

Prerana Hospital Limited
Balance sheet as at 31 March 2018
(All amounts in Indian rupees thousands)

	Notes	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	4	660,958.18	664,662.96
Capital work-in-progress	4	7,064.58	1,159.99
Intangible assets	5	408.40	241.95
Financial assets			
Investments	6	10.00	10.00
Other financial assets	7	1,709.26	1,955.77
Other non-current assets	8	3,990.27	2,979.55
Income tax assets (net)	27	37,475.27	35,326.27
Total Non-current assets		711,615.96	706,336.49
Current assets			
Inventories	9	7,552.14	7,225.45
Financial assets			
Trade receivables	10	41,900.73	36,802.34
Cash and cash equivalents	11	8,560.67	6,659.18
Other bank balances	12	1,020.90	5,277.77
Other financial assets	7	8,561.52	7,487.62
Other current assets	8	4,665.13	3,514.75
Total current assets		72,261.09	66,967.11
Total assets		783,877.05	773,303.60
Equity and liabilities			
Equity			
Equity share capital	13	32,500.00	32,500.00
Compulsorily convertible cumulative preference shares	13	15,311.67	15,311.67
Other equity		113,019.09	98,679.81
		160,830.76	146,491.48
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	352,165.20	381,367.71
Provisions	16	-	165.63
Deferred tax liabilities	27	68,360.00	68,360.00
Total non-current liabilities		420,525.20	449,893.34
Current liabilities			
Financial liabilities			
Borrowings	14	45,033.56	53,262.14
Trade payables	18	28,625.34	27,740.37
Other financial liabilities	15	118,483.50	85,536.27
Provisions	16	2,097.32	3,931.52
Other current liabilities	17	8,281.37	6,448.48
Total current liabilities		202,521.09	176,918.78
Total equity and liabilities		783,877.05	773,303.60
Significant accounting policies	3		

The accompanying notes form an integral part of the balance sheet

As per our report of even date attached

for **B S R and Associates**
Chartered Accountants
Firm registration number: 128901W

-sd-

Rushank Muthreja
Partner
Membership No.: 211386

Bangalore
14 May 2018

for and on behalf of the Board of Directors of
Prerana Hospital Limited
CIN: U85110PN1996PLC104292

-sd-

Dr. U. B. Damale
Managing Director

Kolhapur
14 May 2018

-sd-

Dr. S. M. Navare
Whole-time Director

Prerana Hospital Limited
Statement of profit and loss for the year ended 31 March 2018
(All amounts in Indian rupees thousands)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	19	671,016.26	627,474.55
Other income	20	7,979.26	3,978.63
Total income		678,995.52	631,453.18
Expenses			
Purchases of medicines and consumables	21	188,386.26	188,896.96
Change in inventories	22	(579.40)	886.23
Employee benefits expense	23	130,880.23	126,621.83
Finance costs	24	52,680.35	61,752.09
Depreciation and amortisation expense	25	27,591.43	54,426.81
Other expenses	26	266,682.01	245,954.35
Total expenses		665,640.88	678,538.27
Profit/(loss) before tax		13,354.64	(47,085.09)
Current tax	27	-	-
Deferred tax	27	-	-
Profit/(loss) for the year		13,354.64	(47,085.09)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of net defined benefit liability/ asset, net of tax		984.64	(1,108.45)
Total comprehensive income for the year		14,339.27	(48,193.54)
Profit/ loss per share (equity share of face value of Rs.10 each)	29		
Basic		2.79	(9.85)
Diluted		2.79	(9.85)
Significant accounting policies	3		

The accompanying notes form an integral part of the statement of profit and loss

As per our report of even date attached

for **B S R and Associates**
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Bangalore
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Dr. U. B. Damale
Managing Director
DIN 00333654

Kolhapur
14 May 2018

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Dr. S. M. Navare
Whole-time Director
DIN 00334421

Prerana Hospital Limited

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

(All amounts in Indian rupees thousands)

A. Equity share capital

	Note	Equity shares (thousands)	Amount
Equity shares of INR 10 each share issued, subscribed and fully paid up			
As at 1 April 2016		3,250.00	32,500.00
Changes in equity share capital during the year	13	-	-
As at 31 March 2017		3,250.00	32,500.00
Changes in equity share capital during the year		-	-
As at 31 March 2018		3,250.00	32,500.00

B Other equity

Particulars	Reserves and Surplus					Items of other comprehensive income	Total other equity attributable to equity holders of the Company
	Securities premium	Capital reserve	General reserve	Capital redemption reserve	Retained earnings	Remeasurement of defined benefit liability/ (asset), net of tax	
Balance as at 1 April 2016	159,864.06	170.54	255.00	3,000.00	(120,535.60)	-	42,754.01
Total comprehensive income for the year ended 31 March 2017							
Loss for the year	-	-	-	-	(47,085.09)	-	(47,085.09)
Other comprehensive income	-	-	-	-	-	(1,108.45)	(1,108.45)
Total comprehensive income	-	-	-	-	(47,085.09)	(1,108.45)	(48,193.54)
Transferred to retained earnings	-	-	-	-	(1,108.45)	1,108.45	-
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Conversion of financial liability to equity	104,119.36	-	-	-	-	-	104,119.35
Balance as at 31 March 2017	263,983.42	170.54	255.00	3,000.00	(168,729.14)	-	98,679.81
Total comprehensive income for the year ended 31 March 2018							
Profit for the year	-	-	-	-	13,354.64	-	13,354.64
Other comprehensive income	-	-	-	-	-	984.64	984.64
Total comprehensive income	-	-	-	-	13,354.64	984.64	14,339.28
Transferred to retained earnings	-	-	-	-	984.64	(984.64)	-
Balance as at 31 March 2018	263,983.42	170.54	255.00	3,000.00	(154,389.86)	-	113,019.09

Prerana Hospital Limited

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

(All amounts in Indian rupees thousands)

B Other equity (continued)

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

(a) 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.

(b) Capital reserve and capital redemption reserve

Capital reserve and capital redemption reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(c) General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date attached

for **B S R and Associates**

Chartered Accountants

Firm Registration No.: 128901W

for and on behalf of the Board of Directors of

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CIN: U85110PN1996PLC104292

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Rushank Muthreja

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Dr. U. B. Damale

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Dr. S. M. Navare

Whole-time Director

DIN 00334421

Bangalore

14 May 2018

Kolhapur

14 May 2018

Prerana Hospital Limited
Cash flow statement for the year ended 31 March 2018
(All amounts in Indian rupees thousands)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit/ loss before tax for the year	13,354.64	(47,085.09)
<i>Adjustments for:</i>		
Depreciation and amortisation	27,591.43	54,426.81
Allowances for credit losses on financial assets	1,860.51	135.40
Net loss on sale of property, plant and equipment	-	406.50
Interest income	(462.13)	(363.00)
Finance costs	52,680.35	61,752.09
Operating profit before working capital changes	95,024.80	69,272.71
(Increase)/ Decrease in inventories	(326.69)	928.90
Increase in trade receivables	(6,958.90)	(6,410.20)
Decrease/ (Increase) in loans and advances	257.67	(4,658.90)
Increase in liabilities	23,817.85	34,535.96
Net cash generated from operating activities	111,814.72	93,668.47
Taxes paid, net of refund received	(2,149.00)	(7,352.28)
Net cash generated from operating activities (A)	109,665.72	86,316.19
Cash flows from investing activities		
Acquisition of property, plant and equipment	(29,348.36)	(10,439.19)
Proceeds from sale of property, plant and equipment	-	515.59
Interest received	462.13	363.00
Net cash used in investing activities (B)	(28,886.24)	(9,560.60)
Cash flows from financing activities		
Decrease in bank borrowings, net	(25,464.57)	(12,539.48)
Finance charges paid	(53,413.42)	(61,752.09)
Net cash used in financing activities (C)	(78,878.00)	(74,291.57)
Net increase in cash and cash equivalents (A+B+C)	1,901.49	2,464.02
Cash and cash equivalents at beginning of the year	6,659.18	4,195.16
Cash and cash equivalents at end of the year	8,560.67	6,659.18

Refer note 11 - Cash and cash equivalents

Note: Significant non cash transactions: the Company has reclassified compulsory convertible preference shares of Rs 15,311.76 from financial liability to equity during the year ended 31 March 2017 which has not been considered in the above cash flow statement.

The accompanying notes form an integral part of the standalone cash flow statement

As per our report of even date attached

for **B S R and Associates**
Chartered Accountants
Firm Registration No.: 128901W

-sd-

Rushank Muthreja
Partner
Membership No.: 211386

Bangalore
14 May 2018

for and on behalf of the Board of Directors of
Prerana Hospital Limited

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Dr. U. B. Damale
Managing Director
DIN 00333654

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Dr. S. M. Navare
Whole-time Director
DIN 00334421

Kolhapur
14 May 2018

Prerana Hospital Limited
Notes to the financial statements
(All amounts in Indian rupees thousands)

1. Company overview

Prerana Hospital Limited ('the Company') was incorporated on 3 December 1996 as a private limited company. The registered office of the Company is located at R. S. No 628, 'B' Ward, near Shastri Nagar KMT Workshop, Kolhapur 416012. The Company was converted into a public limited company on 12 March 2001. The Company is primarily engaged in the business of running hospitals. The Company is a subsidiary of Aster DM Healthcare Limited (formerly known as Aster DM Healthcare Private Limited) and the ultimate parent company was Union Investment Private Limited, Mauritius (till 26 February 2018).

2. Basis of preparation

A. Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act'), as amended, and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 14 May 2018.

Details of the Company's accounting policies are included in note 3.

B. Functional and presentation currency

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

C. Basis of measurement

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

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

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

2. Basis of preparation (continued)

D. Use of estimates and judgements (continued)

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes:

Note 31- lease classification; and

Assumptions and estimation uncertainties

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

Note 33 – measurement of defined benefit obligations: key actuarial assumptions;

Notes 28 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 35 – financial instruments.

E. 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 board of directors.

Fair values are categorized 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 categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

- Note 35: financial instruments.

F. Going concern

The paid-up share capital and the accumulated losses of the Company as at 31 March 2018 were Rs.32,500 and Rs.154,389.87 respectively. The Company was incurring losses till the year ended 31 March 2017, however the Company has made profits in the current year.

Management however believes that the Company will be able to continue its operations on a going concern basis and will meet all its liabilities as they fall due for payment in the foreseeable future atleast for the period of twelve months from the balance sheet date on the basis of financial support from the holding company and based on business strategies and operating plans which will enable the Company to generate operating cash flows in the future.

The financial statements have accordingly been prepared on a going concern basis.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

G. Recent Accounting Pronouncements

Ind AS 115 , Revenue from contract with customers

On 28 March 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after 1 April 2018.

The company will adopt the standard on 1 April 2018 by using cumulative catch up transition method and accordingly, comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect of adoption of Ind AS 115 is expected to be insignificant.

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 capitalized 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 labor, 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 recognized in profit or loss.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under long-term loans and advances. The cost of fixed assets not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to fair value its freehold land as at 1 April 2015 and use that fair value as deemed cost of such property, plant and equipment.

Prerana Hospital Limited
Notes to the financial statements (continued)
 (All amounts in Indian rupees thousands)

3.1 Property, plant and equipment (continued)

iii. Subsequent expenditure

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

iv. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the profit or loss. Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower. Freehold land is not depreciated

The estimated useful lives of items of property, plant and equipment are as follows:

Class of assets	Previous life	Revised life
Buildings	60	60
Plant and machinery	5	15
Medical equipments *	10	10-13
Vehicles *	5	5
Computer	3	3
Furniture and fittings *	5	5-10
Books*	5	5
Electrical equipments*	5	10

* 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.

Change in estimated useful life: With effect from 1 April 2017, based on the technical evaluation, the Company has revised the estimated useful lives of certain categories of property, plant and equipment. The change in accounting estimate is applied prospectively in accordance with Ind AS 8, 'Accounting policies, changes in accounting estimates and errors' and has an impact on the depreciation expense. The financial impact due to the change in the estimate is disclosed in Note 4. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.2 Intangible assets:

Intangibles assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized 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 amortization in profit or loss.

The estimated useful lives are as follows:

Class of assets	Years
Software	3

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

3.3 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 recognized 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 into a separate entity 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 recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

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 recognized in other comprehensive income (OCI). 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 recognized in profit or 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 recognized in profit or loss in the period in which they arise.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

3.4 Provisions (other than for employee benefits)

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

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 recognizes any impairment loss on the assets associated with that contract.

3.5 Revenue

Revenue from medical and healthcare services to patients is recognized as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognized in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered.

Revenue is recognized net of discounts given to the patients.

Revenue from sale of medical consumables and drugs within the hospital premises is recognized when property in the goods or all significant risks and rewards of their ownership 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.

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

Income from services rendered is recognized based on agreements / arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises purchase price, cost of conversion 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 realizable 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 realizable values is made on an item-by-item basis.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

3.7 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 recognized in profit or loss.

3.8 Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortized cost, FVTPL or fair value in 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 amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 amortized 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 amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

3.8 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.
- 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).

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 recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

3.8 Financial instruments(continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii)Derecognition

Financial assets

The Company derecognizes 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 recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv)Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize 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 generally recognized in profit or loss.

3.9 Impairment

- Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized 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.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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 balance sheet

Loss allowances for financial assets measured at amortized 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

- 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.

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).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

3.10 Leases

i. 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.

ii. Assets held under leases

Lease of property, plant and equipment that transfer to the company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Balance Sheet.

iii. Lease payments

Payments made under operating leases are generally recognized in profit or loss on a straight- line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Recognition of dividend income , interest income or interest expense

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established.

Interest income or expense is recognized 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 amortized 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 amortized cost of the liability.

3.12 Income tax

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

Prerana Hospital Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees thousands)

3.12 Income tax (Continued)**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. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the profit or loss. 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 recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

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

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. 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 recognizes 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 realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized 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 realized simultaneously.

3.13 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 capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Prerana Hospital Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees thousands)

3.14 Earnings/loss per share

The basic earnings/loss per share 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.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that 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 earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

3.15 Cash-flow statement

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

3.16 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.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

4 Property, plant and equipment

Particulars	Freehold land	Buildings	Leasehold improvements	Furniture and fixtures	Electrical Fixtures	Plant and machinery	Computers	Medical equipments	Books	Vehicles	Total (A)	Capital work- in - progress (B)	Total
Gross carrying value													
Balance at 1 April 2016	333,000.00	240,120.05	1,328.68	60,716.19	46,374.78	64,400.54	7,798.40	227,599.21	83.94	1,703.42	983,125.21	525.31	983,650.52
Additions	-	-	-	938.60	226.20	464.74	673.58	6,635.06	-	866.33	9,804.51	634.68	10,439.18
Deletions	-	-	-	-	-	(332.80)	-	(2,930.00)	-	(544.81)	(3,807.61)	-	(3,807.61)
Balance at 31 March 2017	333,000.00	240,120.05	1,328.68	61,654.79	46,600.98	64,532.48	8,471.98	231,304.27	83.94	2,024.94	989,122.11	1,159.99	990,282.10
Balance at 1 April 2017	333,000.00	240,120.05	1,328.68	61,654.79	46,600.98	64,532.48	8,471.98	231,304.27	83.94	2,024.94	989,122.11	1,159.99	990,282.10
Additions	-	-	10,055.05	911.59	270.03	556.56	549.58	11,367.72	-	-	23,710.53	15,959.64	39,670.17
Deletions	-	-	-	-	-	-	-	-	-	-	-	(10,055.05)	(10,055.05)
Balance at 31 March 2018	333,000.00	240,120.05	11,383.73	62,566.38	46,871.01	65,089.04	9,021.56	242,671.99	83.94	2,024.94	1,012,832.64	7,064.58	1,019,897.23
Accumulated Depreciation													
Balance at 1 April 2016	-	27,708.06	1,328.68	50,859.92	38,188.94	54,714.95	7,017.41	92,669.62	79.52	723.17	273,290.28	-	273,290.28
Depreciation	-	4,003.57	-	8,685.15	7,872.81	9,434.88	431.65	23,293.52	4.20	328.61	54,054.39	-	54,054.39
Deletions	-	-	-	-	-	(332.80)	-	(2,073.65)	-	(479.07)	(2,885.52)	-	(2,885.52)
Balance at 31 March 2017	-	31,711.63	1,328.68	59,545.07	46,061.75	63,817.03	7,449.06	113,889.49	83.72	572.71	324,459.15	-	324,459.15
Balance at 1 April 2017	-	31,711.63	1,328.68	59,545.07	46,061.75	63,817.03	7,449.06	113,889.49	83.72	572.71	324,459.15	-	324,459.15
Depreciation	-	4,002.00	1,304.91	155.14	111.55	83.33	564.42	20,800.45	0.22	393.29	27,415.31	-	27,415.31
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2018	-	35,713.63	2,633.59	59,700.21	46,173.30	63,900.36	8,013.48	134,689.94	83.94	966.00	351,874.46	-	351,874.46
Net carrying value as at 31 March 2018	333,000.00	204,406.42	8,750.14	2,866.17	697.71	1,188.68	1,008.08	107,982.05	(0.00)	1,058.94	660,958.18	7,064.58	668,022.77
Net carrying value as at 31 March 2017	333,000.00	208,408.42	-	2,109.72	539.23	715.45	1,022.92	117,414.78	0.21	1,452.23	664,662.96	1,159.99	665,822.95

a) Hospital machinery includes asset taken under finance lease - gross block Rs 25,000 (previous year Rs 25,000) accumulated depreciation Rs 9,317.23 (previous year Rs 7,573.32) and Net block Rs 15,682.76 (previous year Rs 17,426.63)

b) For details of property, plant and equipment pledged, refer Note 14

c) With effect from 1 April 2017, the Group has revised the useful lives of certain property, plant and equipment. The change in accounting estimate is applied prospectively in accordance with Ind AS 8; 'Accounting policies, changes in accounting estimates and errors. The effect of these changes on the depreciation charge in the current and future years is as follows:

For the year ended	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
Decrease in depreciation charge	5,625.00	5,610.00	5,225.00	4,735.00	2,004.00

Prerana Hospital Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees thousands)

5 Intangibles assets

	Software
Gross carrying value	
Balance at 1 April 2016	3,533.97
Additions	-
Deletions	-
Balance at 31 March 2017	3,533.97
Balance at 1 April 2017	3,533.97
Additions	342.59
Deletions	-
Balance at 31 March 2018	3,876.56
Accumulated amortisation	
Balance at 1 April 2016	2,919.60
Amortisation	372.42
Balance at 31 March 2017	3,292.02
Balance at 1 April 2017	3,292.02
Amortisation	176.14
Balance at 31 March 2018	3,468.16
Carrying amounts (net)	
At 31 March 2018	408.40
At 31 March 2017	241.95

Prerana Hospital Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees thousands)

	As at 31 March 2018	As at 31 March 2017
6 Investments		
Non-current investments		
<i>Unquoted shares</i>		
<i>Shares at fair value through profit or loss</i>		
Janata Sahakari Bank Limited, Pune (1,000 equity shares of Rs. 10 each)	10.00	10.00
	10.00	10.00
Aggregate book value of quoted and unquoted investments	10.00	10.00
Aggregate market value of quoted and unquoted investments	-	-
7 Other financial assets		
Non-current		
<i>Unsecured, considered good</i>		
Rent and other deposits	1,709.26	1,955.77
	1,709.26	1,955.77
Current		
<i>Unsecured, considered good</i>		
Un-billed revenue	8,561.52	7,487.62
	8,561.52	7,487.62
	10,270.78	9,443.39
8 Other assets		
Non-current		
Prepayments	2,979.55	2,979.55
Capital Advance	1,010.72	-
	3,990.27	2,979.55
Current		
Prepayments	3,958.65	2,709.77
Payment to vendors for supply of goods and services	483.40	804.98
Gratuity fund with Life Insurance Corporation of India	223.08	-
	4,665.13	3,514.75
	8,655.40	6,494.30
9 Inventories		
<i>(Valued at lower of cost and net realisable value)</i>		
Stock in trade including medical consumables	7,122.22	6,542.82
Stores and spares	429.92	682.63
	7,552.14	7,225.45
For details of inventories pledged, refer Note 14.		
10 Trade receivables		
Current		
<i>Unsecured</i>		
considered good	40,837.02	36,802.34
considered doubtful	9,864.11	6,939.89
	50,701.13	43,742.23
<i>Loss allowance</i>		
Considered doubtful	(8,800.40)	(6,939.89)
Net trade receivables	41,900.73	36,802.34
For details of trade receivables pledged, refer Note 14		
The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 35		
11 Cash and cash equivalents		
Balance with banks	7,958.97	5,480.92
Cash on hand	601.70	1,178.26
Cash and cash equivalents in balance sheet	8,560.67	6,659.18
Book and bank overdrafts used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	8,560.67	6,659.18
12 Other bank balances		
In deposit accounts (with original maturity of more than 3 months)	1,020.90	5,277.77
	1,020.90	5,277.77

Prerana Hospital Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees thousands)

13 Share capital	As at 31 March 2018		As at 31 March 2017	
	Number of shares (thousands)	Amount	Number of shares	Amount
Authorised				
Equity shares	3,400.00	34,000.00	3,400.00	34,000.00
Compulsory convertible preference shares	1,600.00	16,000.00	1,600.00	16,000.00
	5,000.00	50,000.00	5,000.00	50,000.00
Issued, subscribed and paid-up				
Equity shares	3,250.00	32,500.00	3,250.00	32,500.00
Compulsory convertible preference shares	1,531.17	15,311.67	1,531.17	15,312
	4,781.17	47,811.67	4,781.17	47,811.67
Reconciliation of shares outstanding at the beginning and at the end of the reporting period				
<i>Equity shares of Rs.10 each fully paid-up</i>				
At the beginning of the year	3,250.00	32,500,000	3,250.00	32,500,000
Add: issued during the year	-	-	-	-
At the end of the year	3,250.00	32,500,000	3,250.00	32,500,000
<i>Preference shares of Rs.10 each fully paid-up</i>				
Compulsory convertible preference share capital				
At the beginning of the year	1,531.17	15,311,670	-	-
Conversion of financial liability to equity	-	-	1,531.17	15,311,670
At the end of the year	1,531.17	15,311,670	1,531.17	15,311,670
Total	4,781.17	47,811,670	4,781.17	47,811,670

*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. 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.

** The CCPS holder have the right to receive, in priority to the holders of any other class of shares in the capital of the Company, a cumulative preference dividend on the face value of the CCPS, such dividend to be apportioned and paid up on the CCPS during any portion or portions of the period in respect of which the preference dividend is paid. On a distribution of capital in the event of liquidation, dissolution or winding up of the Company or otherwise, the CCPS shall have a preferred right over such distribution in accordance with the applicable law.

Each holder of a CCPS shall be entitled to convert the CCPS into shares as per the terms mentioned in the agreement. The conversion price will be adjusted based on future bonus issue, issuances arising from exercise of any stock options, share splits, consolidation, reorganization and other situations mentioned in the agreement. The right to convert CCPS shall be exercisable by the holder at any time prior to the expiry of the CCPS term by delivering to the Company a notice in writing of its desire to convert any CCPS, provided that such notice shall specify the number of CCPS that the holder desires to convert.

Note: 1,531,167 compulsory convertible preference shares of Rs. 10 each issued during the financial year 2014-15 were initially classified as financial liability (see Note 14). Upon meeting the fixed to fixed criteria of conversion of compulsory convertible preference shares on 31 March 2017, the instrument is classified as equity.

(a) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
<i>Equity shares of Rs. 10 each fully paid-up held by</i>				
Union Investment Private Limited, Mauritius, ultimate holding company (till 26 February 2018)	-	-	-	-
Aster DM Healthcare Limited, India, the holding company	2,626.10	26,261.00	2,626.10	26,261.00

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
<i>Equity shares of Rs. 10 each fully paid-up held by</i>				
Aster DM Healthcare Limited, the holding company	2,626.10	80.80%	2,626.10	80.80%

(c) Details of shareholders holding more than 5% preference capital of the Company

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	%	Number of shares	%
<i>Preference shares of Rs.10 each fully paid-up held by</i>				
Aster DM Healthcare Private Limited, the holding company	1,531.17	100%	1,531.17	100%

(d) Details of buyback, bonus shares, issue for consideration other than for cash for past 5 years

The Company has not allotted any fully paid-up equity shares by way of bonus shares nor has bought back any class of equity shares nor has there been any issue for consideration other than for cash during the period of five years immediately preceding the balance sheet date.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

	As at 31 March 2018	As at 31 March 2017
14 Borrowings		
Non-current		
Term loans from banks - <i>Secured</i>	344,801.53	368,902.19
Long-term maturities of finance lease obligations - <i>Secured</i>	7,363.67	12,465.52
	352,165.20	381,367.71
Current		
<i>Secured</i>		
Cash credit and overdraft from banks	45,033.56	53,262.14
	45,033.56	53,262.14
Amount included under 'other financial liabilities'	25,760.06	13,793.54
Total borrowings	422,958.82	448,423.39

Information about the Company's exposure to interest rate and liquidity risks are included in note 35

Note 1: Term loan from Yes Bank was availed and is repayable in 32 quarterly instalments starting from December 2016. The loan carries an interest of Yes Bank base rate plus 2% per annum. The term loan is secured by equitable mortgage on immovable fixed assets, exclusive charge on all current and movable fixed assets, both present and future, personal guarantee of Dr. U. B. Damale, Managing Director and Dr. S. M. Navare, corporate guarantee of Aster DM Healthcare Limited, the holding company.

Note 2: Cash credit and overdraft facility from banks are availed and carries and interest of Yes Bank base rate plus 2 % per annum. The facility is secured by way of an equitable mortgage of immovable assets, exclusive chagre on all current and movable assets, both present and future, personal guarantee of Dr. U.B Damale, Managing Director and Dr. S.M Navare, corporate guarantee of Aster DM Healthcare Limited, the holding company.

A Finance leases

The finance lease obligations are payable as follows:

The Company has taken medical equipment under finance lease. Future minimum lease payments under finance leases are as follows :

Particulars	31 March 2018			31 March 2017		
	Future minimum lease payments	Interest element of minimum lease payments	Present value of minimum lease payments	Future minimum lease payments	Interest element of minimum lease payments	Present value of minimum lease payments
Within less than one year	6,703.07	1,155.51	5,547.56	6,586.20	1,743.91	4,842.29
Between 1 and 5 years	7,768.60	404.92	7,363.68	14,025.95	1,560.43	12,465.52
After more than 5 years	-	-	-	-	-	-
Total	14,471.66	1,560.43	12,911.23	20,612.15	3,304.34	17,307.81

The Company has obtained medical equipments on finance lease basis. The legal title of these items vests with the lessor. The lease term of such medical equipments is 16 years with the equated monthly payments beginning from the 13 month subsequent to the commencement of lease.

B Changes in liabilities and financial assets arising from financing activities

Particulars	As at 31 March 2017	Cash flows	Non cash changes			As at 31 March 2018
			Acquisition	Exchange Movement	Fair Value changes	
Non-current borrowings	395,161.25	(17,235.99)	-	-	-	377,925.26
Current borrowings	53,262.14	(8,228.58)	-	-	-	45,033.56
Total	448,423.39	(25,464.57)	-	-	-	422,958.82

Prerana Hospital Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees thousands)

	As at 31 March 2018	As at 31 March 2017
15 Other financial liabilities		
Current		
Current maturities of long-term borrowings* (refer note 14)	20,212.50	8,951.25
Current maturities of finance lease obligations* (refer note 14)	5,547.56	4,842.29
Dues to holding company	43,742.88	26,529.30
Accrued salaries and benefits	16,525.41	18,868.77
Dues to creditors for capital goods	438.89	840.27
Dues to other creditors	24,820.65	18,032.70
Interest accrued but not due on borrowings*	3,266.70	3,999.77
Security and other deposits	3,928.91	3,471.92
	<u>118,483.50</u>	<u>85,536.27</u>
* The details of interest rates, repayment and other terms are disclosed in note 14		
The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 35.		
16 Provisions		
Non-current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - gratuity*	-	165.63
	<u>-</u>	<u>165.63</u>
Current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - gratuity *	-	2,238.14
Compensated absences	2,097.32	1,693.38
	<u>2,097.32</u>	<u>3,931.52</u>
	<u>2,097.32</u>	<u>4,097.15</u>
* Also refer note 33		
17 Other liabilities		
Current		
Advances from patients	4,861.15	3,095.56
Statutory dues payables	3,420.22	3,352.92
	<u>8,281.37</u>	<u>6,448.48</u>
18 Trade payables		
Dues to micro and small enterprises	-	-
Dues to trade creditors	28,625.35	27,740.37
	<u>28,625.35</u>	<u>27,740.37</u>

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	-	-
The interest due on the principal remaining outstanding as at the end of 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	-	-

The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	-	-

Prerana Hospital Limited
Notes to the financial statements (continued)
(All amounts in Indian rupees thousands)

	Year ended 31 March 2018	Year ended 31 March 2017
19 Revenue from operations		
Income from hospital services	641,006.66	598,962.43
Sale of medicines	30,009.60	28,512.11
	671,016.26	627,474.55
20 Other income		
Interest income on bank deposits	462.13	363.00
Other non-operating income	7,517.13	3,615.63
	7,979.26	3,978.63
21 Purchases of stock-in-trade		
Medicines and consumables	188,386.26	188,896.96
	188,386.26	188,896.96
22 Change in inventories		
<i>Medicines and medical consumables:</i>		
Opening stock	6,542.82	7,429.05
Closing stock	7,122.22	6,542.82
	(579.40)	886.23
23 Employee benefits expense		
Salaries and allowances	115,158.20	107,741.57
Contribution to provident and other funds	10,840.28	13,183.42
Staff welfare expenses	4,881.75	5,696.84
	130,880.23	126,621.83
24 Finance cost		
Interest on bank borrowings	48,031.04	56,601.13
Interest on compulsory convertible preference shares	1,799.12	1,799.12
Loan processing charges and other borrowing cost	2,850.19	3,351.84
	52,680.35	61,752.09
25 Depreciation and amortisation		
Depreciation	27,415.31	54,054.39
Amortisation	176.14	372.42
	27,591.45	54,426.81
26 Other expenses		
Professional fee paid to doctors	145,315.60	135,393.09
Canteen	12,957.38	12,162.70
Power and fuel	19,919.55	17,816.05
Rent	869.53	2,002.99
Insurance expenses	968.94	995.25
Repairs and maintenance:		
- Buildings	1,545.73	2,118.55
- Others	38,218.26	35,911.95
Communication	2,183.23	2,002.47
Advertising and promotional expenses	9,622.01	8,454.16
Lab outsourcing charges	6,797.43	5,737.74
Rates and taxes	2,678.28	2,105.63
Legal, professional and other consultancy	2,418.89	4,206.66
Allowances for credit losses on financial assets	1,860.51	135.40
Travelling and conveyance	806.85	254.66
Net loss on sale of property, plant and equipment	-	406.50
Consultancy fee paid to parent company	18,300.18	14,534.31
Miscellaneous expenses	2,219.64	1,716.24
	266,682.01	245,954.35

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

27 Income taxes

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets/(liability)		
Income tax assets	37,475.27	35,326.27
Income tax liabilities	-	-
Net income tax assets/(liability) at the end	37,475.27	35,326.27

(i) Tax expense recognised in statement of profit and loss	Year ended 31 March 2018	Year ended 31 March 2017
Current tax	-	-

(ii) Reconciliation of effective tax rate		
Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit/loss before income taxes	13,354.64	(47,085.09)
Enacted tax rates in India	30.90%	30.90%
Tax expenses /(asset)	4,126.58	(14,549.29)
Other temporary differences	(14,131.25)	9,689.10
Un-recognised deferred tax assets	10,004.67	4,860.19
Income tax expense	-	-

B. Recognised deferred tax assets and (liabilities)

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

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset		
Provision for doubtful debts and advances	2,719.32	2,144.43
Provision for employee benefits	648.07	1,266.02
Unabsorbed depreciation and business loss	6,637.28	1,449.74
Total deferred tax asset	10,004.67	4,860.19
Deferred tax liabilities		
On account of fair valuation land *	68,360.00	68,360.00
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	10,004.67	4,860.19
Total deferred tax liability	78,364.67	73,220.19
Deferred tax (liability) net	(68,360.00)	(68,360.00)

* 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 tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Company has recognised deferred tax assets arising out of tax losses (unabsorbed depreciation) to the extent of net deferred tax liability on account of taxable temporary differences.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

27 Income taxes (continued)

(ii) Movement in temporary differences

Movement during the year ended 31 March 2018	As at 1 April 2016	Credit/ (Charge) in the Statement of Profit and Loss	As at 31 March 2017
Provision for doubtful debts and advances	2,102.58	41.84	2,144.43
Provision for employee benefits	627.09	638.93	1,266.02
Unabsorbed depreciation and business loss	7,129.09	(5,679.35)	1,449.74
On account of fair valuation land *	(68,360.00)	-	(68,360.00)
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(9,858.76)	4,998.57	(4,860.19)
	(68,360.00)	-	(68,360.00)

Movement during the year ended 31 March 2018	As at 1 April 2017	Credit/ (Charge) in the Statement of Profit and Loss	As at 31 March 2018
Provision for doubtful debts and advances	2,144.43	574.90	2,719.32
Provision for employee benefits	1,266.02	(617.95)	648.07
Unabsorbed depreciation and business loss	1,449.74	5,187.54	6,637.28
On account of fair valuation land *	(68,360.00)	-	(68,360.00)
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(4,860.19)	(5,144.48)	(10,004.67)
	(68,360.00)	-	(68,360.00)

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

(iii) Unrecognised deferred tax assets

Particulars	31 March 2018		31 March 2017	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses (business loss)	236,563.40	73,098.09	251,642.77	77,757.62
Tax losses (unabsorbed depreciation)	181,967.38	56,227.92	181,967.38	56,227.92
Total deferred tax asset	418,530.78	129,326.01	433,610.16	133,985.54

(iv) Tax losses carried forward

Particulars	As at 31 March 2018		As at 31 March 2017	
	Expiry date	Expiry date	Expiry date	Expiry date
Brought forward losses - allowed to carry forward for specified period	236,563.40	Various dates	251,642.77	Various dates
Brought forward losses - allowed to carry forward for infinite period	181,967.38	-	181,967.38	-
Total deferred tax asset	418,530.78		433,610.16	

Prerana Hospital Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees thousands)

28 Contingent liabilities and commitments

Particulars	As at 31 March 2018	As at 31 March 2017
Contingent liabilities	-	-
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advance) and not provided for	2.03	-

29 Earnings/ (loss) per share**A. Basic earnings/ (loss) per share**

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

i) Profit/ (loss) attributable to equity share holders

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Net profit/ (loss) for the year attributable to equity share holders	13,354.64	(47,085.09)

ii) Weighted average number of equity shares (basic)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance (refer note 13)	3,250.00	3,250.00
Convertible preference shares (Refer note 13)	1,531.17	1,531.17
Weighted average number of equity shares of Rs. 10 each for the year	4,781.17	4,781.17
Earnings/ (loss) per share, basic	2.79	(9.85)

B. Diluted loss per share

The calculation of loss 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) Profit / (loss) attributable to equity share holders

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
The company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable in format	13,354.64	(47,085.09)

ii) Weighted average number of equity shares (diluted)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Weighted average number of equity shares of Rs. 10 each for the year (basic)	4,781.17	4,781.17
Effect of dilutive instruments	-	-
Weighted average number of equity shares of Rs. 10 each for the year (diluted)	4,781.17	4,781.17
Earnings/ (loss) per share, dilutive	2.79	(9.85)

30 Auditors' remuneration (included under legal and professional charges, net of service tax)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Statutory audit	495.00	450.00
Tax audit	165.00	150.00
Total	660.00	600.00

31 Operating leases

The Company is obligated under cancellable operating leases for its office premises which are renewable at the option of both the lessor and lessee. Total rental expenses under such leases amounted to Rs 869.53 (previous year: Rs. 2,002.99).

32 Segmental reporting

The Company is engaged in the business of rendering health care services, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

33 Employee benefits

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 level of benefit provided depends on the employee's length of service and salary at retirement/termination age.

A 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	
	31 March 2018	31 March 2017
Defined benefit obligation liability	19,437.60	17,670.22
Plan assets	19,660.69	15,266.45
Net defined benefit (asset)/ liability	(223.09)	2,403.77
Compensated absences	2,097.32	1,693.38
Total employee benefit (asset)/ liability	1,874.23	4,097.15

B Reconciliation of present value of defined benefit obligation

Particulars	Year ended	
	31 March 2018	31 March 2017
Balance at beginning of the year	17,670.22	14,274.38
Benefit paid	(1,049.42)	(432.89)
Current service cost	2,238.14	1,852.94
Past service cost	336.28	-
Interest cost	1,072.92	977.66
Actuarial (gain)/ loss recognised in other comprehensive income		
- changes in demographic assumptions	-	-
- changes in financial assumptions	(427.67)	580.57
- experience adjustments	(402.87)	417.56
Obligations at the end of the year	19,437.60	17,670.22

Reconciliation of present value of plan assets

Balance at beginning of the year at fair value	15,266.45	14,169.33
Contributions paid into the plan	4,303.36	600.24
Benefits paid	(1,049.41)	(432.89)
Interest Income	986.20	1,040.09
Return on plan asset recognised in other comprehensive income	154.10	(110.32)
Balance at the end of the year	19,660.69	15,266.45
Net defined benefit liability	(223.09)	2,403.77

C (i) Expenses recognised in the profit and loss account

Particulars	Year ended	
	31 March 2018	31 March 2017
Current Service cost	2,238.14	1,852.94
Interest cost	1,072.92	977.66
Past service cost	336.28	-
Interest income	(986.20)	(1,040.09)
Net gratuity cost	2,661.14	1,790.51

(ii) Remeasurements recognised in other comprehensive income, net of tax

Actuarial (gain)/ loss on defined benefit obligation	(830.54)	998.13
Return on plan asset excluding interest income	(154.10)	110.32
	(984.64)	1,108.45

D Plan Asset

Plan asset comprises of the following:

Particulars	31 March 2018	31 March 2017
Insurance policy	19,660.69	15,266.45

E Defined benefit obligation

i) Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	31 March 2018	31 March 2017
Discount rate	7.30%	6.75%
Future salary growth	7.00%	7.00%
Attrition rate	30.00%	30.00%

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.

(ii) Sensitivity analysis

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 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(372.32)	388.00	(346.44)	361.26
Future salary growth (0.5% movement)	387.15	(375.05)	345.08	(333.84)
Withdrawal rate (30% movement)	(83.03)	86.21	(263.65)	345.35

Although the analysis does not take account of the full distribution of the cash flows expected under the plan it does provide an approximation of the sensitivity of the assumption shown.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

34 Related parties

A. Related Party relationships

Names of related parties and description of relationship with the Company:

I) *Enterprises where control exist*

(a) Holding company

Aster DM Healthcare Limited, India

Union Investment Private Limited, Mauritius
(till 26 February 2018)

(b) Ultimate holding Company

II) *Other related parties with whom the group had transactions during the year*

(a) Key managerial personnel and relatives

Dr. U.B. Damale

Managing director

Dr. S.M.Navare

Whole time director

Dr. Charusheela Damale

Wife of managing director

Dr. Sujata Navare

Wife of whole time director

B. Related party transactions:

The Company has entered into the following transactions with related parties during the year ended 31 March 2018

Sl.No.	Nature of transaction	Volume of transactions	
		Year ended 31 March 2018	Year ended 31 March 2017
1	Salaries and professional fee		
	Dr. U.B. Damale	2,319.37	2,642.02
	Dr. S.M.Navare	7,902.04	6,593.29
	Dr.Charusheela Damale	2,968.17	3,200.32
	Dr.Sujata Navare	779.57	779.57
	Post employment defined benefit*	-	-
2	Aster DM Healthcare Limited		
	Consultancy fee	15,809.52	14,534.32
	Corporate guarantee received	630,127.55	630,127.55
	Interest on compulsory convertible preference shares	1,799.12	1,799.12
	Compulsory convertible preference shares**	-	119,431.03
	Guarantee commission paid	2,176.44	1,915.38

*The aforesaid amount does not include provision for gratuity and leave encashment as the same is determined for the Company as a whole based on an actuarial valuation.

**Refers to reclassification of financial liability to equity

C. Balance receivable / (payable) as at the year end

Sl.No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	Salaries and professional fee		
	Dr. U.B. Damale	-	(175.92)
	Dr. S.M.Navare	(567.82)	(608.17)
	Dr. Charusheela Damale	(246.32)	(335.54)
	Dr. Sujata Navare	(37.72)	(38.15)
2	Aster DM Healthcare Limited		
	Dues to holding company	43,742.88	26,529.30

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

35 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.

As at 31 March 2018

Particulars	Note	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									
Cash and cash equivalents	11	8,560.67	-	-	8,560.67	-	-	-	-
Trade receivables	10	41,900.73	-	-	41,900.73	-	-	-	-
Other bank balances	12	1,020.90	-	-	1,020.90	-	-	-	-
Other financial assets	7	10,270.78	-	-	10,270.78	-	-	-	-
Financial assets measured at fair value									
Investments	6	-	10.00	-	10.00	-	10.00	-	10.00
Total		61,753.08	10.00	-	61,763.08	-	10.00	-	10.00
Liabilities									
Financial liabilities not measured at fair value									
Trade payables	18	-	-	28,625.34	28,625.34	-	-	-	-
Borrowings	14	-	-	422,958.82	422,958.82	-	-	-	-
Other financial liabilities	15	-	-	92,723.43	92,723.43	-	-	-	-
Total		-	-	544,307.59	544,307.59	-	-	-	-

As at 31 March 2017

Particulars	Note	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									
Cash and cash equivalents	11	6,659.18	-	-	6,659.18	-	-	-	-
Trade receivables	10	36,802.34	-	-	36,802.34	-	-	-	-
Other bank balances	12	5,277.77	-	-	5,277.77	-	-	-	-
Other financial assets	7	9,443.39	-	-	9,443.39	-	-	-	-
Financial assets measured at fair value									
Investments	6	-	10.00	-	10.00	-	10.00	-	10.00
Total		58,182.68	10.00	-	58,192.68	-	10.00	-	10.00
Liabilities									
Financial liabilities not measured at fair value									
Trade payables	18	-	-	27,740.37	27,740.37	-	-	-	-
Borrowings	14	-	-	448,423.39	448,423.39	-	-	-	-
Other financial liabilities	15	-	-	71,742.73	71,742.73	-	-	-	-
Total		-	-	547,906.49	547,906.49	-	-	-	-

Prerana Hospital Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees thousands)

35 Financial Instruments- Fair values and risk management (continued)**B Financial risk management**

The Company's activities expose it to a variety of financial risks:

- a) Credit Risk
- b) Liquidity risk
- c) Market 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 audit and risk management committee oversees 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 audit and risk management committee.

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 establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 41,900.73 (31 March 2017: Rs. 36,802.34) and unbilled revenue amounting to Rs. 8,561.52 (31 March 2017 : 7,487.62) . The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	As at 31 March 2018	As at 31 March 2017
Balance at the beginning	6,939.89	6,804.49
Impairment loss recognised/ reversed	1,860.51	135.40
Balance at the end	8,800.40	6,939.89

No single customer accounted for more than 10% of the revenue as of 31 March 2018 and 31 March 2017. 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. Investments primarily include investment in shares.

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. 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 Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

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

Particulars	Payable within 1 year	More than 1 year	Total
Trade payables	28,625.34	-	28,625.34
Borrowings	70,793.62	352,165.20	422,958.82
Other financial liabilities	92,723.43	-	92,723.43

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

Particulars	Payable within 1 year	More than 1 year	Total
Trade payables	27,740.37	-	27,740.37
Borrowings	67,055.68	381,367.71	448,423.39
Other financial liabilities	71,742.73	-	71,742.73

Prerana Hospital Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees thousands)

35 Financial Instruments- Fair values and risk management (continued)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.

Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Company. The functional currency of company is INR. There are no transactions made in foreign currency by the Company during the year.

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

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

Financial liabilities (bank borrowings)	As at 31 March 2018	As at 31 March 2017
Variable rate long term borrowings including current maturities	365,014	377,853

Sensitivity

Particulars	Impact on profit or (loss)		Impact on equity	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
1% increase in MCLR rate	(3,650.14)	(3,778.53)	(3,650.14)	(3,778.53)
1% decrease in MCLR rate	3,650.14	3,778.53	3,650.14	3,778.53

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

Prerana Hospital Limited

Notes to the financial statements (continued)

(All amounts in Indian rupees thousands)

36 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 2018 and 31 March 2017 was as follows:

Particulars	As at	As at
	31 March 2018	31 March 2017
Total equity attributable to the equity shareholders of the Company	160,830.76	146,491.48
As a percentage of total capital	28%	25%
Long-term borrowings including current maturities	377,925.26	395,161.25
Short-term borrowings	45,033.56	53,262.14
Total borrowings	422,958.82	448,423.39
As a percentage of total capital	72%	75%
Total capital (equity and borrowings)	583,789.58	594,914.87

37 Derivatives and foreign currency exposures

The Company does not have foreign currency receivable / payable as on the balance sheet date.

38 Disclosure on specified bank notes (SBNs)

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	Specified bank notes*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016*	1,593.00	0.20	1,593.20
(+) Permitted receipts	8,443.00	16,023.58	24,466.58
(-) Permitted payments	-	-	-
(+) Not permitted receipts	327.50	-	327.50
(-) Not permitted payments	-	-	-
(-) Amount deposited in Banks	10,363.50	15,527.11	25,890.61
Closing cash in hand as on 30 December 2016*	-	496.67	496.67

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

39 Previous year Figures have been regrouped /reclassified wherever necessary to confirm to the current year's presentation.

As per our report of even date attached

for B S R and Associates

Chartered Accountants

Firm registration number: 128901W

for and on behalf of the Board of Directors of

Prerana Hospital Limited

CIN: U85110PN1996PLC104292

-sd-

Rushank Muthreja

Partner

Membership No.: 211386

-sd-

Dr. U. B. Damale

Managing Director

DIN 00333654

-sd-

Dr. S. M. Navare

Whole-time Director

DIN 00334421

Bangalore

14 May 2018

Kolhapur

14 May 2018