (diluted)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of equity shares of INR 10 each for the year (diluted)	9.99	9.99
Earnings per share, diluted	1.21	1.20

33 Payment to auditors (included under legal and professional charges, net of goods and GST)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Statutory audit	0.08	0.10
Tax Audit	0.01	-
Total	0.09	0.10

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Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

34 Leases

The Company has taken premises on lease from various parties for staff accommodation and for starting a Mother & Child Unit in Kotakkal and medical equipments on lease as well. The leases typically run for a period of 1 year - 20 years. Lease payments are renegotiated nearing the expiry to reflect market rentals.

(i) Lease liabilities

Following are the changes in the lease liabilities for the year ended 31 March 2021 and 31 March 2020:

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Opening balance	7.66	8.63
Additions	19.19	-
Finance cost accrued during the period (refer note 27)	1.60	0.82
Payment of lease liabilities	(3.14)	(1.79)
Closing balance	25.31	7.66
Non-current lease liabilities	22.13	6.51
Current lease liabilities	3.18	1.15

(ii) Maturity analysis – contractual undiscounted cash flows

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Less than one year	5.24	1.15
One to five years	12.94	5.50
More than five years	34.48	1.01
Total undiscounted lease liabilities	52.66	7.66

(iii) Right-of-use assets

Right-of-use assets are presented on the balance sheet.

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Gross carrying value		
Opening balance	6.56	-
Addition to right-of-use assets	22.55	6.56
Deletion to right-of-use assets	(2.32)	-
Total gross carrying value	26.79	6.56
Accumulated Depreciation		
Opening balance	1.09	-
Depreciation for the year (refer note 28)	2.47	1.09
Total accumulated Depreciation	3.56	1.09
Net Balance	23.23	5.47

(iv) Amounts recognised in statement of profit or loss

	Year ended	Year ended
	31 March 2021	31 March 2020
Lease rental expenses for lease where Ind AS 116 is not applicable	3.17	1.45
Interest on lease liabilities	1.60	0.82
Depreciation on right-of-use assets	2.47	1.09

(v) Amounts recognised in statement of cash flows

	Year ended	Year ended
	31 March 2021	31 March 2020
Total cash outflow for leases	3.14	1.79

The Company has benefited from a 3 month waiver of lease payments on buildings in India. The waiver of lease payments of Rs. 0.18 crore has been accounted for as a negative variable lease payment in standalone statement profit and loss. The Company has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of Ind AS 109:3.3.1.

35 Segmental reporting

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

The Company operates in India and revenue generations is from a wide spread of the customers and hence the group wide disclosures of major customers are not applicable.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

36 Related parties

(i) Names of related parties and description of relationship with the Company:

- | | |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Holding company | Aster DM Healthcare Limited, India |
| (b) Subsidiary company | Ezhimala Infrastructure LLP* |
| (c) Associate Company | MIMS Infrastructure and Properties Private Limited, India |
| (d) Fellow Subsidiaries | Aster DM Healthcare FZC, UAE
DM Med City Hospitals (India) Private Limited
Dr.Moopens Healthcare Management Services LLC, UAE
Al Raffah Hospital LLC, Oman
Oman Al Khair Hospital L.L.C.
EMED Human Resources India Private Limited
Sri Sainatha Multispeciality Hospitals Private Limited
Aster Clinical Lab LLP
Aster Pharmacies Group LLC |
| (e) Key managerial personnel and their relatives (KMP) | Dr. Azad Moopen (Chairman and Managing Director)
Dr. M Ali (Vice Chairman)
Dr.Hamza P M (Whole Time Director)
Mr.Arjun Vijaykumar (Chief Financial Officer)
Mr.Aby Eapen (Company Secretary) |
| (f) Enterprises over which Key Management Personnel are able to exercise significant influence | Cantown Infra Developers LLP, India (upto 01-08-2019) |

* Subsidiary based on control

(ii) Related party transactions:

The Company has entered into the following transactions with related parties during the year ended 31 March 2021 and 31 March 2020

SL.No.	Name of related party	Nature of transactions	Related party transactions		Balance receivable / (payable) as at the year end	
			Year ended	Year ended	As at	As at
			31 March 2021	31 March 2020	31 March 2021	31 March 2020
1	U Basheer (upto 01-08-2019)	Short term employee benefits*	-	0.04	-	-
		Reimbursement of expenses	-	(0.01)	-	(0.01)
		Rent	-	0.73	-	(0.06)
		Rent deposit	-	-	-	0.16
2	Dr. Hamza. P M (from 01-08-2019)	Short term employee benefits*	0.05	0.02	-	-
		Professional fees and incentives**	0.07	0.14	-	(0.01)
3	Arjun Vijayakumar	Short term employee benefits*	0.20	0.11	-	-
4	Udaykumar P T	Short term employee benefits*	0.11	0.11	-	-
5	Aster DM Healthcare Limited	Reimbursement of expenses	(2.26)	(0.77)	(1.60)	(2.03)
		Guarantee commission expense	(0.78)	(0.73)	(1.49)	(0.70)
6	Aster DM Healthcare FZC	Reimbursement of expenses	0.06	-	-	(0.06)
7	Aster Pharmacies Group LLC	Reimbursement of expenses	(0.03)	-	-	0.03
8	DM Med City Hospitals (India) Private Limited	Expenses incurred by the Company/ (incurred on behalf of the Company)	(0.06)	0.03	-	0.06
9	MIMS Infrastructure and Properties Private Limited	Reimbursement of expenses	(0.07)	0.10	-	0.07
		Investments	-	-	9.29	9.29
		Dividend Received	(0.32)	-	-	-
		Short term loans and advance repayment received	0.39	0.40	(2.10)	(2.50)
10	Oman Al Khair Hospital L.L.C.	Reimbursement of expenses	(0.00)	-	-	0.00
11	Sri Sainatha Multispeciality Hospitals Private Limited	Reimbursement of expenses	0.00	(0.00)	-	(0.00)
12	EMED Human Resources India Private Limited	Doctors Recruitment Expense	0.12	(0.24)	(0.12)	(0.24)
13	Dr.Moopens Healthcare Management Services LLC, Dubai	Reimbursement of expenses	0.60	-	0.49	(0.11)
14	Al Raffah Hospital, Muscat	Reimbursement of expenses	(0.00)	-	-	0.00
15	Ezhimala Infrastructure LLP	Investments / capital contribution	-	0.00	0.00	0.00
		Advance against Investee	-	9.25	9.25	9.25
		Reimbursement of expenses	(0.00)	0.07	0.06	0.07
16	Cantown Infra Developers LLP, India	Rent paid	0.00	0.06	(0.00)	(0.01)
		Reimbursement of expenses	-	-	0.00	0.00
17	Aster Clinical Lab LLP	Reimbursement of expenses	(1.25)	-	(1.25)	-
18	Sitting Fee to Directors		0.12	0.18	(0.07)	(0.19)

* The above figure does not include provision for gratuity as the same is determined for the Company as a whole based on an actuarial valuation.

**The remuneration is paid to the directors in their professional capacity as doctors.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

37 Financial Instruments- Fair values and risk management

A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2021

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial assets not measured at fair value									
Investments	6	9.29	-	-	9.29	-	-	-	-
Loans	7	2.85	-	-	2.85	-	-	-	-
Trade receivables	11	37.77	-	-	37.77	-	-	-	-
Cash and Cash equivalents	12	16.28	-	-	16.28	-	-	-	-
Other bank balances	13	1.40	-	-	1.40	-	-	-	-
Other financial assets	8	25.39	-	-	25.39	-	-	-	-
Total		92.98	-	-	92.98	-	-	-	-
Liabilities									
Financial liabilities not measured at fair value									
Trade payables	19	-	-	97.63	97.63	-	-	-	-
Lease liabilities	34	-	-	25.31	25.31	-	-	-	-
Borrowings (including current maturities)	15	-	-	141.11	141.11	-	-	-	-
Other financial liabilities (excluding current maturities of long term borrowings)	16	-	-	16.13	16.13	-	-	-	-
Total		-	-	280.18	280.18	-	-	-	-

31 March 2020

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial assets not measured at fair value									
Investments	6	9.29	-	-	9.29	-	-	-	-
Loans	7	3.74	-	-	3.74	-	-	-	-
Trade receivables	11	51.37	-	-	51.37	-	-	-	-
Cash and Cash equivalents	12	0.65	-	-	0.65	-	-	-	-
Other bank balances	13	0.51	-	-	0.51	-	-	-	-
Other financial assets	8	22.63	-	-	22.63	-	-	-	-
Total		88.19	-	-	88.19	-	-	-	-
Liabilities									
Financial liabilities not measured at fair value									
Trade payables	19	-	-	83.41	83.41	-	-	-	-
Lease liabilities	34	-	-	7.66	7.66	-	-	-	-
Borrowings (including current maturities)	15	-	-	176.57	176.57	-	-	-	-
Other financial liabilities (excluding current maturities of long term borrowings)	16	-	-	17.73	17.73	-	-	-	-
Total		-	-	285.37	285.37	-	-	-	-

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Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

37 Financial Instruments- Fair values and risk management (continued)

B Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's board of directors oversee how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to 37.77 crores (31 March 2020: 51.37 crores).

The movement in lifetime ECL in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	As at	
	31 March 2021	31 March 2020
Balance at the beginning	4.20	1.85
Impairment loss recognised	2.74	2.35
Balance at the end	6.94	4.20

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.

Credit risk on cash and cash equivalent and other bank balances is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2021:

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	97.63	-	97.63
Current Borrowings	0.34	-	0.34
Non current borrowing (including current maturities)	27.81	112.96	140.77
Lease liabilities	3.18	22.13	25.31
Other financial liabilities (excluding current maturities)	16.13	-	16.13
Total	145.09	135.09	280.18

The Company is using the cash inflows from the financial assets and the available bank facilities to manage the liquidity. The table below provides the cash inflows from significant financial assets as of 31 March 2021:

Particulars	Less than 1 year	More than 1 year	Total
Cash and Cash equivalents	16.28	-	16.28
Other bank balances	1.40	-	1.40
Investments	-	9.29	9.29
Trade receivables	37.77	-	37.77
Loans	1.80	2.85	4.65
Other financial assets	6.85	18.54	25.39
Total	64.10	30.68	94.78

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	83.41	-	83.41
Current Borrowings	26.99	-	26.99
Non current borrowing (including current maturities)	18.37	131.21	149.58
Lease liabilities	1.15	3.18	4.33
Other financial liabilities (excluding current maturities)	17.73	-	17.73
Total	147.65	134.39	282.04

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Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

37 Financial Instruments- Fair values and risk management (continued)

The Company is using the cash inflows from the financial assets and the available bank facilities to manage the liquidity. The table below provides the cash inflows from significant financial assets as of 31 March 2020:

Particulars	Less than 1 year	More than 1 year	Total
Cash and Cash equivalents	9.93	-	9.93
Other bank balances	0.51	-	0.51
Investments	9.29	-	9.29
Trade receivables	51.37	-	51.37
Loans	-	3.74	3.74
Other financial assets	4.95	17.68	22.63
Total	76.05	21.42	97.47

Financial assets of INR 94.78 crores as at 31 March 2021 carried at amortised cost is in the form of cash and cash equivalents, deposits, etc. where the Company has assessed the counterparty credit risk. Trade receivables of INR 37.77 crores as at 31 March, 2021 carried at amortised cost and is valued considering provision for allowance using expected credit loss method (if any). In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to Healthcare service sector. The Company closely monitors its customers who are being impacted. Also a substantial portion of the financial asset is related to investments in subsidiary and associates companies (INR 9.29 Crore) and loans and advances to subsidiary companies (INR 9.25 Crore) wherein Management has considered the impact of COVID -19 on the projections while doing its assessment for impairment testing.

iv) Market risk

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

Interest rate risk

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates. The Company's significant interest rate risk arises from long-term borrowings with variable interest rates, which expose the Company to cash flow interest rate risk. The interest rate on the Company's financial instruments is based on market rates. The Company monitors the movement in interest rates on an ongoing basis. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings,

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

Financial liabilities (bank borrowings)	As at 31 March 2021	As at 31 March 2020
Variable rate long term borrowing including current maturities	140.77	149.58

Sensitivity

Particulars	Impact on profit		Impact on equity, net of tax	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Sensitivity				
1% increase in MCLR rate	1.41	1.50	1.41	1.50
1% decrease in MCLR rate	(1.41)	(1.50)	(1.41)	(1.50)

The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A one per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The Company's sensitivity to interest rates has increased in the current year due to the additional variable rate long term borrowings taken during the year.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

38 Employee benefits

- A** The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit. The gratuity benefit provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 / 30 days' salary payable for each completed year of service.

Based on an actuarial valuation, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at	As at
	31 March 2021	31 March 2020
Defined benefit obligation liability	9.06	8.65
Plan assets	-	-
Net defined benefit liability	9.06	8.65

B Reconciliation of present value of defined benefit obligation

Particulars	As at	As at
	31 March 2021	31 March 2020
Balance at beginning of the year	8.65	7.62
Benefit paid	(0.70)	(0.63)
Current service cost	1.27	1.30
Past service cost	-	-
Interest cost	0.55	0.55
Actuarial (gain)/ loss recognised in other comprehensive income	-	-
- changes in demographic assumptions	-	-
- changes in financial assumptions	0.07	(0.14)
- experience adjustments	(0.17)	(0.05)
Transfer in/(out)	(0.61)	-
Balance at the end of the year	9.06	8.65
Net Defined Benefit (liability)	9.06	8.65

C (i) Expenses recognised in statement of profit and loss

Particulars	As at	As at
	31 March 2021	31 March 2020
Current service cost	1.27	1.30
Past service cost	-	-
Interest cost	0.55	0.55
Gratuity cost	1.82	1.85

(ii) Remeasurements recognised in other comprehensive income

Particulars	As at	As at
	31 March 2021	31 March 2020
Actuarial gain/(loss) on defined benefit obligation	0.10	0.18
	0.10	0.18

D Actuarial valuation

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The defined benefit plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest rate risk	A decrease in the bond interest rate will increase the plan liability
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(i) Assumptions used to determine benefit obligations:

Principal actuarial assumptions at the reporting date (expressed as weighted average)

Particulars	31 March 2021	31 March 2020
	Discount rate	6.30%
Future salary growth	3.50%	3.50%
Attrition rate	Below 35 years : 35% p.a. 35 yrs. & above : 3% p.a.	Below 35 years : 35% p.a. 35 yrs. & above : 3% p.a.
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Weighted average duration of defined benefit obligation	7 Years	7 Years

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plan.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupee crores)

38 Employee benefits**(ii) Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rate. Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

Particulars	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	0.63	0.72	0.58	0.67
Future salary growth (1% movement)	0.73	0.65	0.68	0.60
Withdrawal rate (1% movement)	0.11	0.13	0.10	0.12

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

E Defined contribution plan

Expense recognised in the statement of profit and loss	For the year ended 31 March 2021	For the year ended 31 March 2020
Contribution to provident fund	5.74	5.85
Employee State Insurance	0.44	0.66
Components recognised in the statement of profit and loss	6.18	6.51

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD

Notes to the standalone financial statements (continued)

(All amounts in Indian rupee crores)

39 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2021 and 31 March 2020, was as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Total equity attributable to the equity shareholders of the Company	449.54	437.43
As a percentage of total capital	76%	71%
Long-term borrowings including current maturities	140.77	149.58
Short-term borrowings	0.34	26.99
Total borrowings	141.11	176.57
As a percentage of total capital	24%	29%
Total capital (Equity and Borrowings)	590.65	614.00

40 Amount contributed to political party

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Communist Party of India (M)	0.58	0.03
Indian National Congress	0.20	0.03
Bharathiya Janatha Party	0.04	0.02
Indian Union Muslim League	0.15	-
Indian National League	0.01	-
CPI	0.05	0.01
Others	0.06	-
Total	1.09	0.09

41 Transfer Pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the financial period and expects such records to be existence latest by the date of filing its income tax return as required by the law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

42 Assets held-for-sale

During the year 2018-19, National Highway Authority of India ('NHAI') has issued notice to the Company to acquire 50 cents of land at Kannur. The consideration has been fixed by NHAI amounts to INR 0.87 and the book value of the said land was INR 3.50. As at 31 March 2021, the same has been stated at fair value less cost to sell (being lower of their carrying amount).

Particulars	As at	As at
	31 March 2021	31 March 2020
Land	0.87	0.87

43 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Company adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption and has considered available internal and external information up to the date of approval of the financial statements by the Board of Directors. The Company has used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and the Company has evaluated impact of the pandemic in assessing the recoverability of property plant and equipment (including Capital work in progress), investments, intangibles, inventories, receivables and other assets based on its review of current indicators of future economic conditions. Based on current estimates, including the availability of financing facilities for maintaining liquidity, the Company expects to fully recover the carrying amount of these assets. Further, the Company has taken various measures to reduce its fixed cost - for example, salary reductions, optimization of administrative, sales and marketing costs, deferment of capex along with judicious resource allocation and requesting for the waiver of minimum guarantee fee and revenue share for hospital premises taken on lease. The eventual outcome of impact of the global health pandemic may be different from that which has been estimated as on the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any, and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise.

44 The Indian Parliament has approved the Code on Social Security, 2020 and Code on Wages, 2019 ['Codes'] relating to employee benefits during employment and post-employment benefits in September 2020 and the same has received Presidential Assent. The Codes have been published in the Gazette of India. However, the date on which the Codes will come into effect has not yet been notified. The Company will need to assess the impact of the above. The impact will be recorded in the first period after the Codes become effective.

MALABAR INSTITUTE OF MEDICAL SCIENCES LTD**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupee crores)

- 45 During the year ended 31 March 2021, the Company has disclosed laboratory outsourcing charges as a separate item of expenditure previously included in other expenses. Comparative numbers have been reclassified accordingly.

Particulars	Year Ended 31 March 2020	
	(as previously stated)	(as restated)
Other Expenses	89.13	87.56
Laboratory Outsourcing Charges	-	1.57

- 46 The financial statements of the Company for the year ended 31 March 2020, were audited by B S R & Associates LLP, Chartered Accountants.

for and on behalf of the Board of Directors of
MALABAR INSTITUTE OF MEDICAL SCIENCES LTD
CIN:U85110KL1995PLC008677

Dr. Azad Moopen
Chairman and Managing Director
DIN: 00159403
Dubai
28 July 2021

Dr. P M Hamza
Whole Time Director
DIN: 02263209
Calicut
28 July 2021

Arjun Vijayakumar
Chief Financial Officer
Calicut
28 July 2021

Aby Eapen
Company Secretary
Membership no. ACS 23807
Calicut
28 July 2021

Malabar Institute of Medical Sciences Ltd
Notes to the standalone financial statements

1. Company overview

Malabar Institute of Medical Sciences Ltd (“the Company”) was incorporated on 17 February 1995 as a limited company. The registered office of the Company is located at Mini Bypass Road, Govindapuram, Calicut, Kerala.

The Company is primarily engaged in the business of rendering healthcare services. The holding and ultimate holding company is Aster DM Healthcare Limited, India

2. Basis of preparation

A. Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant amended rules prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

The standalone financial statements were authorised for issue by the Company’s Board of Directors on 28 July 2021.

Details of the Company’s accounting policies are included in Note 3.

B. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts are presented in Indian Rupees in crores, unless otherwise stated.

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit liability	Fair value of plan asset less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these standalone 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 by the management on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements, Assumptions and estimation uncertainties

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

- Note 4 and 5 - Measurement of useful life and residual value of property, plant and equipment and intangible assets;
- Note 6 – Impairment of investment in subsidiary and associate;
- Note 37 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 29 - Recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;

2. Basis of preparation (continued)

D. Use of estimates and judgements (continued)

- Note 30 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 36 - Impairment of financial assets;
- Note 33 - Leases

Estimation uncertainties relating to COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing, and other emergency measures imposed by the government. The Company adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption and has considered available internal and external information upto the date of approval of the standalone financial statements by the Board of Directors. The Company has used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and the Company has evaluated impact of the pandemic in assessing the recoverability of property plant and equipment (including Capital work in progress), investments, intangibles, inventories, receivables and other assets based on its review of current indicators of future economic conditions. Based on current estimates, including the availability of financing facilities for maintaining liquidity, the Company expects to fully recover the carrying amount of these assets. Further, the Company has taken various measures to reduce its fixed cost - for example, salary reductions, optimization of administrative, sales and marketing costs, deferment of capex along with judicious resource allocation and requesting for the waiver of minimum guarantee fee and revenue share for hospital premises taken on lease. The eventual outcome of impact of the global health pandemic may be different from that which has been estimated as on the date of approval of these standalone financial statements. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any, and any significant impact of these changes would be recognised in the standalone financial statements as and when these material changes to economic conditions arise.

a. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Company's audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Basis of preparation (continued)

a. Measurement of fair values (continued)

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial instruments
- Fair value of property, plant and equipment and intangible assets

b. Recent Accounting Pronouncements

Amendments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

On 24 March 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its standalone financial statements.

3. Significant accounting policies

3.1 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the standalone statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment, outstanding at each standalone balance sheet date are shown under other non-current assets. The cost of property, plant and equipment not ready for its intended use at each standalone balance sheet date are disclosed as capital work-in-progress.

ii. Subsequent expenditure and derecognition

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in standalone statement of profit and loss.

3. Significant accounting policies (continued)

3.1 Property, plant and equipment (continued)

iii. Depreciation

Depreciation on property, plant and equipment are provided on the straight-line method over the useful lives of the assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Leasehold improvements are amortised over the lease term or useful lives of assets, whichever is lower. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Class of assets	Useful life
Buildings	60
Plant and equipment	15
Medical equipment*	10-13
Motor vehicles*	5
Computer equipment	3
Furniture and fixtures*	5-10
Office equipment	5

* For the above-mentioned classes of assets, the Company believes that the useful lives as given above best represent the useful lives of these assets based on internal assessment and supported by technical advice, where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use and is included in depreciation and amortisation expenses in standalone statement of profit and loss. 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.

The estimated useful lives are as follows:

Class of assets	Useful life
Software	6

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in standalone statement of profit and loss as incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in standalone statement of profit and loss when the asset is derecognised

3. Significant accounting policies (continued)

3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises purchase price, and other cost incurred in bringing the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventory consisting of medicines and medical consumables.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable values is made on an item-by-item basis.

3.4 Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the standalone balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

3. Significant accounting policies (continued)

3.4 Impairment (continued)

ii. Impairment of non- financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of impairment loss, if any.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount i.e., the higher of the fair value less cost to sell and the value-in-use is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the standalone statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

An impairment loss is reversed in the standalone statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

3.5 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short- term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in standalone statement of profit and loss in the periods during which the related services are rendered by employees.

3. Significant accounting policies (continued)

3.5 Employee benefits (continued)

Defined Benefit plans

Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in other comprehensive income (OCI) in the period in which they occur. Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to standalone statement of profit and loss in a subsequent period. However, the Company transfers those amounts recognised in other comprehensive income within equity. The Company

determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in standalone statement of profit and loss.

Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in other comprehensive income in the period in which they arise.

Compensated absences

With effect from 31 March 2020, the Company does not have any long-term employee benefits under compensated absences due to change in policy for compensated absences.

3.6 Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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).

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.

3. Significant accounting policies (continued)

3.7 Revenue

Revenue from contract with customers

The Company generates revenue from rendering of medical and healthcare services, sale of medicines and other related activities. Ind AS 115, Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services.

Disaggregation of revenue

The Company disaggregates revenue from hospital services (medical and healthcare services), sale of medicines 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.

Contract balances

The Company classifies the right to consideration in exchange for sale of services where invoice is raised as trade receivables, where invoice has not been raised as unbilled revenue and advance consideration as advance from customers.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following details provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

a) Medical and healthcare services

The Company's revenue from medical and healthcare services comprises of income from hospital services.

Revenue from hospital services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the standalone balance sheet date to the extent of the services rendered. Revenue is recognised net of discounts and concessions given to the patients.

Unbilled receivable represents value to the extent of medical and healthcare services are rendered to the patients who are undergoing treatment/observation on the standalone balance sheet date and is not billed as at the standalone balance sheet date.

b) Sale of medicines

Revenue from sale of medical consumables and medicines within the hospital premises is recognised when the control in the goods are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount of revenue recognised is net of sales returns, taxes and duties, wherever applicable.

3. Significant accounting policies (continued)

3.7 Revenue (continued)

c) Other operating income

The Company's revenue from other operating income comprises primarily of canteen sales (sales of food and beverages), revenue from courses conducted at the hospital, income from revenue sharing agreements. Revenue from other services rendered is based on the agreements/arrangements with the customers as the service is performed. Income from sale of food and beverages is recognised at a point in time when control is transferred.

3.8 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the 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. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in standalone statement of profit and loss.

3.9 Leases

Determining whether an arrangement contains a lease:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values

i. Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component 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 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 assets is subsequently measured at cost less any 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 standalone statement of profit and loss.

3. Significant accounting policies (continued)

3.9 Leases (continued)

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date, 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 due to modification as an adjustment to the right-of-use asset and standalone statement of profit and loss depending upon the nature of modification. 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 standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the standalone statement of profit and loss.

ii. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

3. Significant accounting policies (continued)

3.9 Leases (continued)

iii. Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors are long term in nature and changes in terms of those leases expected due to the COVID-19 are not expected to have impact in the standalone financial statements for the year ended 31 March 2021.

The Company has adopted the amendments to Ind AS 116 for the first time in the current year. The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

The Company has applied the practical expedient retrospectively to all eligible rent concessions and has not restated prior period figures.

3.10 Recognition of dividend income, interest income or interest expense

Dividend income is recognised in standalone statement of profit and loss on the date on which the right to receive payment is established.

Interest on deployment of surplus funds is recognised using the time proportionate method, based on the transactional interest rates.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability

3. Significant accounting policies (continued)

3.11 Income tax

Income tax comprises current and deferred tax. It is recognised in standalone statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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 realise the asset and settle the liability on a net basis or simultaneously.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, 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.

3. Significant accounting policies (continued)

3.12 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset until such time as the asset is substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.13 Financial instruments

i. Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss - FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in standalone statement of profit and loss.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as either at amortised cost, FVTPL or fair value through other comprehensive income (FVOCI).

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:

- 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

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

3. Significant accounting policies (continued)

3.13 Financial instruments (continued)

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment 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 each of such investments 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;
- 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;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

3. Significant accounting policies (continued)

3.13 Financial instruments (continued)

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 standalone statement of profit and 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 standalone statement of profit and loss. Any gain or loss on derecognition is recognised in standalone statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in standalone statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to standalone statement of profit and 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 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 standalone statement of profit and 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 standalone statement of profit and loss. Any gain or loss on derecognition is also recognised in standalone statement of profit and loss.

iii. Derecognition

Financial assets

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

If the Company enters into transactions whereby it transfers assets recognised on its standalone 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 standalone statement of profit and loss.

3. Significant accounting policies (continued)

3.13 Financial instruments (continued)

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the standalone 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.

v. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in standalone statement of profit and loss.

3.14 Earnings / (loss) per share

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earnings per share, only potential equity shares that are dilutive, i.e., which reduces earnings per share or increases loss per share are included. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

3.15 Cash-flow statement

Cash flows are reported using the indirect method, whereby 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 regular revenue generating, investing and financing activities of the Company are segregated.

3.16 Non-current assets classified as held-for-sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Such assets or group of assets are presented separately in the Standalone balance sheet as "Assets held for sale" in current assets. Once classified as held for sale, intangible assets and Property Plant Equipment are no longer amortised or depreciated.

3. Significant accounting policies (continued)

3.17 Government Grants

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

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

3.19 Segment reporting

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'.

3.20 Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.