

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Rainbow Children's Medicare Limited

(formerly known as 'Rainbow Children's Medicare Private Limited')

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Rainbow Children's Medicare Limited (formerly known as 'Rainbow Children's Medicare Private Limited') (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities 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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

## Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of Loans receivable</b></p> <p>Refer Note 2.10 to the standalone financial statements</p> <p>(i) The Company has given an unsecured loan to a subsidiary amounting to ₹ 39.81 million during the year. The total loans outstanding as at year end is ₹ 290.00 million (including interest accrued of ₹ 56.94 million)</p> <p>(ii) During the year, the Company has given an unsecured loan to an external party amounting to ₹ 197.69 million. The total loan outstanding as at year end is ₹ 507.27 million (including interest accrued of ₹ 76.80 million)</p> <p>Due to the losses incurred by the subsidiary and the external party in the past two years consequent to Covid 19 pandemic, the Company is exposed to risk in respect of the recoverability of the loans granted to the aforementioned parties.</p> <p>The Company carries out assessment of recoverability of these loans and impairment at every period end. This assessment uses several key assumptions including estimates of future cash flows, discount rate and growth rate.</p> <p>We have identified impairment of loans as a key audit matter because recoverability assessment involves Company's significant judgement and estimates.</p>	<p>In view of the significance of the matter, we performed the following procedures:</p> <ol style="list-style-type: none"> <li>1. Evaluated the design and implementation and tested operating effectiveness of key internal controls over the Company's impairment assessment process of the loans receivable.</li> <li>2. Traced loans given/repaid during the year to bank statements and assessed the compliance with the stipulated terms of the loan agreements.</li> <li>3. Obtained independent confirmations of balances as at 31 March 2022 from subsidiary and external party.</li> <li>4. Assessed the net worth of the subsidiary and external party on the basis of latest available financial statements.</li> <li>5. Obtained the business projections of the subsidiary and the external party and performed the following procedures: <ul style="list-style-type: none"> <li>• Compared the actual revenues and cash flows generated by the subsidiary and external party during the year with the budgets and estimates of the previous year.</li> <li>• Evaluated the reasonability of future cash flow projections prepared by the subsidiary and the external party with respect to the key assumptions which include discount rate and growth rate. Involved our valuation experts to assess the valuation methodologies and key assumptions used for impairment assessment.</li> <li>• Verified the classification and disclosures of the loans in accordance with accounting standards</li> </ul> </li> </ol>

## Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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 in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement, we are required to report that fact to the matter to those charged with governance.

## Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities 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 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2.(A)As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 2.30 (A) to the standalone financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 2.51 (v) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries"); or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 2.51 (vi) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries"); or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- e) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
- As stated in Note 2.13 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**for B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024

**Jhahanwijha Shyamsukha**

Partner

Membership Number: 064550

UDIN: 22064550AJSVAW7440

Place: Hyderabad

Date: 27 May 2022

**Annexure “A” to the Independent Auditors’ report on the standalone financial statements of Rainbow Children’s Medicare Limited for the year ended 31 March 2022**

With reference to the Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors’ Report of even date, we report that:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment (including right of use of assets).

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of two years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Land	Rs. 33.06 million	Government of Andhra Pradesh	No	11 years	Refer Note (i) mentioned in Note 2.1 (a) of standalone financial statements

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee, granted any advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments, granted unsecured loans, to companies and other parties in respect of which the requisite information is as below:

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans to any other entity as below:

Particulars	Loans (₹ in millions)
Aggregate amount during the year	
- Subsidiaries*	41.01
- Others	197.69
Balance outstanding as at balance sheet date (excluding interest accrued)	
- Subsidiaries*	235.53
- Others	430.48

\*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (iii) (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion following instances of loans which were repayable on demand were extended:

Name of the parties	Aggregate amount dues extended (₹ in millions)	Percentage of the aggregate to the total loans granted during the year
Rosewalk Healthcare Private Limited	220.75	34%
Madhukar Rainbow Children's Hospital (a unit of Madhukar multispecialty Hospital and Research Center)	430.48	65%

- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with. The Company has not provided any guarantees or security during the year.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues have been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Income tax dues.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

- (vii) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Luxury Tax, Value added tax, Income-Tax or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in millions)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	14.15 (Includes interest and penalty of 9.15), amount paid under protest 0.38)	October 2015 to June 2017	Directorate General of GST, Hyderabad
Goods and Service Tax Act	Goods and Service Tax	18.25	July 2017 to March 2018	Assistant Commissioner Office, Hyderabad
Andhra Pradesh Tax on Luxuries Act, 1987	Luxury Tax	18.55 (amount paid under protest - 8.30)	Financial Year 2010-11 to 2013-14	High Court of Telangana

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loan and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, Term loans were applied for the purpose for which the loans were obtained, other than ₹ 10.10 million which remain unutilised as at 31 March 2022. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2022.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not raised any funds on short-term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act). Accordingly, clause 3(ix)(f) of the Order is not applicable.

- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and (b) of the Order is not applicable.
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (c) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**for B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024

**Jhahanwijha Shyamsukha**

Partner

Membership Number: 064550

UDIN: 22064550AJVAV7440

Place: Hyderabad

Date: 27 May 2022



## **Annexure B to the Independent Auditors' report on the standalone financial statements of Rainbow Children's Medicare Limited for the year ended 31 March 2022.**

### **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

#### **Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Rainbow Children's Medicare Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements 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 (the "Guidance Note").

#### **Management's Responsibility and Board of Directors' Responsibilities for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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

#### **Auditors' Responsibility (continued)**

assessment of the risks of material misstatement of the standalone 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 with reference to standalone financial statements.

#### **Meaning of Internal Financial controls with Reference to Standalone Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to standalone financial statements include 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 standalone 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 standalone financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **for B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024

#### **Jhahanwijha Shyamsukha**

Partner

Membership Number: 064550

UDIN: 22064550AJSAW7440

Place: Hyderabad

Date: 27 May 2022

## Statement of Audited Standalone financial

# STANDALONE BALANCE SHEET

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
a. Plant, property and equipment	2.1(a)	3,996.54	3,778.27
b. Capital work-in-progress	2.1(a)	46.00	286.82
c. Right-of-use of assets	2.34	4,119.34	3,429.81
d. Other intangible assets	2.1(b)	12.68	13.72
e. Intangible assets under development	2.1(b)	11.63	0.91
f. Financial assets			
(i) Investments	2.2	201.74	292.69
(ii) Loans	2.10	797.60	-
(iii) Other financial assets	2.3(a)	548.16	534.48
g. Deferred tax assets (net)	2.29(d)	115.06	17.39
h. Income tax assets (net)	2.4	48.90	42.02
i. Other non-current assets	2.5	157.35	128.74
<b>Total non-current assets</b>		<b>10,055.00</b>	<b>8,524.85</b>
<b>Current assets</b>			
a. Inventories	2.6	138.81	92.94
b. Financial assets			
(i) Investments	2.7	220.98	75.18
(ii) Trade receivables	2.8	412.72	454.48
(iii) Cash and cash equivalents	2.9(a)	80.45	43.18
(iv) Bank balances other than (iii) above	2.9(b)	1,671.00	804.41
(v) Loans	2.10	2.47	602.80
(vi) Other financial assets	2.3(b)	172.50	-
c. Other current assets	2.11	99.71	100.46
<b>Total current assets</b>		<b>2,798.64</b>	<b>2,173.45</b>
<b>TOTAL ASSETS</b>		<b>12,853.64</b>	<b>10,698.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a. Equity share capital	2.12	1,049.98	549.03
b. Other equity	2.13	5,312.95	4,210.31
<b>TOTAL EQUITY</b>		<b>6,362.93</b>	<b>4,759.34</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a. Financial liabilities			
(i) Borrowings	2.14	273.11	405.19
(ii) Lease liabilities	2.34	4,992.05	4,315.63
b. Provisions	2.15	55.69	53.92
<b>Total non-current liabilities</b>		<b>5,320.85</b>	<b>4,774.74</b>
<b>Current liabilities</b>			
a. Financial liabilities			
(i) Borrowings	2.16	143.53	74.47
(ii) Lease liabilities	2.34	68.33	49.14
(iii) Trade payables	2.17		
a) Total outstanding dues to micro enterprises and small enterprises		58.76	0.53
b) Total outstanding dues to creditor other than micro enterprises and small enterprises		532.46	505.12
(iv) Other financial liabilities	2.18	223.89	387.27
b. Other current liabilities	2.21	128.87	85.16
c. Provisions	2.19	14.02	24.65
d. Current tax liabilities (net)	2.20	-	37.88
<b>Total current liabilities</b>		<b>1,169.86</b>	<b>1,164.22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,853.64</b>	<b>10,698.30</b>
Summary of significant accounting policies	1		

The Notes referred to above form an integral part of the standalone financial statements

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
**Rainbow Children's Medicare Limited**  
(formerly Rainbow Children's Medicare Private Limited)  
CIN: U85110TG1998PLC029914

**Dr. Ramesh Kancharla**  
Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

# STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>INCOME</b>			
Revenue from operations	2.22	9,245.95	6,144.54
Other income	2.23	208.19	119.48
<b>Total income</b>		<b>9,454.14</b>	<b>6,264.02</b>
<b>EXPENSES</b>			
Medical consumables and pharmacy items consumed	2.24	1,877.98	971.58
Employee benefits expense	2.25	1,094.12	961.04
Finance costs	2.26	500.05	416.88
Depreciation and amortisation expense	2.27	769.87	678.95
Other expenses	2.28	3,314.68	2,576.64
<b>Total expenses</b>		<b>7,556.70</b>	<b>5,605.09</b>
<b>Profit before tax</b>		<b>1,897.44</b>	<b>658.93</b>
<b>Tax expenses:</b>	<b>2.29</b>		
(a) Current tax		575.48	238.53
(b) Deferred tax expense/(credit)		(100.95)	(73.74)
<b>Total tax expense</b>		<b>474.53</b>	<b>164.79</b>
<b>Profit for the year</b>		<b>1,422.91</b>	<b>494.14</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit plans		13.02	12.00
Income tax relating to re-measurement gain on defined benefit plans	2.29	(3.28)	(3.02)
<b>Other comprehensive income for the year, net of tax</b>		<b>9.74</b>	<b>8.98</b>
<b>Total Comprehensive Income for the year</b>		<b>1,432.65</b>	<b>503.12</b>
Earning per share (face value of share ₹ 10 each)	2.37		
- Basic (Rs)		15.18	5.50
- Diluted (Rs)		14.87	5.36
Summary of significant accounting policies	1		

The Notes referred to above form an integral part of the standalone financial statements

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwija Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
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Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

# STANDALONE STATEMENT OF CASH FLOWS

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Cash flows from Operating activities</b>		
Profit before tax	<b>1,897.44</b>	<b>658.93</b>
<b>Adjustments:</b>		
Depreciation and amortisation expense	769.87	678.95
Dividend income	(7.69)	(2.02)
Net gain on financial assets measured at fair value through profit or loss	(3.36)	(0.15)
Unrealised foreign exchange gain, net	(0.05)	(0.18)
Interest income on financial assets carries at amortised cost	(133.91)	(110.84)
Finance cost	500.05	416.88
Net gain on sale of investment	(8.20)	-
Advances written off	3.72	-
Allowances for doubtful advances	3.57	-
Bad debts written off	-	3.14
Allowance for expected credit loss	25.13	19.78
Net loss / (gain) on sale of property, plant and equipment	0.92	(0.50)
Liabilities no longer required written back	(54.98)	(2.54)
	<b>2,992.51</b>	<b>1,661.45</b>
<b>Adjustments for working capital:</b>		
(Increase) / Decrease in inventories	(45.87)	53.27
Decrease / (Increase) in trade receivables	16.63	(35.50)
(Increase) in financial and other assets	(308.38)	(11.84)
Increase in trade payables	130.92	84.30
(Decrease) in financial liabilities and provisions	(24.97)	(70.99)
<b>Cash generated from operations</b>	<b>2,760.84</b>	<b>1,680.69</b>
Income tax paid, net	(620.24)	(265.10)
<b>Net cash flow from operating activities (A)</b>	<b>2,140.60</b>	<b>1,415.59</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress	(585.21)	(754.38)
Proceeds from sale of property, plant and equipment	0.61	0.49
Proceeds from sale of / (Investments in) unquoted equity instruments	99.15	(96.46)
Bank deposits (placed) / matured with maturity of more than three months, net	(982.06)	(53.52)
Interest received	65.30	69.49
Dividend received	7.69	2.02
Investment in mutual funds placed, net	(142.44)	(29.43)
Loans advanced during the year	(238.70)	(282.73)
Loans realised during the year	83.66	276.60
<b>Net cash used in investing activities (B)</b>	<b>(1,692.00)</b>	<b>(867.92)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(60.71)	(52.58)
Payment of lease liabilities	(476.31)	(417.16)
Interest paid	(45.25)	(52.46)
Proceeds from issue of share capital (net of share issue expense)	263.42	-

	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend paid during the year on equity and preference shares	(92.48)	-
Repayments of short-term borrowings, (net)	-	(42.14)
<b>Net cash used in financing activities (C)</b>	<b>(411.33)</b>	<b>(564.34)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>37.27</b>	<b>(16.67)</b>
Cash and cash equivalents at the beginning of the year	43.18	59.85
Cash and cash equivalents at the end of the year (note b)	<b>80.45</b>	<b>43.18</b>

Notes:

a) The above Standalone Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

b) Components of cash and cash equivalents as at [Refer note 2.9 (a)]

	As at 31 March 2022	As at 31 March 2021
Cash on hand	5.01	3.81
Balance with banks:		
- Current accounts	75.44	39.37
	<b>80.45</b>	<b>43.18</b>

c) Reconciliation between opening and closing balances in the Balance sheet for liabilities and financial assets arising from financing activities for movement in Standalone Statement of Cash Flows are given below.

	As at 31 March 2022	As at 31 March 2021
<b>Opening balance:</b>		
Borrowings (excluding interest accrued)	458.82	553.54
Lease liabilities	4,364.77	4,140.98
<b>Movement:</b>		
<b>Borrowings:</b>		
Repayment of borrowings	(60.71)	(94.72)
<b>Lease liabilities:</b>		
Interest expense on lease liabilities	457.11	362.18
Addition / (disposals) to lease liabilities, net	714.81	278.77
Payment of lease liabilities	(476.31)	(417.16)
<b>Closing balance:</b>		
Borrowings (excluding interest accrued)	398.11	458.82
Lease liabilities	5,060.38	4,364.77

The Notes referred to above form an integral part of the standalone financial statements

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
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**Dr. Ramesh Kancharla**  
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DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

## Statement of Audited Standalone financial

# STANDALONE STATEMENT OF CHANGES IN EQUITY

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Equity share capital	Other equity				Total other equity
		Securities premium	General reserve	Debenture redemption reserve	Retained earning	
<b>Balance as at 1 April 2020</b>	549.03	1,513.44	44.43	50.00	2,099.32	3,707.19
Profit for the year	-	-	-	-	494.14	494.14
Amount transferred from debenture redemption reserve	-	-	-	-	5.00	5.00
<b>Appropriations:</b>						
Amount transferred	-	-	-	(5.00)	-	(5.00)
Remeasurement of defined benefit liability	-	-	-	-	12.00	12.00
Income tax relating to remeasurement of defined benefit liability	-	-	-	-	(3.02)	(3.02)
<b>Balance as at 31 March 2021</b>	<b>549.03</b>	<b>1,513.44</b>	<b>44.43</b>	<b>45.00</b>	<b>2,607.44</b>	<b>4,210.31</b>

Particulars	Equity share capital	Other equity				Total other equity
		Securities premium	General reserve	Debenture redemption reserve	Retained earning	
<b>Balance as at 1 April 2021</b>	549.03	1,513.44	44.43	45.00	2,607.44	4,210.31
Shares issued during the year	500.95	250.64	-	-	-	250.64
Profit for the year	-	-	-	-	1,422.91	1,422.91
Amount transferred from debenture redemption reserve	-	-	-	-	5.00	5.00
<b>Appropriations:</b>						
Amount transferred /utilised	-	(6.50)	-	(5.00)	-	(11.50)
Issue of bonus shares	-	(481.67)	-	-	-	(481.67)
Final dividend on equity shares for the year ended 31 March 2021. i.e. ₹ 2 per share	-	-	-	-	(87.92)	(87.92)
Final dividend on Series A CCPS for the year ended 31 March 2021. i.e. ₹ 2 per share	-	-	-	-	(2.29)	(2.29)
Final dividend on Series B CCPS for the year ended 31 March 2021. i.e. ₹ 2 per share	-	-	-	-	(2.27)	(2.27)
Remeasurement of defined benefit liability	-	-	-	-	13.02	13.02
Income tax relating to remeasurement of defined benefit liability	-	-	-	-	(3.28)	(3.28)
<b>Balance as at 31 March 2022</b>	<b>1,049.98</b>	<b>1,275.91</b>	<b>44.43</b>	<b>40.00</b>	<b>3,952.61</b>	<b>5,312.95</b>

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwija Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
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Chief Financial Officer

Place: Hyderabad  
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**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 1. Significant accounting policies

### 1.1 Corporate information

Rainbow Children's Medicare Limited (formerly known as Rainbow Children's Medicare Private Limited) ('the Company') was incorporated on 07 August 1998 as a Private Limited Company under the Companies Act, 1956. The Company is primarily engaged in the business of rendering medical and healthcare services.

The Company was converted into a public limited company under the Companies Act, 2013 on 20 November 2021 and consequently, the name was changed to "Rainbow Children's Medicare Limited".

### 1.2 Basis of preparation and measurement

#### (i) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliance Schedule III), as applicable to the financial statements.

The standalone financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the years presented in the standalone financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The standalone financial statements were approved by the Board of Directors and authorized for issue on 27 May 2022.

#### (ii) Basis of Measurement:

The Standalone Financial Statements have been prepared on historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations as per actuarial valuation.

#### (iii) Functional and Presentation Currency

These Standalone Financial Statements are presented in Indian Rupees (INR or ₹.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest million, unless otherwise indicated.

#### (iv) 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 on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Changes in estimates are reflected in the financial estimates in the period in which changes are made and if material, their effects are disclosed in the notes to the Standalone Financial Statements.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Standalone Financial Statements is included in the following notes:

- Lease Classification and identification of lease component [refer note 2.34]

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:



## Summary of Significant Accounting Policies to Standalone Financial Statements

- recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used. [note 2.29(d)]
- measurement of defined benefit obligations; key actuarial assumptions. [note 2.32]
- useful life of tangible and intangible assets [note 2.1(a and b)]
- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources. [note 2.30]
- impairment of non-financial assets and financial assets. [note 2.44]

### (v) Current versus Non-current classification

All assets and liabilities are classified into current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

#### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

#### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of fresh instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

#### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

### (vi) Measurement of fair values

Accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 a different level 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.

Further information about the assumptions made in measuring fair values is included in the following notes in Financial instruments [note 2.44]

### 1.3 Significant accounting policies

#### a. Financial Instruments

##### i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

##### ii. Classification and subsequent measurement

###### Financial assets:

###### *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

###### *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

###### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

###### Financial liabilities:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and

loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### 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 right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

###### Financial liabilities:

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

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

###### 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 realise the asset and settle the liability simultaneously.

#### b. Property, plant and equipment

##### i. Recognition and measurement:

Items of property, plant and equipment are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any. The cost on item of property, plant and equipment comprises its purchase price, taxes, duties, freight and any other directly attributable costs of bringing the assets to their

## Summary of Significant Accounting Policies to Standalone Financial Statements

working condition for their intended use and estimated cost 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, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in the standalone statement of profit and loss.

### ii. Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the standalone statement of profit and loss as incurred.

### iii. Depreciation:

Depreciation on Property, plant and equipment (other than for those class of assets specifically mentioned below) is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act 2013 and additions and deletions are restricted to the period of use. Depreciation is charged to standalone statement of profit and loss.

Description	Useful life (in years) by Management	Useful life (in years) under Schedule II of the Act
Buildings	60 years	60 years
Medical equipments*	7 years	13 years
Plant and equipments	15 years	15 years
Office equipments	5 years	5 years
Vehicles*	5 years	8 years
Computers	3 years	3 years
Furniture and Fixtures	10 years	10 years

If the Management's estimate of the useful life of a property, plant and equipment is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life. Pursuant to this policy, depreciation on the following class of property, plant and equipment has been provided at the rates based on the following useful lives of property, plant and equipment as estimated by Management which is different from the useful life prescribed under Schedule II of the Companies Act, 2013.

\*For these classes of assets, based on technical evaluation, the Management believes that the useful lives as given above best represents the period over which Management expects to use these assets. Hence, the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Leasehold Improvements are amortised over the period of lease or the estimated useful life, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively.

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

Advances paid towards acquisition of tangible and intangible assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

### c. Intangible assets and amortisation:

Computer software acquired by the Company, the value of which is not expected to diminish in the foreseeable future, is capitalised and recorded in the Balance sheet as computer software at cost of acquisition less accumulated amortisation and accumulated impairment losses.

Computer software is amortised on straight line basis over a period of five years.

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

Intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the standalone statement of profit and loss, when the asset is derecognised.

#### **d. Impairment of assets**

##### **i. Impairment of financial assets**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the Company assesses whether these financial assets 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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 measures loss allowances at an amount equal to lifetime expected credit losses.

The Company evaluates the collectability of the financial assets on an on-going basis and write-off the financial assets when they are deemed to be uncollectible.

##### *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 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

##### **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.

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).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis. In respect of other assets for which impairment loss has been recognised 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 amortisation, if no impairment loss had been recognised.

# Summary of Significant Accounting Policies to Standalone Financial Statements

## **e. Investments**

Equity investments which are in scope of Ind AS 109 are measured at fair value. For all other equity instruments in scope of Ind AS 109, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

## **f. Investments in subsidiaries**

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the profit or loss.

## **g. Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. The Company follows the first in first out (FIFO) method for determining the cost of such inventories.

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

## **h. Employee benefits**

### **i. Short-term employee benefits**

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 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.

### **ii. Post-employment benefit**

#### *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 recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

#### *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 plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised 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 considering 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 statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately

in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### **Compensated absences**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

#### **i. Revenue recognition**

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

Income from hospital services is recognised as revenue when the related services are rendered. The performance obligations for this stream of revenue include accommodation, surgery, medical/clinical professional services, food and beverages, investigation and supply of pharmaceutical and related products.

Revenue is measured based on the transaction price, which is the fixed consideration adjusted for components of variable consideration which constitutes discounts, estimated disallowances and any other rights and obligations as specified in the contract with the customer. In determining the transaction price for the hospital services, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). Revenue also excludes taxes collected from customers and deposited back to the respective statutory authorities. Revenue is recognised at the point in time for the inpatient / outpatient hospital services when the related services are rendered at the transaction price.

'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.

Revenue from sale of pharmacy and sale of food and beverages is recognised when it transfers control over a good or service to the customer, generally on delivery of product to the customer.

Medical service fee is recognised when the related services are rendered unless significant future uncertainties exist.

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

Dividend income is recognised when the right to receive payment is established.

#### **Contract balances:**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### **j. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

## Summary of Significant Accounting Policies to Standalone Financial Statements

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance

fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, 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 as at the commencement of lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### k. Income-tax

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

##### 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.

**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 amounts used for taxation purposes.

Deferred tax is also recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised 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 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 recognised or unrecognised, 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.

**I. Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

**m. Provisions**

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. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Onerous Contracts**

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



## Summary of Significant Accounting Policies to Standalone Financial Statements

### n. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the Standalone Financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### o. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### p. Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### q. Statement of cash flows

Cash flows are reported using the indirect method,

whereby net profit/ (loss) 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing activities and financing activities of the Company are segregated.

### r. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where bank overdrafts/ cash credits which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. Bank overdrafts are shown within short term-borrowings in the balance sheet.

### s. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

### t. Share issue expenses

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

### u. Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

#### Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of

Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.1(a) Property, plant and equipment and capital work-in-progress

Particulars	Freehold land (refer note (i) below)	Buildings (refer note (i) below)	Leasehold Improvements	Medical equipments	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Computers	Total	Capital work-in-progress
<b>Gross block</b>											
<b>Cost as at 1 April 2020</b>	33.06	-	2,159.29	999.70	539.94	322.49	136.30	91.33	66.09	4,348.20	424.77
Additions	-	393.57	152.91	204.23	112.60	52.84	26.84	21.66	17.98	982.63	844.70
Disposals*	-	-	-	-	-	(0.60)	(0.12)	(5.71)	(0.99)	(7.42)	(982.65)
<b>Cost as at 31 March 2021 (A)</b>	<b>33.06</b>	<b>393.57</b>	<b>2,312.20</b>	<b>1,203.93</b>	<b>652.54</b>	<b>374.73</b>	<b>163.02</b>	<b>107.28</b>	<b>83.08</b>	<b>5,323.41</b>	<b>286.82</b>
<b>Cost as at 1 April 2021</b>	33.06	393.57	2,312.20	1,203.93	652.54	374.73	163.02	107.28	83.08	5,323.41	286.82
Additions	-	4.54	319.17	147.49	97.02	42.06	30.89	37.43	18.14	696.74	455.63
Disposals*	-	-	(4.27)	(1.83)	(2.03)	(2.72)	(1.48)	-	(0.22)	(12.55)	(696.45)
<b>Cost as at 31 March 2022 (C)</b>	<b>33.06</b>	<b>398.11</b>	<b>2,627.10</b>	<b>1,349.59</b>	<b>747.53</b>	<b>414.07</b>	<b>192.43</b>	<b>144.71</b>	<b>101.00</b>	<b>6,007.60</b>	<b>46.00</b>
<b>Accumulated depreciation:</b>											
<b>Accumulated depreciation as at 1 April 2020</b>	-	-	352.37	392.41	109.80	111.63	84.20	37.84	50.42	1,138.67	-
Depreciation	-	1.77	117.34	157.36	41.12	36.20	27.58	18.24	13.79	413.40	-
Disposals	-	-	-	-	-	(0.29)	(0.03)	(5.74)	(0.87)	(6.93)	-
<b>Accumulated depreciation as at 31 March 2021 (B)</b>	<b>-</b>	<b>1.77</b>	<b>469.71</b>	<b>549.77</b>	<b>150.92</b>	<b>147.54</b>	<b>111.75</b>	<b>50.34</b>	<b>63.34</b>	<b>1,545.14</b>	<b>-</b>
<b>Accumulated depreciation as at 1 April 2021</b>	-	1.77	469.71	549.77	150.92	147.54	111.75	50.34	63.34	1,545.14	-
Depreciation	-	6.75	137.16	181.54	50.88	40.86	25.32	20.44	13.99	476.94	-
Disposals	-	-	(4.27)	(1.83)	(1.05)	(2.72)	(0.93)	-	(0.22)	(11.02)	-
<b>Accumulated depreciation as at 31 March 2022 (D)</b>	<b>-</b>	<b>8.52</b>	<b>602.60</b>	<b>729.48</b>	<b>200.75</b>	<b>185.68</b>	<b>136.14</b>	<b>70.78</b>	<b>77.11</b>	<b>2,011.06</b>	<b>-</b>
<b>Net carrying amount</b>											
As at 31 March 2021 (A-B)	33.06	391.80	1,842.49	654.16	501.62	227.19	51.27	56.94	19.74	3,778.27	286.82
As at 31 March 2022 (C-D)	33.06	389.59	2,024.50	620.11	546.78	228.39	56.29	73.93	23.89	3,996.54	46.00

\* Disposals with respect to capital-work-in progress represents property, plant and equipment capitalisations.

**Note:**

(i) The Company vide sale agreement dated 3 September 2010 was allotted 1 acre of land by Andhra Pradesh Industrial Infrastructure Corporation Limited (“APIIC”) for setting up a children hospital at Health city, Chinagadili, Vishakhapatnam to facilitate socio economic development within 2 years from the date of possession of land i.e. by October 2012. The Company had paid an amount of ₹ 30.88 million towards acquisition of the said land and incurred an additional amount of ₹ 2.19 million towards other incidental charges. As per the Clause 8(c) of the land agreement entered with APIIC, the construction of proposed hospital was required to be completed within 2 years from the date of taking the possession of the land, otherwise the land will need to be returned back to APIIC. The Company had filed an application with APIIC seeking extension of the timelines for development of the Project based on indicative project plan till August 2014 vide letter dated 17 August 2012. APIIC had considered the request and granted extension till the said date upon payment of condonation fee which was paid by the Company and timeline was extended upto August 2014. The Company failed to meet the revised timelines and consequently, APIIC had issued a cancellation of allotment order on 24 March 2015. The Company had submitted detailed reasons to APIIC for the delay in completion of the project and applied for revoking of the cancellation order. On 23 July 2016, APIIC had granted approval for extension of time upto December 2018. APIIC vide its letter dated 15 November 2018 has issued a show cause notice to the Company seeking explanation as to why the allotment shall not be cancelled for non implementation of the proposed project. On 13 December 2018, the Company has responded to APIIC explaining the status of the project and seeking further extension by 24 months. The Company has paid ₹ 1.57 million as condonation fee and has received extension from APIIC upto 30 November 2019. While the Agreement for Sale between APIIC

and the Company had been executed on 3 September 2010, the final sale deed was to be executed after commencement of regular commercial operations. The Company has commenced the commercial operations from December 2020 onwards. The Company on 29 December 2021 has paid ₹ 0.69 million to APIIC Limited as condonation fees for the delay in implementation of the project. The Company has incurred capital costs amounting to ₹ 393.55 million as at 31 March 2022 (₹393.55 million as at 31 March 2021) for the construction of the hospital on this land.

- (ii) Delhi Development authority (DDA) has granted 5,500 square meters of land on perpetual lease to Madhukar Multispecialty Hospital Research Centre (MMHRC) in Malviyanagar (Delhi) via lease deed dated 16 September 2005. MMHRC has constructed a hospital building on this land with all infrastructure and services and 50% of the space was sublet to the Company to operate and render healthcare services. DDA vide its letter dated 28 January 2019 to MMHRC has restricted subletting to 25% instead of earlier 50% and accordingly the Company and MMHRC had executed amended the sub lease agreement dated 27 March 2019 which is effective from 1 April 2019. As at 31 March 2022, leasehold improvements and medical equipments include ₹ 112.47 million and ₹ 72.61 million (₹ 119.71 million and ₹ 80.76 million as at 31 March 2021) respectively in respect of this hospital. The Management is utilising the assets for the purpose of providing medical services at MMHRC.
- (iii) Refer note 2.41 for details of incidental expenditure capitalised during the construction period. The interest rate on borrowings is 9.50%
- (iv) Refer note 2.14 for details of assets pledged as security.

**Title deeds of Immovable Properties not held in name of the Company:**

Particulars	As at 31 March 2022	As at 31 March 2021
Relevant line item in the Balance sheet	Property, Plant and Equipment	
Description of item of property	Land	
Gross carrying value	33.06	
Title deeds held in the name of	Government of Andhra Pradesh	
Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/director	No	
Reason for not being held in the name of the Company	Refer Note (i) above	

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Capital work-in-progress (CWIP) Ageing Schedule:

#### As at 31 March 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Projects in progress	44.92	1.08	-	-	46.00
Projects temporarily suspended	-	-	-	-	-

Note: The Company does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

#### As at 31 March 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Projects in progress	237.64	30.67	18.17	0.34	286.82
Projects temporarily suspended	-	-	-	-	-

Note: The Company does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

### 2.1(b) Other intangible assets and Intangible assets under development

Particulars	Other Intangible assets	Intangible assets under development
	Software	
<b>Gross block</b>		
<b>Cost as at 1 April 2020</b>	89.61	1.54
Additions	3.60	2.80
Disposals/ capitalisation	-	(3.43)
<b>Cost as at 31 March 2021 (A)</b>	<b>93.21</b>	<b>0.91</b>
<b>Cost as at 1 April 2021</b>	93.21	0.91
Additions	5.42	14.92
Disposals/ capitalisation	-	(4.20)
<b>Cost as at 31 March 2022 (C)</b>	<b>98.63</b>	<b>11.63</b>
<b>Accumulated amortisation</b>		
<b>Accumulated amortisation as at 1 April 2020</b>	68.73	-
Amortisation	10.76	-
Disposals	-	-
<b>Accumulated amortisation as at 31 March 2021 (B)</b>	<b>79.49</b>	-
<b>Accumulated amortisation as at 1 April 2021</b>	79.49	-
Amortisation	6.46	-
Disposals	-	-
<b>Accumulated amortisation as at 31 March 2022 (D)</b>	<b>85.95</b>	-
<b>Net carrying amount</b>		
As at 31 March 2021 (A-B)	13.72	0.91
As at 31 March 2022 (C-D)	12.68	11.63

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**Intangible assets under development ageing schedule:**

**As at 31 March 2022**

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	11.63	-	-	-	11.63
Projects temporarily suspended	-	-	-	-	-

**As at 31 March 2021**

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	0.69	-	-	0.22	0.91
Projects temporarily suspended	-	-	-	-	-

	As at 31 March 2022	As at 31 March 2021
<b>2.2 Non-current investments</b>		
(Valued at cost unless stated otherwise)		
<b>Investments at fair value through other comprehensive income</b>		
<b>Investments in unquoted equity instruments</b>		
- Vamana Solar Private Limited* 2,600 shares of ₹ 10 each, fully paid up (31 March 2021: 2,600 shares)	0.03	0.03
<b>Investments at fair value through profit and loss</b>		
<b>Investments in unquoted equity instruments</b>		
Unimed Healthcare Private Limited Nil shares of ₹ 10 each, fully paid up (31 March 2021: 1,000,000 shares)	-	80.00
<b>Investments at cost</b>		
<b>Investments in unquoted equity instruments</b>		
<b>(i) In subsidiaries</b>		
(a) Rainbow Children's Hospital Private Limited 9,999 shares of ₹ 10 each, fully paid up (31 March 2021: 9,999 shares)	0.10	0.10
Less: Impairment loss	(0.10)	(0.10)
	-	-
(b) Rainbow Women & Children's Hospitals Private Limited 9,999 shares of ₹ 10 each, fully paid up (31 March 2021: 9,999 shares)	0.10	0.10
Less: Impairment loss	(0.10)	(0.10)
	-	-
(c) Rainbow Speciality Hospitals Private Limited 14,185,247 shares of ₹ 10 each, fully paid up (31 March 2021: 15,150,000 shares)	142.51	153.46
(d) Rosewalk Healthcare Private Limited 4,317,376 shares of ₹ 10 each, fully paid up (31 March 2021: 4,317,376 shares)	12.24	12.24

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
(e) Rainbow Fertility Private Limited 4,499,999 shares of ₹ 10 each, fully paid up (31 March 2021: 4,499,999 shares)	45.00	45.00
(f) Rainbow CRO Private Limited 100,000 shares of ₹ 10 each, fully paid up (31 March 2021: 100,000 shares)	0.10	0.10
<b>(ii) Investments in unquoted debentures</b>		
Rosewalk Healthcare Private Limited 729,209 Compulsorily convertible debentures of ₹ 10 each, fully paid up (31 March 2021: 729,209)	1.86	1.86
	<b>201.74</b>	<b>292.69</b>
Aggregate book value of unquoted investments	201.74	292.69
Aggregate amount of impairment in value of investments	0.20	0.20
*The Company has designated the investments in Vamana Solar Private Limited as equity shares at FVOCI. The fair value of this investment as at 31 March 2022 is ₹ 0.03 million (31 March 2021: ₹ 0.03 million).		
The Company's exposure to credit risk and market risk related to investments has been disclosed in Note 2.42.		
<b>2.3 (a) Other financial assets (non-current)</b>		
Bank deposits with more than 12 months maturity	291.40	149.55
Security deposits	256.76	384.93
	<b>548.16</b>	<b>534.48</b>
The Company's exposure to credit and market risk are disclosed in Note 2.42.		
<b>2.3 (b) Other financial assets (current)</b>		
Share issue expense receivable (refer note 2.33 (e))	172.50	-
	<b>172.50</b>	-
<b>2.4 Income tax assets (net)</b>		
Advance tax (net of provision for taxation)	48.90	42.02
	<b>48.90</b>	<b>42.02</b>
<b>2.5 Other non-current assets</b>		
(Unsecured, considered good)		
Capital advances		
- to other than related parties	141.15	118.54
Prepaid expenses	6.46	1.39
Amounts paid under protest	9.74	8.81
	<b>157.35</b>	<b>128.74</b>
Unsecured, considered doubtful		
Capital advances (credit impaired)	3.33	-
Less: Allowance for doubtful advances	(3.33)	-
	-	-
	<b>157.35</b>	<b>128.74</b>
<b>2.6 Inventories</b>		
(valued at the lower of cost or net realisable value)		
Medical consumables and pharmacy items	138.81	92.94
	<b>138.81</b>	<b>92.94</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.7 Current investments</b>		
<b>Investments at fair value through profit or loss</b>		
Investments in Mutual funds - quoted		
Aditya Birla Sunlife Liquid Fund - Growth - Direct Plan 120,350.29 Units (31 March 2021: Nil units)*	41.30	-
HDFC Liquid Fund - Growth - Direct Plan 10,117.85 Units (31 March 2021: 2,447.28 units)	42.34	10.02
IDFC Cash Fund - Daily Dividend - Direct Plan 0.10 Units (31 March 2021: 17.86 units)	0.00	0.00
IDFC Cash Fund - Growth - Direct Plan 16,479.42 Units (31 March 2021: 12,104.46 units)	42.37	30.09
Tata Liquid Fund - Direct Plan - Daily Dividend 12,602.62 Units (31 March 2021: 7,715.98 units)	42.35	25.06
Nippon India Liquid Fund 1,934.21 Units (31 March 2021: Nil units)	10.07	-
SBI Liquid Fund - Direct Plan - Daily Dividend 12,765.00 Units (31 March 2021: 3,106.90 units)	42.55	10.01
	<b>220.98</b>	<b>75.18</b>
Aggregate amount of quoted investments and market value thereof	220.98	75.18
The Company's exposure to credit risk and market risk related to investments has been disclosed in Note 2.42.		

<b>2.8 Trade receivables</b>		
Trade receivables considered good - unsecured	444.93	499.94
Unbilled revenue considered good - unsecured	109.45	71.07
<b>Total</b>	<b>554.38</b>	<b>571.01</b>
Allowance for expected credit loss	(141.66)	(116.53)
<b>Total trade receivables</b>	<b>412.72</b>	<b>454.48</b>

Trade receivables are unsecured and are derived from revenue earned from providing medical, healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

The Company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix..

The Company is subject to concentration of credit risk in its trade receivables for one customer comprising of 23% (31 March 2021: 46%) of Total Trade Receivables. Although the Company is directly affected by the financial condition of its customer, management does not believe significant credit risks exist at the balance sheet date. The Company does not require collateral or other securities to support its accounts receivable.

- (a) The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 2.42
- (b) Refer note 2.33 (c) for related party balances and dues from private companies in which director is a director.



## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Trade Receivables ageing schedule:

#### As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled revenue	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Unbilled Revenue, Undisputed - considered good	109.45	-	-	-	-	-	109.45
(ii) Undisputed Trade receivables - considered good	-	246.11	86.43	34.33	49.70	28.36	444.93
(iii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iv) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>109.45</b>	<b>246.11</b>	<b>86.43</b>	<b>34.33</b>	<b>49.70</b>	<b>28.36</b>	<b>554.38</b>

#### As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled revenue	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Unbilled Revenue, Undisputed - considered good	71.07	-	-	-	-	-	71.07
(ii) Undisputed Trade receivables - considered good	-	228.73	202.13	31.15	27.43	10.50	499.94
(iii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iv) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>71.07</b>	<b>228.73</b>	<b>202.13</b>	<b>31.15</b>	<b>27.43</b>	<b>10.50</b>	<b>571.01</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>2.9 (a) Cash and cash equivalents</b>		
Cash on hand	5.01	3.81
Balance with banks		
- On current accounts	75.44	39.37
	<b>80.45</b>	<b>43.18</b>
<b>2.9 (b) Bank balances other than cash and cash equivalents</b>		
Deposit account (with original maturity more than 3 months but less than 12 months)*	1,627.91	787.70
Interest accrued on deposits	43.09	16.71
	<b>1,671.00</b>	<b>804.41</b>
*Includes ₹ 30.87 million (31 March 2021: ₹ 78.47 million) towards margin money deposits against bank guarantees and cash credit limits.		
<b>(a)</b> The Company's exposure to credit risk and market risk are disclosed in note 2.42	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>(b) Details of bank balances / deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	75.44	39.37
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	1,627.91	787.70
Bank deposits due to mature after 12 months of the reporting date included under 'Other financial assets' (refer note 2.3)	291.40	149.55
<b>2.10 Loans (non-current)</b>		
(Unsecured, considered good)		
Loans receivable**		
- considered good - unsecured	663.54	-
- which have significant increase in credit risk	-	-
- credit impaired	-	-
	663.54	-
Interest accrued on - Loans receivable**	134.06	-
	<b>797.60</b>	<b>-</b>
<b>Loans (current)</b>		
(Unsecured, considered good)		
Loans receivable**		
- considered good - unsecured	2.47	510.97
- which have significant increase in credit risk	-	-
- credit impaired	-	-
	<b>2.47</b>	<b>510.97</b>
Interest accrued on - Loans receivable**	-	91.83
	<b>2.47</b>	<b>602.80</b>

\*\* Unsecured Loans receivable aggregating as at 31 March 2022: ₹ 666.01 million (31 March 2021: ₹ 510.97 million) was given to 6 parties (31 March 2021: 6 parties) at an interest rate of 9.50% p.a. (31 March 2021: to related party - 9.50% , Others - 10.50% p.a). This loan was given towards the working capital requirements of the borrower.

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Due to the losses incurred by a subsidiary and an external party in the past two years consequent to Covid 19 pandemic, the Company is exposed to risk in respect of the recoverability of the loans granted to these two parties. The Company had carried out an impairment assessment for Loans receivable from the subsidiary and the external party. Based on the detailed impairment evaluation carried out by the Company duly considering the discounted future cashflows of the subsidiary and the external party, the Company has assessed that no impairment is required for the year ended 31 March 2022 (31 March 2021: Nil).

During the year, the Board of Directors have approved the change in terms of repayment from repayable on demand to repayable on 01 April 2024 for Madhukar Rainbow Children's Hospital and Rosewalk Healthcare Private Limited.

### Disclosure under Section 186(4) of the Companies Act, 2013

#### Loans:

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	510.97	504.80
Given during the period	238.70	282.73
Repaid during the period	(83.66)	(276.56)
<b>Closing balance</b>	<b>666.01</b>	<b>510.97</b>

#### Details of Loans advanced during the year ended 31 March 2022:

Name of the borrower	Nature of relationship	Purpose of deposits given	As at 1 April 2021	Placed during the year	Refunded during the year	As at 31 March 2022
Madhukar Rainbow Children's Hospital	Others	Working capital	237.30	197.69	(4.51)	430.48
Rainbow Children's Hospital Private Limited #	Related Party	Working capital	-	0.02	-	0.02
Rainbow Women & Children's Hospital Private Limited #	Related Party	Working capital	0.49	0.02	-	0.51
Rainbow Specialty Hospital Private Limited #	Related Party	Working capital	51.47	-	(51.47)	-
Rosewalk Healthcare Private Limited #	Related Party	Working capital	220.93	39.81	(27.68)	233.06
Rainbow Fertility Private Limited #	Related Party	Working capital	0.68	1.16	-	1.84
Rainbow C R O Private Limited #	Related Party	Working capital	0.10	-	-	0.10
			<b>510.97</b>	<b>238.70</b>	<b>(83.66)</b>	<b>666.01</b>

#### Details of Loans advanced during the year ended 31 March 2021:

Name of the borrower	Nature of relationship	Purpose of deposits given	As at 1 April 2020	Placed during the year	Refunded during the year	As at 31 March 2021
Madhukar Rainbow Children's Hospital	Others	Working capital	218.55	221.74	(202.92)	237.30
Rainbow Women & Children's Hospital Private Limited #	Related Party	Working capital	-	0.49	-	0.49
Rainbow Specialty Hospital Private Limited #	Related Party	Working capital	90.72	-	(39.20)	51.47
Rosewalk Healthcare Private Limited #	Related Party	Working capital	194.75	60.50	(34.44)	220.93
Rainbow Fertility Private Limited #	Related Party	Working capital	0.68	-	-	0.68
Rainbow C R O Private Limited #	Related Party	Working capital	0.10	-	-	0.10
			<b>504.80</b>	<b>282.73</b>	<b>(276.56)</b>	<b>510.97</b>

# Amounts due by private companies in which any director is a director or a member.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

2.11 Other current assets	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured, considered good)</i>		
Advances to suppliers	30.44	73.64
Prepaid expenses	58.88	23.57
Advance to employees *	9.52	2.58
Balances with government authorities	0.87	0.67
	<b>99.71</b>	<b>100.46</b>
<i>(Unsecured, considered doubtful)</i>		
Other advances (credit impaired)	3.96	-
Less: Allowance for doubtful advances	(3.96)	-
	-	-
* Refer note 2.33 for salary advance to KMP	<b>99.71</b>	<b>100.46</b>

2.12 Share capital	As at 31 March 2022	As at 31 March 2021
<b>Authorised</b>		
139,055,616 (31 March 2021: 59,055,616) equity shares of ₹ 10 each	1,390.56	590.56
1,146,771 (31 March 2021: 1,146,771) 0.0001% Series A Compulsorily Convertible Preference Shares (Series A CCPS) of ₹ 48 each	55.04	55.04
1,133,309 (31 March 2021: 1,133,309) 0.0001% Series B Compulsorily Convertible Preference Shares (Series B CCPS) of ₹ 48 each	54.40	54.40
	<b>1,500.00</b>	<b>700.00</b>
<b>Issued, subscribed and paid-up</b>		
9,40,53,928 (31 March 2021: 43,958,924) equity shares of ₹ 10 each, fully paid-up	940.54	439.59
1,146,771 (31 March 2021: 1,146,771) Series A CCPS of ₹ 48 each, fully paid-up	55.04	55.04
1,133,309 (31 March 2021: 1,133,309) Series B CCPS of ₹ 48 each, fully paid-up	54.40	54.40
	<b>1,049.98</b>	<b>549.03</b>

**a) Reconciliation of equity and preference shares outstanding at the beginning and at the end of the year :**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
<b>(i) Equity shares of ₹ 10 each, fully paid-up</b>				
At the commencement of the year	43,958,924	439.59	43,958,924	439.59
Add: Shares issued during the year	50,095,004	500.95	-	-
<b>At the end of the year</b>	<b>94,053,928</b>	<b>940.54</b>	<b>43,958,924</b>	<b>439.59</b>
<b>(ii) Series A CCPS of ₹ 48 each, fully paid-up</b>				
At the commencement of the year	1,146,771	55.04	1,146,771	55.04
Add: Shares issued during the year	-	-	-	-
At the end of the year	<b>1,146,771</b>	<b>55.04</b>	<b>1,146,771</b>	<b>55.04</b>
<b>(iii) Series B CCPS of ₹ 48 each, fully paid-up</b>				
At the commencement of the year	1,133,309	54.40	1,133,309	54.40
Add: Shares issued during the year	-	-	-	-
At the end of the year	<b>1,133,309</b>	<b>54.40</b>	<b>1,133,309</b>	<b>54.40</b>

## Notes to the Standalone Financial Statements

### 2.12 Share capital (continued)

#### b) Rights, preferences and restrictions attached

##### i) Equity shares :

The Company has a single class of equity shares of par value ₹ 10 each, fully paid up. Accordingly, 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 subject to payment of dividend to preference shareholders. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

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 Company, pursuant to the approval of share holders granted in the extra-ordinary general meeting dated 20 October 2021, has increased its Authorised Share Capital from Rs. 700 million to ₹ 1,500 million.

The Company had a rights issue offered to all the shareholders and has issued and allotted 1,928,000 equity shares of face value ₹ 10 through rights issue to an existing shareholder on 22 October 2021, there are no outstanding rights pending to be subscribed. Subsequent to the Rights Issue, pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 30 November 2021, the Company issued and allotted fully paid-up equity shares of ₹ 10 each as "bonus shares" on 01 December 2021 in the ratio of 1:1 for every one equity share and every one preference share held.

##### ii) Series A CCPS:

On 13 August 2013, the Company had allotted 1,146,771 Series A CCPS of ₹ 48 each, fully paid-up vide agreement dated 02 August 2013 ('the agreement') entered with British International Investment plc (formerly known as CDC Group plc). As per the agreement, at the discretion of the Series A CCPS holders, each Series A CCPS is convertible into one equity share of ₹ 10 each, fully paid, at any time before the end of 18th year from the date of its allotment. In case the Series A CCPS holders do not opt for conversion, they shall be converted into 1,146,771 equity shares of ₹ 10 each, fully paid up at the end of 18th year from the date of its allotment.

The holder of this Series A CCPS are entitled to non-cumulative dividend of 0.0001%. However, in the event the Company declares any dividend

on equity shares, then in addition to payment of preference dividend, the holders of Series A CCPS shall also be entitled to receive such dividend in respect of the Series A CCPS as is equivalent to the extent to which the equity shares resulting from the conversion of the Series A CCPS would have been entitled to receive such dividend.

The holders of the Series A CCPS shall be entitled to voting rights to the same extent as if they were equity share holders in respect of the number of equity shares into which the Series A CCPS are convertible. In the event of liquidation, holder of Series A CCPS has a preferential right over equity shareholders to be repaid to the extent of capital paid-up. Any surplus amount shall be distributed among all the shareholders including the Series A CCPS holder in proportion to their shareholding.

##### iii) Series B CCPS:

On 04 February 2016, the Company had allotted 1,133,309 Series B CCPS of ₹ 48 each, fully paid up vide agreement dated 24 December 2015 ('the Series B agreement') entered with CDC India Opportunities Limited. As per the Series B agreement, at the discretion of the Series B CCPS holders, each Series B CCPS is convertible into one equity share of ₹ 10 each, fully paid-up, at any time before the end of 18th year from the date of its allotment. In case the Series B CCPS holders do not opt for conversion, they shall be converted into 1,133,309 equity shares of ₹ 10 each, fully paid-up at the end of 18th year from the date of its allotment.

The holder of this Series B CCPS are entitled to non cumulative dividend of 0.0001%. However, in the event the Company declares any dividend on equity shares, then in addition to payment of preference dividend, the holders of Series B CCPS shall also be entitled to receive such dividend in respect of the Series B CCPS as is equivalent to the extent to which the equity shares resulting from the conversion of the Series B CCPS would have been entitled to receive such dividend.

The holders of the Series B CCPS shall be entitled to voting rights to the same extent as if they were equity share holders in respect of the number of equity shares into which the Series B CCPS are convertible. In the event of liquidation, holder of Series B CCPS has a preferential right over equity shareholders to be repaid to the extent of capital paid-up. Any surplus amount shall be distributed among all the shareholders including the Series B CCPS holder in proportion to their shareholding.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.12 Share capital (continued)

### c) Particulars of shareholders holding more than 5% shares of a class of shares:

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares	%	Number of shares	%
<b>(i) Equity shares of ₹ 10 each, fully paid-up held by:</b>				
- Dr. Ramesh Kancharla	36,849,284	39.18%	20,013,742	45.53%
- British International Investment plc (formerly known as CDC Group plc)	18,118,981	19.26%	8,486,105	19.30%
- Dr. Dinesh Kumar Chirla	8,560,000	9.10%	4,800,000	10.92%
- CDC India Opportunities Limited	8,933,163	9.50%	3,899,927	8.87%
- Adarsh Kancharla	7,555,452	8.03%	2,311,950	5.26%
- Kancharla Family Trust	5,179,200	5.51%	-	-
<b>(ii) Series A CCPS of ₹ 48 each, fully paid-up held by:</b>				
- British International Investment plc (formerly known as CDC Group plc)	1,146,771	100%	1,146,771	100%
<b>(iii) Series B CCPS of ₹ 48 each, fully paid-up held by:</b>				
- CDC India Opportunities Limited	1,133,309	100%	1,133,309	100%

As per records of the Company, including its register of shareholder/members and other declarations received from shareholder regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

### d) During the five years immediately preceding the reporting date, no shares have been bought back, issued for consideration other than cash other than disclosed below.

During the year ended 31 March 2022, 48,167,004 equity shares of ₹ 10 each, fully paid up have been allotted as bonus shares by capitalisation of securities premium.

During the year ended 31 March 2018, 34,679,253 equity shares of ₹ 10 each, fully paid up have been allotted as bonus shares by capitalisation of securities premium.

### e) Shareholding of promoters

Description	31 March 2022			31 March 2021		
	Number of shares	% holding	% of change during the year	Number of shares	% holding	% of change during the year
<b>Equity shares:</b>						
Dr Ramesh Kancharla	3,68,49,284	39.18%	(6.35%)	2,00,13,742	45.53%	-
Dr Dinesh Kumar Chirla	85,60,000	9.10%	(1.82%)	48,00,000	10.92%	-
Dr Adarsh Kancharla	75,55,452	8.03%	2.77%	23,11,950	5.26%	-
<b>Total</b>	<b>5,29,64,736</b>	<b>56.31%</b>		<b>2,71,25,692</b>	<b>61.71%</b>	

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.13 Other equity

Particulars	Securities premium	General reserve	Debenture redemption reserve	Retained earning	Total other equity
<b>Balance as at 1 April 2020</b>	1,513.44	44.43	50.00	2,099.32	3,707.19
Surplus in statement of profit and loss	-	-	-	494.14	494.14
Amount transferred from debenture redemption reserve	-	-	-	5.00	5.00
<b>Appropriations:</b>					
Amount transferred	-	-	(5.00)	-	(5.00)
Remeasurement of defined benefit liability	-	-	-	12.00	12.00
Income tax relating to remeasurement of defined benefit liability	-	-	-	(3.02)	(3.02)
<b>Balance as at 31 March 2021</b>	<b>1,513.44</b>	<b>44.43</b>	<b>45.00</b>	<b>2,607.44</b>	<b>4,210.31</b>

Particulars	Securities premium	General reserve	Debenture redemption reserve	Retained earning	Total other equity
<b>Balance as at 1 April 2021</b>	1,513.44	44.43	45.00	2,607.44	4,210.31
Shares issued during the year	250.64	-	-	-	250.64
Surplus in statement of profit and loss	-	-	-	1,422.91	1,422.91
Amount transferred from debenture redemption reserve	-	-	-	5.00	5.00
<b>Appropriations:</b>					
Amount transferred /utilised	(6.50)	-	(5.00)	-	(11.50)
Issue of bonus shares	(481.67)	-	-	-	(481.67)
Final dividend on equity shares for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	(87.92)	(87.92)
Final dividend on Series A CCPS for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	(2.29)	(2.29)
Final dividend on Series B CCPS for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	(2.27)	(2.27)
Remeasurement of defined benefit liability	-	-	-	13.02	13.02
Income tax relating to remeasurement of defined benefit liability	-	-	-	(3.28)	(3.28)
<b>Balance as at 31 March 2022</b>	<b>1,275.91</b>	<b>44.43</b>	<b>40.00</b>	<b>3,952.61</b>	<b>5,312.95</b>

#### 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.

#### General reserve

The general reserve is used time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Standalone Statement of Profit and Loss.

#### Debenture redemption reserve

The Company had issued non-convertible debentures. The Company is required to create debenture redemption reserve out of the profits of the Company available for payment of dividend to its shareholders.

#### Other comprehensive income

Remeasurements of defined benefit plans comprises of actuarial gains and losses.

#### Retained earnings

The amount that can be distributed by the Company as dividends to its equity and preference shareholders.

#### Dividend

The Board of Directors of Company, at its meeting held on 27 May 2022, have proposed a final dividend of ₹ 2 per equity share for the financial year ended 31 March 2022. The proposal is subject to the approval of the shareholders at the forthcoming Annual General Meeting. Final dividend is accounted of in the year in which it is approved by the shareholders. The Board of directors of the Company on 16 July 2021 has declared a dividend of ₹ 2 per equity share for the year ended 31 March 2021 and the same has been approved by the shareholders on 11 August 2021 in the Annual General Meeting.



(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.14 Borrowings (non-current)</b>		
<b>Secured</b>		
<b>Debentures (at amortised cost)</b>		
500 (31 March 2021: 500) 9.5% redeemable non-convertible debentures (NCD) of ₹ 800,000 (31 March 2021: 900,000 ) each (secured) (refer note A below)	273.11	397.35
<b>Term loans</b>		
From banks (at amortised cost)		
Vehicle loans (refer note B below)	-	7.84
	<b>273.11</b>	<b>405.19</b>

A. The Company had entered into a debenture trust deed agreement with CDC Emerging Markets Limited for issue of 1,000 NCD with a face value of ₹ 1,000,000 each. The following is the status of debentures allotted:

- 10 NCD allotted on 5 October 2016 aggregating to ₹ 10 million
- 90 NCD allotted on 9 February 2017 aggregating to ₹ 90 million
- 400 NCD allotted on 4 July 2018 aggregating to ₹ 400 million.

These NCDs are secured by first ranking fixed charge over all fixed assets (including real estate and mortgage over fixed assets) of the issuer (paripassu with existing secured creditors in relation to existing assets; in priority to existing secured creditors with respect to new assets) and first ranking floating charge over all current assets, including bank assets and receivables of the Company. The company has modified the terms vide amended agreement dated 28 September 2021. As per the amended agreement, the Company shall be entitled to voluntarily pre-pay the NCDs on and from 30 June 2023 only.

The repayment schedule is as under:

Year 0 to 4 - Nil

Year 4 and 5 - 10% of the amount borrowed

Year 6 and 7 - 25% of the amount borrowed

Year 8 - 30% of the amount borrowed

The final redemption date is 5 August 2024. These NCDs carries an interest rate of 9.50% p.a payable in every six months (i.e 4 April and 4 October of every year). Interest rate has been revised from 10.50% p.a to 9.50% p.a. with effect from 5 April 2018 vide amended agreement dated 10 April 2018. Subsequent to previous year ended 31 March 2020, the interest due for the six months as at 31 March 2020 which is payable on 4 April 2020 has been deferred to 3 July 2020 vide agreement dated 3 April 2020. The face value of NCDs have been reduced to ₹ 900,000 each post repayment of installment during the year ended 31 March 2021 and ₹ 800,000 each post repayment of NCDs during the year ended 31 March 2022.

B. Vehicle loans from banks represents loans taken from HDFC Bank Limited amounting to ₹ Nil (31 March 2021: ₹ 7.84 million) disclosed under non-current borrowings and Nil (31 March 2021: ₹ 4.29 million) disclosed under current maturities of long-term debts are secured by hypothecation of vehicles financed by respective banks and carry interest rates of Nil p.a (31 March 2021: 8.17% p.a. to 11.20% p.a.). The Company has repaid the entire amount by 22 October 2021.

C. The Company's exposure to liquidity and interest rate risk relating to borrowings are disclosed in note 2.42



## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.15 Provisions (non-current)</b>		
Provision for employee benefits		
- Gratuity (refer note 2.32(b))	55.69	53.92
	<b>55.69</b>	<b>53.92</b>
<b>2.16 Borrowings (current)</b>		
Current maturities of long-term debts (refer note 2.14)	125.00	53.63
Interest accrued but not due on borrowings	18.53	20.84
	<b>143.53</b>	<b>74.47</b>

**Note:**

(a) The Company's exposure to liquidity and interest rate risk relating to borrowings are disclosed in note 2.42.

<b>2.17 Trade payables</b>		
Trade payables		
- due to micro enterprises and small enterprises (MSME) (refer note 2.39)	58.76	0.53
- due to creditors other than micro enterprises and small enterprises	532.46	505.12
	<b>591.22</b>	<b>505.65</b>

The Company's exposure to liquidity and currency risk and loss allowances related to trade payables are disclosed in note 2.42

Refer note 2.33 for related party balances.

### Trade payables ageing schedule

#### As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than - 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	-	58.76	-	-	-	58.76
ii) Others	163.58	365.99	1.89	0.75	0.25	532.46
iii) Disputed dues-MSME	-	-	-	-	-	-
iv) Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>163.58</b>	<b>424.75</b>	<b>1.89</b>	<b>0.75</b>	<b>0.25</b>	<b>591.22</b>

#### As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than - 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	-	0.53	-	-	-	0.53
ii) Others	113.83	379.86	8.37	0.66	2.40	505.12
iii) Disputed dues-MSME	-	-	-	-	-	-
iv) Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>113.83</b>	<b>380.39</b>	<b>8.37</b>	<b>0.66</b>	<b>2.40</b>	<b>505.65</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.18 Other financial liabilities</b>		
Employee benefit payables ^	168.91	212.40
Creditor for capital goods^	52.02	142.56
Purchase consideration payable	-	3.57
Other payables	2.96	28.74
	<b>223.89</b>	<b>387.27</b>

^ Refer note 2.33 for related party balances.

The Company's exposure to liquidity risk related to other financial liabilities are disclosed in note 2.42.

<b>2.19 Provisions (current)</b>		
Provision for employee benefits		
Gratuity (refer note 2.32 (b))	2.32	2.15
Compensated absences	9.76	20.56
	12.08	22.71
Provision for claims, other than taxes*	1.94	1.94
	<b>14.02</b>	<b>24.65</b>
<b>*Movement in provision for claims, other than taxes:</b>		
Opening balance	1.94	1.94
Add: Addition during the year	-	-
Less: Utilisation/ reversal during the year	-	-
Closing balance	<b>1.94</b>	<b>1.94</b>

Provision for claims, other than taxes represents claims pending before Courts and based on Management's estimate of claims, provision is made on prudent basis that possible outflow of resources may arise in future.

<b>2.20 Current tax liability (net)</b>		
Provision for taxation (net of advance tax)	-	37.88
	-	<b>37.88</b>

<b>2.21 Other current liabilities</b>		
Contract liabilities (advance from patients)	83.26	52.15
Statutory liabilities (ESI, PF, GST, TDS etc)	45.61	33.01
	<b>128.87</b>	<b>85.16</b>

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>2.22 Revenue from operations</b>		
Income from medical and healthcare services		
- Revenue from hospital services (Refer note 2.45)	8,046.18	5,083.74
- Revenue from pharmacy sales (Refer note 2.45)	929.53	844.72
- Revenue from medical service fee (Refer note 2.45)	168.75	161.32
	<b>9,144.46</b>	<b>6,089.78</b>
Other operating income	101.49	54.76
	<b>9,245.95</b>	<b>6,144.54</b>
<b>2.23 Other income</b>		
Interest income on financial assets carried at amortised cost		
- bank deposits	63.48	52.05
- Loans receivable (Refer note 2.33)	59.97	44.15
- financial assets carried at amortised cost	10.46	14.64
Dividend income	7.69	2.02
Net gain on financial assets measured at fair value through profit or loss	3.36	0.15
Liabilities no longer required written back	54.98	2.54
Gain on sale of property, plant and equipment, net	-	0.50
Gain on sale of non-current investment	8.20	-
Foreign exchange gain, net	0.05	0.22
Other non-operating income	-	3.21
	<b>208.19</b>	<b>119.48</b>
<b>2.24 Medical consumables and pharmacy items consumed</b>		
Inventory at the beginning of year	92.94	146.21
Add: Purchases	1,923.85	918.31
Less: Closing Inventory	(138.81)	(92.94)
	<b>1,877.98</b>	<b>971.58</b>
<b>2.25 Employee benefits expense *</b>		
Salaries, wages and bonus	1,005.72	893.67
Contribution to provident and other funds	41.11	45.54
Staff welfare expenses	47.29	21.83
	<b>1,094.12</b>	<b>961.04</b>
* Net of amount capitalised (refer note 2.41)		
<b>2.26 Finance costs*</b>		
Interest cost on financial liabilities measured at amortised cost		
- term loans from banks	0.53	1.28
- on debentures *	39.65	44.49
- on other loans from banks	-	0.74
Interest expense on lease liabilities (Refer note 2.34)	457.11	362.18
Others (including interest on income tax)	2.76	8.19
	<b>500.05</b>	<b>416.88</b>
* Net of amount capitalised (Refer note 2.41)		

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>2.27 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (Refer note 2.1(a))	476.94	413.40
Amortisation of intangible assets (Refer note 2.1(b))	6.46	10.76
Depreciation of right-of-use assets (Refer note 2.34)	286.47	254.79
	<b>769.87</b>	<b>678.95</b>
<b>2.28 Other expenses *</b>		
Professional charges	1,857.80	1,438.81
Hospital maintenance	45.36	34.99
Canteen expenses	136.46	102.47
Contract wages	214.18	163.53
Housekeeping expenses	47.40	41.84
Power and fuel	149.75	122.63
Lab and investigations	122.29	115.13
Repairs and maintenance		
- Plant and equipment	41.21	62.19
- Others	130.23	128.03
Rent (Refer note 2.34)	14.05	22.67
Rates and taxes	96.41	76.76
Business promotion and advertisement	205.81	86.26
Travelling and conveyance	23.11	14.94
Printing and stationary	46.64	34.34
Bad debts written off	-	3.14
Allowance for expected credit loss	25.13	19.78
Advances written off and allowance for doubtful advances	7.29	-
Loss on sale of property, plant and equipment, net	0.92	-
Communication expenses	54.77	21.87
Insurance	9.77	10.57
Professional and consultancy (refer note 2.36)	30.57	19.85
Directors sitting fees	2.95	2.66
Donations	-	10.04
Corporate social responsibility (refer note 2.40)	16.96	15.70
Bank charges	27.97	21.44
Miscellaneous expenses	7.65	7.00
	<b>3,314.68</b>	<b>2,576.64</b>
<b>* Net of amount capitalised (refer note 2.41)</b>		
<b>2.29 Tax expense, net</b>		
<b>Current tax</b>	575.48	238.53
	575.48	238.53
Deferred tax expense/(credit)	(97.67)	(70.72)
	<b>477.81</b>	<b>167.81</b>
<b>a. Reconciliation of effective tax rate</b>		
Profit before tax	1,897.44	658.93
Enacted tax rates	25.17%	25.17%
Tax expense at enacted rates	477.55	165.84
Expenses not deductible for tax	4.09	4.92
Others	(3.83)	(2.95)
	<b>477.81</b>	<b>167.81</b>

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.29 Tax expenses, net (continued)</b>		
<b>b. The following table provides the details of income tax assets and income tax liabilities:</b>		
Income tax assets, net	48.90	42.02
Current tax liabilities, net	-	(37.88)
Net current income tax assets at the end of the year	<b>48.90</b>	<b>4.14</b>
<b>c. The gross movement in the net income tax (liabilities)/ assets is as follows:</b>		
Net income tax assets/(liabilities) at the beginning of the year	4.14	(17.80)
Income tax paid	620.24	265.10
Income tax expense for the year including interest expense	(575.48)	(243.16)
Net current income tax assets at the end of the year	<b>48.90</b>	<b>4.14</b>
<b>d. Recognition of deferred tax assets and liabilities</b>		
<b>(i) Deferred tax assets and liabilities are attributable to the following</b>		
	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax liability</b>		
Excess of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Companies Act.	267.36	291.60
Right-of-use of Asset	973.53	863.21
Others	1.32	-
<b>Total deferred tax liability</b>	<b>1,242.21</b>	<b>1,154.81</b>
<b>Deferred tax asset</b>		
Provision for impairment on receivables	35.66	29.33
Provision for employee benefits	17.06	19.29
Provision for bonus	30.85	25.06
Lease liabilities (including impact on transition to Ind AS)	1,273.70	1,098.52
<b>Total deferred tax asset</b>	<b>1,357.27</b>	<b>1,172.20</b>
<b>Net deferred tax assets</b>	<b>(115.06)</b>	<b>(17.39)</b>

### (ii) Movement in temporary differences

Particulars	Balance as at 1 April 2021	Recognised in standalone statement of profit or loss during the year	Recognised in OCI during the year	Balance as at 31 March 2022
Provision for impairment on receivables	29.33	6.33	-	35.66
Provision for employee benefits	19.29	1.05	(3.28)	17.06
Provision for bonus	25.06	5.79	-	30.85
Lease liabilities	1,098.52	175.18	-	1,273.70
Right-of-use of Asset	(863.21)	(110.32)	-	(973.53)
Others	-	(1.32)	-	(1.32)
Excess of depreciation on property, plant and equipment under Income Tax, 1961 over depreciation under Companies Act.	(291.60)	24.24	-	(267.36)
	<b>17.39</b>	<b>100.95</b>	<b>(3.28)</b>	<b>115.06</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Balance as at 1 April 2020	Recognised in standalone statement of profit or loss during the year	Recognised in OCI during the year	Balance as at 31 March 2021
Provision for impairment on receivables	24.34	4.99	-	29.33
Provision for employee benefits	18.96	3.35	(3.02)	19.29
Provision for bonus	22.91	2.15	-	25.06
Lease liabilities	1,042.31	56.21	-	1,098.52
Others	11.81	(11.81)	-	-
Right-of-use of Asset	(866.53)	3.32	-	(863.21)
Excess of depreciation on property, plant and equipment under Income Tax, 1961 over depreciation under Companies Act.	(307.15)	15.55	-	(291.60)
	<b>(53.35)</b>	<b>73.76</b>	<b>(3.02)</b>	<b>17.39</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.30 Contingent liabilities and commitments

### A) Contingent liabilities

	As at 31 March 2022	As at 31 March 2021
(i) Demands under dispute		
- Income-tax matters under dispute	-	19.99
- Value added tax, central sales tax and service tax demand under dispute	32.40	27.17
- Luxury tax demand under dispute	18.55	18.55
(ii) Claims against the Group not acknowledged as debt	84.66	99.17

iii) In February 2019, the Honourable Supreme Court of India vide its judgement, clarified the definition and scope of 'Basic Wages' under the Employees' Provident Funds & Miscellaneous Provision Act, 1952. The judgement is silent on the retrospective application and in the absence of any guidelines by the regulatory authorities and considering the practical difficulties, no effect is given for the earlier periods as the same is currently not determinable.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Company, as the case may be, and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly no further provision is required.

### B) Capital commitments

	As at 31 March 2022	As at 31 March 2021
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	450.40	5.30

**2.31(a)** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**2.31(b)** There were no amounts which were required to be transferred to Investor Education Protection Fund by the Company.

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.32 Employee benefit plans

#### A. The employee benefit schemes are as under:

##### (a) Defined contribution benefit plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employee state insurance (ESI), which is a defined contribution plan. The contribution is charged to the Statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident fund and ESI for the year ended 31 March 2022 amounts to ₹ 33.53 million and ₹ 7.58 million respectively (31 March 2021: ₹ 36.38 million and ₹ 9.16 million respectively) (refer note 2.25)

##### (b) Defined benefit plans

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days' salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2.00 million

The following table sets out the status of the unfunded gratuity plan as required under Ind AS 19 "Employee Benefits":

#### Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	As at 31 March 2022	As at 31 March 2021
Opening defined benefit obligation	56.07	50.28
Current service cost	16.75	16.48
Interest cost	3.77	3.39
Actuarial (gain)/loss	(13.02)	(12.00)
Benefits paid	(5.56)	(2.08)
Benefit obligation at the end of the year	<b>58.01</b>	<b>56.07</b>
Provisions (current) (Refer note 2.19)	2.32	2.15
Provisions (non-current) (Refer note 2.15)	55.69	53.92

#### Gratuity expense recognised in the statement of profit and loss:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	16.75	16.48
Interest on defined benefit obligation	3.77	3.39
Net actuarial (gain)/loss recognised in the year	(13.02)	(12.00)
<b>Net gratuity expense</b>	<b>7.50</b>	<b>7.87</b>

#### Re-measurements recognised in other comprehensive income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss on defined benefit obligation	(13.02)	(12.00)
Return on plan assets excluding interest income	-	-
<b>Actuarial (gain)/loss recognised in other comprehensive income</b>	<b>(13.02)</b>	<b>(12.00)</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Summary of actuarial assumptions

Financial assumptions at balance sheet date:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	7.25% p.a	6.85% p.a
Salary escalation rate	8% p.a	8% p.a
Attrition rate		
Age 21 to 30	10% p.a	10% p.a
Age 31 to 40	5% p.a	5% p.a
Age 41 to 50	3% p.a	3% p.a
51 and above	2% p.a	2% p.a
Retirement Age	58 years	58 years

### Maturity profile of defined benefit obligation

	As at 31 March 2022	As at 31 March 2021
1st following year	2.32	2.15
Year 2 to 5	12.45	10.81
Year 6 to 9	15.00	13.00
For 10 years and above	148.76	140.61

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Sensitivity analysis:** Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below:

	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	54.49	61.87	52.54	59.94
Salary escalation rate (50 bps movement)	61.72	54.60	59.80	52.59

### Expected contributions to the plan for the next annual reporting year

Expected contribution to post-employment benefit plans for the financial year ending 31 March 2023 is ₹ 2.32 millions.

The weighted average duration of the defined benefit obligation is 12.69 years (31 March 2021: 13.18 years)



## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.33 Related parties

<b>a) Names of the related parties and description of relationship:</b>	
<b>Entities in which control exists (Subsidiaries)</b>	Rainbow Children's Hospital Private Limited
	Rainbow Women & Children's Hospital Private Limited
	Rainbow Speciality Hospitals Private Limited
	Rosewalk Healthcare Private Limited
	Rainbow Fertility Private Limited
	Rainbow C R O Private Limited
<b>Key managerial personnel (KMP)</b>	Dr. Ramesh Kancharla, Chairman and Managing Director
	Dr. Dinesh Kumar Chirla, Whole-Time Director
	Prof. Anil Dhawan, Independent Director
	Mr. Santanu Mukherjee, Independent Director (appointed w.e.f 22 October 2021)
	Ms. Sundari Raviprasad Pisupati, Independent Director (appointed w.e.f 16 September 2021)
	Mr. Aluri Srinivasa Rao, Independent Director
	Mr. R Gowrisankar, Chief Financial Officer
	Mr. Pawan Kumar Mittal, Company Secretary (resigned w.e.f 31 March 2021)
	Ms. Pratusha Channamalla, Company Secretary (appointed w.e.f 01 September 2021, resigned w.e.f 22 October 2021)
	Mr. Ashish Kapil, Company Secretary (appointed w.e.f 22 October 2021)
	Mr. Yugandhar Meka, Independent director (resigned w.e.f 16 September 2021)
	Mr. Nagarajan Srinivasan, Nominee Director (resigned w.e.f 09 December 2021)
	Mr. Ashish Ahluwalia, Nominee Director (resigned w.e.f 09 December 2021)
	<b>Relative of key managerial personnel</b>
Dr. Adarsh Kancharla, son of Dr. Ramesh Kancharla	
Mr. Ramadhara Naidu Kancharla, brother of Dr. Ramesh Kancharla	
<b>Enterprises exercising significant influence on the Company</b>	British International Investment plc (formerly known as CDC Group plc)
	CDC India Opportunities Limited
	CDC Emerging Markets Limited
<b>Enterprises where key managerial personnel along with their relatives exercise significant influence</b>	Ravindranath GE Medical Associates Private Limited
	Rainbow Children's Foundation (Trust)
	Sesha Sarojini Medical Infra Private Limited
<b>Enterprises where relative of key managerial personnel is a member</b>	Unimed Healthcare Private Limited

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.33 Related parties (continued)

(b) Following is the summary of significant related party transactions during the year:

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Revenue from professional services rendered</b>		
- Ravindranath GE Medical Associates Private Limited	0.00	0.10
- Rainbow Children's Foundation (Trust)	4.77	3.14
- Rosewalk Healthcare Private Limited	2.23	-
- Mrs. Padma Kancharla	0.16	-
<b>Revenue from pharmacy sales</b>		
- Rainbow Speciality Hospitals Private Limited	2.63	8.10
- Rosewalk Healthcare Private Limited	10.53	12.19
<b>Revenue from medical service fee</b>		
- Rainbow Speciality Hospitals Private Limited	0.70	4.20
<b>Other Operating Income</b>		
- Rosewalk Healthcare Private Limited	-	3.11
<b>Professional services received</b>		
- Ravindranath GE Medical Associates Private Limited	5.27	1.42
<b>Medical consumables and pharmacy items</b>		
- Rainbow Speciality Hospitals Private Limited	2.34	3.85
- Rosewalk Healthcare Private Limited	0.16	0.14
<b>Reimbursement of expenditure</b>		
- Rainbow Speciality Hospitals Private Limited	-	2.30
<b>Security Deposit given</b>		
- Unimed Healthcare Private Limited	30.00	-
<b>Interest income on inter-corporate deposit</b>		
- Rainbow Children's Hospital Private Limited	0.00	-
- Rainbow Women & Children's Hospital Private Limited	0.05	0.03
- Rainbow Speciality Hospitals Private Limited	2.36	5.60
- Rosewalk Healthcare Private Limited	21.27	20.25
- Rainbow Fertility Private Limited	0.13	0.06
- Rainbow C R O Private Limited	0.01	0.01
<b>Proceeds from sale of investments of</b>		
- Rainbow Speciality Hospitals Private Limited	10.95	-
<b>Investment in equity share capital of</b>		
- Rainbow Speciality Hospitals Private Limited	-	16.46
<b>Inter-corporate deposits placed</b>		
- Rainbow Children's Hospital Private Limited	0.02	-
- Rainbow Women & Children's Hospital Private Limited	0.02	0.49
- Rosewalk Healthcare Private Limited	39.81	60.50
- Rainbow Fertility Private Limited	1.16	-
<b>Inter-corporate deposit realised</b>		
- Rainbow Speciality Hospitals Private Limited	51.47	39.23
- Rosewalk Healthcare Private Limited	27.68	34.44
<b>Salary advance to KMP</b>		
- Mr. R.Gowrisankar	2.20	-
<b>Professional charges</b>		
- Dr. Dinesh Kumar Chirla	26.49	13.59
- Mr. Ramadhara Naidu Kancharla	1.93	1.88
<b>Expenses incurred on behalf of related parties</b>		
- Mr. Ramadhara Naidu Kancharla	0.01	0.14

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.33 Related parties (continued)

(b) Following is the summary of significant related party transactions during the year:

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Remuneration including variable fee to KMP*</b>		
- Dr. Ramesh Kancharla	60.00	78.07
- Dr. Dinesh Kumar Chirla	8.86	11.20
- Mr. R.Gowrisankar	8.53	6.43
- Mr. Pawan Kumar Mittal	-	1.86
- Ms. Pratusha Channamalla	0.09	-
- Mr. Ashish Kapil	1.54	-
<b>Remuneration to relative of KMP</b>		
- Mr. Ramadhara Naidu Kancharla	3.00	-
<b>Commission to Independent Directors</b>		
- Mr. Yugandhar Meka	0.50	0.60
- Mr. Aluri Srinivasa Rao	1.00	0.60
- Prof. Anil Dhawan	1.00	0.60
- Mrs. Sundari Raviprasad Pisupati	0.50	-
- Mr. Santanu Mukherjee	0.50	-
<b>Sitting fees paid to Independent Directors</b>		
- Mr. Yugandhar Meka	0.10	0.20
- Prof. Anil Dhawan	0.70	0.10
- Mr. Aluri Srinivasa Rao	0.53	0.15
- Mrs. Sundari Raviprasad Pisupati	0.58	-
- Mr. Santanu Mukherjee	0.60	-
<b>Expenditure incurred on behalf of KMP</b>		
- Dr. Ramesh Kancharla	0.01	0.34
<b>Civil works</b>		
- Sesa Sarojini Medical Infra Private Limited	1.22	35.12
<b>Purchase of equity shares in Unimed Healthcare Private Limited</b>		
- Dr. Adarsh Kancharla	-	80.00
<b>Sale of investment in equity shares in Unimed Healthcare Private Limited</b>		
- Mrs. Padma Kancharla	80.00	-
- Gain on sale of equity	8.20	-
<b>Redemption of 9.50% redeemable non-convertible debentures</b>		
- CDC Emerging Markets Limited	50.00	50.00
<b>Interest on 9.50% redeemable non-convertible debentures</b>		
- CDC Emerging Markets Limited	39.65	44.47
<b>Dividend paid during the year to KMP and relative of KMP</b>		
- Dr. Ramesh Kancharla	40.03	-
- Dr. Dinesh Kumar Chirla	9.60	-
- Mrs. Padma Kancharla	3.60	-
- Dr. Adarsh Kancharla	4.62	-
<b>Dividend paid (on equity share capital and Series A compulsorily convertible preference shares)</b>		
- British International Investment plc (formerly known as CDC Group plc)	19.27	-
<b>Dividend paid (on equity share capital and Series B compulsorily convertible preference shares)</b>		
- CDC India Opportunities Limited	10.07	-

\*The KMP are covered by the Company's gratuity policy and are eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.33 Related parties (continued)

#### c) The Company has the following amounts due from/ to the related parties

	As at 31 March 2022	As at 31 March 2021
<b>Trade payables</b>		
- Ravindranath GE Medical Associates Private Limited	-	0.28
- Rainbow Speciality Hospitals Private Limited	-	4.70
- Rosewalk Healthcare Private Limited	0.95	0.79
<b>Other financial liabilities</b>		
- Rosewalk Healthcare Private Limited	-	3.57
<b>Trade receivables</b>		
- Rainbow Speciality Hospitals Private Limited	-	3.82
- Rosewalk Healthcare Private Limited	23.95	11.22
- Rainbow Children's Foundation (Trust)	0.09	-
<b>Other receivables</b>		
- Rainbow Speciality Hospitals Private Limited	-	2.30
<b>Salary advance to KMP</b>		
- Mr. R.Gowrisankar	1.60	-
<b>Remuneration payable to relative of KMP</b>		
- Mr. Ramadhara Naidu Kancharla	0.50	-
<b>Commission payable to Independent Directors</b>		
- Mr. Yugandhar Meka	0.50	0.60
- Mr. Aluri Srinivasa Rao	1.00	0.60
- Prof. Anil Dhawan	1.00	0.60
- Mrs. Sundari Raviprasad Pisupati	0.50	-
- Mr. Santanu Mukherjee	0.50	-
<b>Reimbursement of expenditure</b>		
- Mr. Ramadhara Naidu Kancharla	-	0.01
<b>Capital creditors</b>		
- Sesha Sarojini Medical Infra Private Limited	-	22.08
<b>Borrowings (before adjustments of transaction costs incurred as required as per Ind AS 109)</b>		
- CDC Emerging Markets Limited	400.00	450.00
<b>Interest accrued but not due on long-term borrowings payable</b>		
- CDC Emerging Markets Limited	18.53	20.84
<b>Remuneration payable to KMP</b>		
- Dr. Ramesh Kancharla	-	29.58
- Dr. Dinesh Kumar Chirla	-	0.80
<b>Professional fee payable to KMP</b>		
- Dr. Dinesh Kumar Chirla	2.90	1.18
<b>Non-current investments in equity shares</b>		
- Rainbow Women & Children's Hospital Private Limited	0.10	0.10
- Rainbow Speciality Hospitals Private Limited	142.51	153.46
- Rainbow Children's Hospital Private Limited	0.10	0.10
- Rosewalk Healthcare Private Limited	12.24	12.24
- Rainbow Fertility Private Limited	45.00	45.00
- Rainbow C R O Private Limited	0.10	0.10
<b>Non-current investments in debentures</b>		
- Rosewalk Healthcare Private Limited	1.86	1.86

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>Inter corporate deposits</b>		
- Rainbow Women & Children's Hospital Private Limited	0.51	0.49
- Rainbow Children's Hospital Private Limited	0.02	-
- Rainbow Speciality Hospitals Private Limited	-	51.45
- Rosewalk Healthcare Private Limited	233.06	220.95
- Rainbow Fertility Private Limited	1.84	0.68
- Rainbow C R O Private Limited	0.10	0.10
<b>Interest accrued on inter corporate deposits</b>		
- Rainbow Women & Children's Hospital Private Limited	0.08	0.03
- Rainbow Children's Hospital Private Limited	0.00	-
- Rainbow Speciality Hospitals Private Limited	-	15.38
- Rosewalk Healthcare Private Limited	56.94	35.68
- Rainbow Fertility Private Limited	0.22	0.09
- Rainbow C R O Private Limited	0.02	0.01
<b>Rental Security Deposit</b>		
- Unimed Healthcare Private Limited	30.00	-

- d) Refer note 2.2 for details of investment made in subsidiaries.
- e) Share issue expenses (refer note 2.3 (b) - Share issues expenses receivable) of ₹ 172.50 million incurred by the Company is towards Initial Public Offering ('IPO') of the equity shares held by the selling shareholders. As per the agreement with the selling shareholders, these expenses are recoverable from Dr Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Dr. Adarsh Kancharla, Mrs. Padma Kancharla, British International Investment plc (formerly known as CDC Group plc) and CDC India Opportunities Limited, upon successful completion of IPO in proportion to the shares that are expected to be offered to the public in the offering.
- f) All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted.)

### 2.34 Leases

#### A Transition to Ind AS 116 "Leases" w.e.f April 01, 2019:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 "Leases" which replaces the existing lease standard, Ind AS 17 "Leases", and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, under modified retrospective transition method using incremental borrowing rate as at April 1, 2019. 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 and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment. The weighted average incremental borrowing rate of 9.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application..

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

- B** Following are the changes in the carrying values of right of use assets for the year ended 31 March 2021 and 31 March 2022:

Particulars	Category of ROU Assets	
	Buildings	
<b>Cost as at 1 April 2020</b>	3,653.11	
Additions	354.75	
Disposals	(73.26)	
<b>Cost as at 31 March 2021 (A)</b>	<b>3,934.60</b>	
<b>Cost as at 1 April 2021</b>	3,934.60	
Additions	982.03	
Disposals	(67.89)	
<b>Cost as at 31 March 2022 (C)</b>	<b>4,848.74</b>	
<b>Accumulated amortisation</b>		
<b>Accumulated depreciation as at 1 April 2020</b>	250.00	
Depreciation charge for the year	254.79	
Disposals	-	
<b>Accumulated depreciation as at 31 March 2021 (B)</b>	<b>504.79</b>	
<b>Accumulated depreciation as at 1 April 2021</b>	504.79	
Depreciation charge for the year	286.47	
Disposals	(61.86)	
<b>Accumulated depreciation as at 31 March 2022 (D)</b>	<b>729.40</b>	
<b>Net carrying amounts</b>		
As at 31 March 2022 (C-D)	4,119.34	
As at 31 March 2021 (A-B)	3,429.81	

\*The aggregate depreciation expense for the year on ROU assets is included under depreciation and amortisation expense in the Standalone Statement of Profit and Loss (Refer note 2.27).

The Company has certain leases for Vikramपुरi and Hebbal for which the registration of the lease deed is pending. The Management has assessed that there would be no change in the lease terms and the delay is administrative in nature.

- C** The following is the rental expense recorded for short-term leases, variable leases and low value leases

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short- term lease	14.05	22.67
Low value leases	-	-
Variable lease expenses	-	-
<b>Total</b>	<b>14.05</b>	<b>22.67</b>

- D** Following is the movement in lease liabilities for the year ended 31 March 2022 :

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Opening Balance</b>	4,364.77	4,140.98
Additions	730.52	354.75
Finance cost	457.11	362.18
Disposals	(15.71)	(75.98)
Payment of lease liabilities	(476.31)	(417.16)
<b>Lease liability at the end of the year</b>	<b>5,060.38</b>	<b>4,364.77</b>
Non-current lease liabilities	4,992.05	4,315.63
Current lease liabilities	68.33	49.14

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

E The following is the cash outflow on leases during the year:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Payment of lease liabilities	19.20	50.21
Interest on lease liabilities	457.11	258.44
Short-term lease expense	14.05	22.67
<b>Total cash outflow on leases</b>	<b>490.36</b>	<b>331.32</b>

F The table below provides details regarding the contractual maturities of lease liabilities as at year end on an undiscounted basis:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Less than 1 year	525.20	452.14
1 to 5 years	2,224.98	2,460.09
Over 5 years	7,367.35	6,133.90

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

### 2.35 Segment reporting

The Company is engaged in the business of rendering medical and healthcare services.

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) i.e the Board of Directors. 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 disclosures to be provided under Ind AS 108, other than those already provided in the standalone financial statements.

Further the business operation of the Company are concentrated in India, and hence, the Company is considered to operate only in one geographical segment.

### 2.36 Professional and consultancy expenses includes auditors' remuneration (excluding GST)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Statutory audit fees *	4.00	3.20
Reimbursement of expenses	0.28	0.10
<b>Total</b>	<b>4.28</b>	<b>3.30</b>

\* Auditor's fees of ₹ 22.60 million (excluding reimbursements) towards IPO deliverables is not included above (refer note : 2.33(e)).

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.37 Earnings per equity share :

The earnings per share has been computed as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year (A)	1,422.91	494.14
Less: Preference dividend for the year	4.56	-
<b>Profit attributable to equity shareholders (B)</b>	<b>1,418.35</b>	<b>494.14</b>
<b>Shares:</b>		
Number of equity shares at the beginning of the year	43,958,924	43,958,924
Add: Rights issued ##	1,928,000	-
Add: Bonus shares issued #	45,886,924	-
Add: Bonus equity shares issued to preference share holders #	2,280,080	-
Total number of equity shares outstanding at the end of the year	94,053,928	43,958,924
<b>Weighted average number of equity shares outstanding during the year – Basic</b>	<b>93,420,727</b>	<b>43,958,924</b>
Add: Bonus shares issued considered for calculation of earnings per share for previous year #	-	45,886,924
Add: Bonus equity shares issued to preference share holders considered for calculation of earnings per share for previous year #	-	2,280,080
Add: Bonus element on account of Rights Issue of shares issued considered for calculation of earnings per share for previous year ##	-	1,647,033
<b>Number of equity shares at the end of year (C)</b>	<b>93,420,727</b>	<b>93,772,961</b>
Number of equity shares arising out of convertible preference shares that have dilutive effect on the EPS at the beginning of the year	2,280,080	2,280,080
<b>Number of convertible preference shares that have dilutive effect on the EPS at the end of year (D)</b>	<b>2,280,080</b>	<b>2,280,080</b>
<b>Weighted average number of equity shares outstanding during the year – Diluted (E = C+D)</b>	<b>95,700,807</b>	<b>96,053,041</b>
<b>Earnings per share*</b>		
Earnings per share of par value ₹ 10 - Basic (₹) (B/C)	15.18	5.27
Earnings per share of par value ₹ 10 - Diluted (₹) (A/E)	14.87	5.14

# The Company on 1 December 2021 has issued and allotted bonus equity shares in the ratio of 1:1 for every one equity share and every one preference share held. In line with the requirements of Ind AS 33, for the purpose of EPS calculations, bonus shares issued has been considered as if the event of bonus issue had occurred at the beginning of the earliest period presented.

## The Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33, for the purpose of EPS calculations, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.



## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.38 Payment of dividend (including dividend on CCPS) in foreign currency :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Number of non resident share holders	2	2
Number of shares held by non-resident shareholders		
- Equity shares	27,052,144	12,386,032
- Series A CCPS	1,146,771	1,146,771
- Series B CCPS	1,133,309	1,133,309
Amount remitted during the year (amount in millions)*		
- Equity shares	16.97	-
- Series A CCPS	2.30	-

\* The dividend payment represents dividend paid on equity shares and CCPS.

### 2.39 Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act')

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the Standalone Financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier under the said MSMED Act.

Particulars	As at 31 March 2022	As at 31 March 2021
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	58.76	0.53
- Interest	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day;	-	-
(c) 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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 2.42

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.40 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas for CSR activities, as per the CSR policy of the company are promotion of education, sports, rural development activities, medical facilities, employment and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>ii) Details of Corporate social responsibility expenditure</b>		
(i) Gross amount required to be spent by the Company during the year	16.96	15.70
(ii) Amount approved by the Board to be spent during the year	16.96	15.70
(iii) Amount spent during the year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	16.96	15.70
(iv) (Shortfall) / Excess at the end of the year	-	-
(v) Total of previous years shortfall*	8.50	8.50
(vi) Details of related party transactions	NA	NA
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	NA	NA
(viii) Reason for shortfall *		
For the year ending 31 March 2022 and 31 March 2021 :		
(ix) Nature of CSR activities:		
a) Promotion of education and sports	0.55	2.47
b) Rural development activities	-	-
c) Promotion of medical facilities and	11.36	10.01
d) Ensuring environmental sustainability	5.05	3.22

\*The shortfall pertains to year ended 31 March 2020 and 31 March 2019, there was no requirement to transfer the funds to a separate bank account or creating a provision for these years.

## 2.41 Incidental expenditure capitalised during the construction period

The Company has capitalised the following expenses to the cost of property, plant and equipment, as they are directly attributable to construction of the asset. Consequently amounts disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Employee benefit expenses (A)</b>	0.18	4.02
<b>Other expenses:</b>		
Rent	2.99	7.13
Consultancy and project expenses	12.56	1.97
Travelling and conveyance	0.78	1.37
Power and fuel	-	0.74
Other expenses	0.64	1.84
<b>Total (B)</b>	<b>16.97</b>	<b>13.05</b>
<b>Finance cost (C)</b>	-	<b>11.24</b>
<b>Total (A+B+C)</b>	<b>17.15</b>	<b>28.31</b>

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.42 Financial risk management

#### Risk management framework

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's management risk policy is set by the Board of directors. The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk and market risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been given below:

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and loans given. Credit risk arises from cash held with banks, as well as credit exposure to trade receivables and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India. The Company has a process in place to monitor outstanding receivables on a monthly basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including government entities, insurance companies, corporates, individual and others. The default in collection as a percentage to total receivable is low.

#### The Company's exposure to credit risk for trade and other receivables by category is as follows:

Particulars	Carrying amount	
	As at 31 March 2022	As at 31 March 2021
Insurance companies and Third-Party Administrator (TPA)	236.60	154.12
Central and state government (including public sector undertakings)	85.95	78.57
Corporates, individual customers and others	231.83	338.32
<b>Total</b>	<b>554.38</b>	<b>571.01</b>

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

#### As at 31 March 2022

Age	Gross carrying amount	Weighted average loss rate	Allowance for expected credit loss
Less than 30 days	241.14	3.80%	9.17
31-180 days	114.42	7.79%	8.92
6 months - 1 year	86.43	12.93%	11.18
1-2 years	34.33	100.00%	34.33
2-3 years	49.70	100.00%	49.70
More than 3 years	28.36	100.00%	28.36
	<b>554.38</b>		<b>141.66</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**As at 31 March 2021**

Age	Gross carrying amount	Weighted average loss rate	Allowance for expected credit loss
Less than 30 days	191.72	2.64%	5.07
31-180 days	108.08	9.93%	10.73
6 months - 1 year	202.13	15.66%	31.65
1-2 years	31.15	100.00%	31.15
2-3 years	27.43	100.00%	27.43
More than 3 years	10.50	100.00%	10.50
	<b>571.01</b>		<b>116.53</b>

Management believes that the unimpaired amounts that are past due by more than six months are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

**Movement in allowance for impairment in respect of trade receivables is as follows:**

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	116.53	96.75
Add: Expected credit loss recognised	25.13	19.78
Net remeasurement of provision	141.66	116.53

**Cash and bank balances, loans and other financial assets**

Cash and bank balances comprises of deposits with bank, interest accrued on deposits and other financial assets consists of security deposits,. These deposits are held with credit worthy banks. The credit worthiness of such banks are evaluated by the Management on an ongoing basis and is considered to be good with low credit risk. Further, the Company maintains exposure in money market liquid mutual funds and loans. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. Loans are assessed on lifetime expected credit loss model and no impairment loss is anticipated. The Company's maximum exposure to credit risk as at 31 March 2022 and 31 March 2021 is the carrying value of each class of financial assets.

The security deposit pertains to rent deposit given to lessors. The Company does not expect any losses from non-performance by these counter-parties.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, that it will always have sufficient liquidity to meet its liabilities when due. The Company's Management is responsible for liquidity, funding as well as settlement management.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

**Following are the financial assets at the reporting date.**

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables	412.72	454.48
Cash and cash equivalents	80.45	43.18
Bank balances other than cash and cash equivalents	1,671.00	804.41
Investments	422.72	367.87
Other financial assets	720.66	534.48
Loans	800.07	602.80
<b>Total</b>	<b>4,107.62</b>	<b>2,807.22</b>

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### As at 31 March 2022

Particulars	Carrying Amount	Within 1 year	1-5 Years	More than five years	Total amount
Borrowings (current & non-current)	416.64	143.53	275.00	-	418.53
Trade payables	591.22	591.22	-	-	591.22
Other financial liabilities	223.89	223.89	-	-	223.89
Lease Liabilities	5,060.38	525.20	2,224.98	7,367.35	10,117.53
<b>Total</b>	<b>6,292.13</b>	<b>1,483.84</b>	<b>2,499.98</b>	<b>7,367.35</b>	<b>11,351.17</b>

### As at 31 March 2021

Particulars	Carrying Amount	Within 1 year	1-5 Years	More than five years	Total amount
Borrowings (current & non-current)	479.66	75.14	407.85	-	482.99
Trade payables	505.65	505.65	-	-	505.65
Other financial liabilities	387.27	387.27	-	-	387.27
Lease Liabilities	4,364.77	452.14	2,460.09	6,133.90	9,046.13
<b>Total</b>	<b>5,737.35</b>	<b>1,420.20</b>	<b>2,867.94</b>	<b>6,133.90</b>	<b>10,422.04</b>

### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interests rate. Interest rate risk primarily arises from the Company's borrowings, investments in bank deposits and loans given.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Fixed rate instruments (excluding interest accrued)</b>		
Financial assets	2,585.32	1,448.22
Financial liabilities	398.11	458.82

### Sensitivity analysis

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of the Company's assets are located in India and Indian rupee being the functional currency for the Company. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities.

The Company has import of assets from Europe (EUR) and United States of America (USD) and hence is exposed to foreign exchange risk for making payment for operations. The Company's foreign currency payables and receivables are unhedged.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Exposure to currency risk

The summary quantitative data about the Company's gross exposure to currency risk is as follows:

Particulars	Currency	As at 31 March 2022	
		Amount in foreign currency (in whole no's)	Amount in functional currency
Trade payables	USD	6,538	0.49
Creditors for capital goods	USD	8,000	0.60

Particulars	Currency	As at 31 March 2022	
		Amount in foreign currency (in whole no's)	Amount in functional currency
Creditors for capital goods	EUR	9,713	1.13

#### Sensitivity analysis:

A reasonably possible strengthening (weakening) of the INR, against USD and EUR would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasts sales and purchases.

	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2022</b>				
USD (5% movement)	0.05	(0.05)	0.04	(0.04)
<b>31 March 2021</b>				
EUR (5% movement)	0.06	(0.06)	0.04	(0.04)

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### 2.43 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. The Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves. Total debt includes borrowings and bank overdraft.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Company's adjusted debt to equity ratio is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Total debt	416.64	479.66
Total equity	6,362.93	4,759.34
<b>Debt to equity ratio</b>	<b>0.07</b>	<b>0.10</b>

## Notes to the Standalone Financial Statements

### 2.44 Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Balance sheet are as follows:

As at 31 March 2022

Particulars	Note	Carrying values						Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)
		Measured at fair value through profit or loss account	Fair value through other comprehensive income	Other financial assets – amortised cost	Other financial liabilities - amortised cost	Total carrying amount				
<b>Financial assets measured at fair value</b>										
Investments in equity instruments *	2.2	-	0.03	-	-	-	0.03	-	-	0.03
Investments in mutual funds	2.7	220.98	-	-	-	-	220.98	220.98	-	-
		<b>220.98</b>	<b>0.03</b>	-	-	-	<b>221.01</b>	<b>220.98</b>	-	<b>0.03</b>
<b>Financial assets at amortised cost</b>										
Trade receivables	2.8	-	-	412.72	-	-	412.72	-	-	-
Cash and cash equivalents	2.9 (a)	-	-	80.45	-	-	80.45	-	-	-
Bank balances other than cash and cash equivalents	2.9 (b)	-	-	1,671.00	-	-	1,671.00	-	-	-
Loans	2.10	-	-	800.07	-	-	800.07	-	-	-
Other financial assets	2.3 (a) & 2.3 (b)	-	-	720.66	-	-	720.66	-	-	-
		-	-	<b>3,684.90</b>	-	-	<b>3,684.90</b>	-	-	-
<b>Financial liabilities at amortised cost</b>										
Borrowings	2.14 & 2.16	-	-	-	416.64	-	416.64	-	-	-
Trade payables	2.17	-	-	-	591.22	-	591.22	-	-	-
Other financial liabilities	2.18	-	-	-	223.89	-	223.89	-	-	-
		-	-	-	<b>1,231.75</b>	-	<b>1,231.75</b>	-	-	-

## 2.44 Financial instruments (continued)

As at 31 March 2021

Particulars	Note	Carrying values					Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)
		Measured at fair value through profit or loss account	Fair value through other comprehensive income	Other financial assets – amortised cost	Other financial liabilities - amortised cost	Total carrying amount			
<b>Financial assets measured at fair value</b>									
Investments in equity instruments *	2.2	80.00	0.03	-	-	80.03	-	80.03	
Investments in mutual funds	2.7	75.18	-	-	-	75.18	75.18	-	
		<b>155.18</b>	<b>0.03</b>	-	-	<b>155.21</b>	<b>75.18</b>	<b>80.03</b>	
<b>Financial assets at amortised cost</b>									
Trade receivables	2.8	-	-	454.48	-	454.48	-	-	
Cash and cash equivalents	2.9 (a)	-	-	43.18	-	43.18	-	-	
Bank balances other than cash and cash equivalents	2.9 (b)	-	-	804.41	-	804.41	-	-	
Loans	2.10	-	-	602.80	-	602.80	-	-	
Other financial assets	2.3 (a) & 2.3 (b)	-	-	534.48	-	534.48	-	-	
		-	-	<b>2,439.35</b>	-	<b>2,439.35</b>	-	-	
<b>Financial liabilities at amortised cost</b>									
Borrowings	2.14 & 2.16	-	-	-	479.66	479.66	-	-	
Trade payables	2.17	-	-	-	505.65	505.65	-	-	
Other financial liabilities	2.18	-	-	-	387.27	387.27	-	-	
		-	-	-	<b>1,372.58</b>	<b>1,372.58</b>	-	-	

Note: The Company has not disclosed fair values of financial assets and liabilities such as investments, trade receivables, loans, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables, borrowings and other financial liabilities since their carrying amounts are reasonable approximates of fair values.

### Fair value hierarchy

#### Level 1

Includes financial instruments measured using quoted prices. The fair value of all mutual funds which is valued using the closing Net Asset Value (NAV) as at the reporting period.

#### Level 2

The fair value of financial instruments not actively traded in an active market is determined

using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If the significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

#### Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2022 and 31 March 2021.

\* Fair value information relating to investment in equity instruments are not presented as these are not material to the standalone financial statements.



## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.45 Revenue from contracts with customers

#### Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Income from medical and healthcare services</b>		
Revenue from hospital services	8,046.18	5,083.74
Revenue from pharmacy sales	929.53	844.72
Revenue from medical service fee	168.75	161.32
<b>Total revenue from contracts with customers</b>	<b>9,144.46</b>	<b>6,089.78</b>

#### Location of revenue recognition

**Note:** All the business operations of the Company are in India.

#### Timing of revenue recognition

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Services transferred at a point of time	2,335.34	1,025.85
Goods transferred at a point of time	929.53	844.72
<b>Total revenue from contracts with customers</b>	<b>3,264.87</b>	<b>1,870.57</b>

No single customer represents 10% or more of the Company's total revenue during the year ended 31 March 2022 and 31 March 2021.

#### Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Contracted price</b>	8,254.57	5,273.07
Reduction towards variable consideration components*		
-Discounts	(31.11)	(26.46)
-Disallowances	(8.53)	(1.55)
<b>Revenue recognised</b>	<b>8,214.93</b>	<b>5,245.06</b>

\*Variable consideration components include discounts and disallowances on the contract price.

#### Contract balances

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables**	444.93	499.94
Unbilled revenue	109.45	71.07
Contract liabilities (advance from patients)#	83.26	52.15

#### Movement in contract liabilities during the year:

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	52.15	49.80
Less: Revenue recognised from above	(52.15)	(49.80)
Add: Addition during the year	83.26	52.15
<b>Balance at the end of the year</b>	<b>83.26</b>	<b>52.15</b>

\*\*Trade receivables are non-interest bearing and are generally on terms of 30 days.

#Contract liabilities include advances received from patients for hospital services and is pending for final billing.

#### Performance Obligation

The revenue from rendering Medical & Healthcare services and Pharmaceutical products satisfies 'at a point in time' recognition criteria as prescribed by Ind AS 115.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.46 Impact of COVID-19:

During the previous year, the COVID-19 pandemic impacted the revenues and profitability of the Company, with a decline in occupancy impacting the hospital business revenues, profitability and cash flows. The Company took various initiatives to support operations and optimise the cost. With a slew of these measures, the Company has been able to significantly reduce the negative impact on business. During the current year, the Company has further witnessed improvement in business and it has gradually moved towards normalisation of business during the current year.

The Company has a well-capitalised Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and internal funding. Accordingly, the Company continues to prepare the standalone financial statements on a going concern basis. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, tangible assets, intangible assets, trade receivables, investments and other financial assets.

The Company has considered the possible effects on the carrying amounts of receivables, loans, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these Standalone Financial Statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the Company expects to fully recover the carrying amount of receivables, loans, intangibles, inventories and investments. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

**2.47** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its Standalone financial statements in the year in which, the Code becomes effective and the related rules to determine the financial impact are published.

**2.48** As per Section 203 of Companies Act 2013, read with rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company is required to have a whole-time Company Secretary. The position of Company Secretary was vacant from 1 April 2021 to 31 August 2021.

## 2.49 Ratios as per the Schedule III requirements

### a) Current Ratio = Current Assets divided by Current Liabilities (excluding current borrowings)

Particulars	31 March 2022	31 March 2021
Current Assets	2,798.64	2,173.45
Current Liabilities (excluding current borrowings)	1,026.33	1,089.75
<b>Ratio</b>	<b>2.73</b>	<b>1.99</b>
<b>% Change from previous year</b>	<b>37.19%</b>	

#### Reason for change more than 25%:

This ratio has increased from 1.99 in March 2021 to 2.73 in March 2022 mainly due to increase in bank deposits (with original maturity more than 3 months but less than 12 months) and current investments.

### b) Debt Equity ratio = Total debt divided by Shareholder's Equity where total debt refers to sum of current & non current borrowings

Particulars	31 March 2022	31 March 2021
Total debt	416.64	479.66
Shareholder's Equity	6,362.93	4,759.34
<b>Ratio</b>	<b>0.07</b>	<b>0.10</b>
<b>% Change from previous year</b>	<b>-30.00%</b>	

#### Reason for change more than 25%:

This ratio has decreased from 0.10 in March 2021 to 0.07 in March 2022 mainly due to repayment of borrowings and increase in equity on account of increase in share capital.

## Notes to the Standalone Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.49 Ratios as per the Schedule III requirements (continued)

#### c) Debt Service Coverage Ratio = Earnings available for debt service divided by interest and lease payments + principal repayments

Particulars	31 March 2022	31 March 2021
Net Profit after tax	1,422.91	494.14
<b>Add: Non cash operating expenses and finance cost</b>	<b>1,270.84</b>	<b>1,095.33</b>
-Depreciation and amortizations	769.87	678.95
-Finance cost	500.05	416.88
-(Gain) / Loss on sale of property, plant and equipment	0.92	(0.50)
<b>Earnings available for debt service</b>	<b>2,693.75</b>	<b>1,589.47</b>
Interest cost on borrowings	40.18	46.51
Payment of lease liabilities	476.31	417.16
Principal repayments	60.71	94.72
<b>Total Interest and principal repayments</b>	<b>577.20</b>	<b>558.39</b>
<b>Ratio</b>	<b>4.67</b>	<b>2.85</b>
<b>% Change from previous year</b>	<b>63.86%</b>	

#### Reasons for change more than 25%:

This ratio has increased from 2.85 in March 2021 to 4.67 in March 2022 mainly due to increase in earnings available for debt services on account of increase in net profit after tax during the year.

#### d) Return on Equity Ratio / Return on Investment Ratio = Net profit after taxes - preference dividend divided by average shareholder's equity

Particulars	31 March 2022	31 March 2021
Net profit after taxes	1,422.91	494.14
Average Shareholder's Equity	5,561.14	4,507.75
<b>Ratio</b>	<b>25.59%</b>	<b>10.96%</b>
<b>% Change from previous year</b>	<b>133.49%</b>	

#### Reason for change more than 25%:

This ratio has increased from 10.96% in March 2021 to 25.59% in March 2022 on account of increase in Net profit after taxes due to increase in business volumes, which was offset by increase in share capital.

#### e) Inventory Turnover Ratio = Cost of goods sold divided by average inventory

Particulars	31 March 2022	31 March 2021
Cost of Medical consumables and pharmacy items consumed *	1,877.98	971.58
Average Inventory	115.88	119.56
<b>Inventory Turnover Ratio</b>	<b>16.21</b>	<b>8.13</b>
<b>% Change from previous year</b>	<b>99.38%</b>	

#### Reason for change more than 25%:

This ratio has increased from 8.13 in March 2021 to 16.21 in March 2022 mainly due to purchase of covid vaccines.

#### f) Trade Receivables turnover ratio = Revenue from operations divided by Average Trade Receivables

Particulars	31 March 2022	31 March 2021
Revenue from operations	9,245.95	6,144.54
Average Trade Receivables	433.60	374.42
<b>Ratio</b>	<b>21.32</b>	<b>16.41</b>
<b>% Change from previous year</b>	<b>29.92%</b>	

#### Reason for change more than 25%: Not Applicable

This ratio has increased from 16.41 in March 2021 to 21.32 in March 2022 mainly due to increase in volume of sales.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.49 Ratios as per the Schedule III requirements (continued)

### g) Trade payables turnover ratio = Purchases divided by Average Trade Payables

Particulars	31 March 2022	31 March 2021
Purchases	1,923.85	918.31
Average Trade Payables	548.44	408.94
<b>Ratio</b>	<b>3.51</b>	<b>2.25</b>
<b>% Change from previous year</b>	<b>56.00%</b>	

#### Reason for change more than 25%: Not Applicable

This ratio has increased from 2.25 in March 2021 to 3.51 in March 2022 mainly due to purchase of covid vaccines.

### h) Net capital Turnover Ratio = Revenue from operations divided by Working Capital where Working Capital= Current Assets - Current Liabilities (excluding current borrowings)

Particulars	31 March 2022	31 March 2021
Revenue from operations	9,245.95	6,144.54
Working Capital	1,772.31	1,083.70
<b>Ratio</b>	<b>5.22</b>	<b>5.67</b>
<b>% Change from previous year</b>	<b>-7.94%</b>	

#### Reason for change more than 25%: Not applicable

### i) Net profit ratio = Net profit after taxes divided by Revenue from operations

Particulars	31 March 2022	31 March 2021
Net profit after taxes	1,422.91	494.14
Revenue from operations	9,245.95	6,144.54
<b>Ratio</b>	<b>15.39%</b>	<b>8.04%</b>
<b>% Change from previous year</b>	<b>91.42%</b>	

#### Reason for change more than 25%:

This ratio has increased from 8.04% in March 2021 to 15.39% in March 2022 mainly due to increase in Net profit after taxes which was on account of increase in revenue from operations.

### j) Return on Capital employed (pre cash)=Earnings Before Interest and Taxes (EBIT) divided by Capital Employed (pre cash)

Particulars	31 March 2022	31 March 2021
Profit before tax* (A)	1,897.44	658.93
Finance Costs* (B)	500.05	416.88
Other Income* (C)	208.19	119.48
<b>EBIT (D) = (A)+(B)-(C)</b>	<b>2,189.30</b>	<b>956.33</b>
<b>Capital Employed (Pre Cash) (J)=( E)-(F)-(G)-(H)-(I)</b>	<b>9,711.35</b>	<b>8,611.31</b>
Total Assets (E)	12,853.64	10,698.30
Current Liabilities (F)	1,169.86	1,164.22
Current Investments (G)	220.98	75.18
Cash and Cash equivalents (H)	80.45	43.18
Bank balances other than cash and cash equivalents (I)	1,671.00	804.41
<b>Ratio (D)/(J)</b>	<b>22.54%</b>	<b>11.11%</b>
<b>% Change from previous year</b>	<b>102.88%</b>	

#### Reason for change more than 25%:

This ratio has increased from 11.11% in March 2021 to 22.54% in March 2022 mainly due to increase in earnings which was on account of increase in revenue from operations.

## 2.50 Employee share based payment

Pursuant to the resolutions passed by the Board on 27 November 2021 and by the Shareholders on 30 November 2021, the Company approved 'The Rainbow Employee Stock Option Scheme 2021 ("ESOP Scheme")' in compliance with the SEBI SBEB Regulations. The ESOP Scheme is for issue of employee stock options to eligible employees, which may result in an issuance of a maximum number of 2,049,660 Equity Shares. Upon exercise and payment of the exercise price, an option holder will be entitled to be allotted one Equity Share per employee stock option.

## Notes to the Standalone Financial Statements

The Company has not granted any options under ESOP Scheme. The total number of options available under ESOP Scheme is 2,049,660 which are exercisable for 2,049,660 Equity Shares.

**2.51** The MCA wide notification dated 24 March 2021 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures. Amendments are applicable from 01 April 2021. The Company has incorporated the changes as per the said amendment in the financial statements and has also changed comparative numbers wherever applicable.

### Other Statutory Information:

- i. The Company do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
- ii. The Company do not have any transactions with companies struck off.
- iii. The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv. The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.
- v. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vi. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vii. The loan has been utilised for the purpose for which it was obtained and no short term funds have been used for long term purpose.
- viii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- ix. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

### 2.52 Subsequent events

- i) Subsequent to 31 March 2022, the Board of Directors of the Company in their meeting held on 04 April 2022, approved conversion of (i) 1,146,771 0.0001% Series A Compulsorily Convertible Preference Shares (CCPS) of face value of ₹ 48 each into 1,146,771 Equity Shares of ₹ 10 each and (ii) 1,133,309 0.0001% Series B Compulsorily Convertible Preference Shares of face value of ₹ 48 each into 1,133,309 Equity Shares of ₹ 10 each, at a conversion ratio of 1:1, ranking pari passu with the existing Equity Shares of the Company.
- ii) Subsequent to 31 March 2022, the Company has offered and issued 29,178,021 Equity Shares of ₹ 10 each in relation to Initial Public Offering ('IPO') comprising a fresh issue of Equity shares by the Company and an offer for sale of the Equity Shares by certain existing shareholders of the Company. Subsequent to the IPO, the Equity Shares of the Company were listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 10 May 2022.

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**

Partner

Membership No.: 064550

Place: Hyderabad

Date: 27 May 2022

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly Rainbow Children's Medicare Private Limited)

CIN: U85110TG1998PLC029914

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**R Gowrisankar**

Chief Financial Officer

Place: Hyderabad

Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**Ashish Kapil**

Company Secretary

Membership no: A31782

Place: Hyderabad

Date: 27 May 2022

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Rainbow Children's Medicare Limited

(formerly known as 'Rainbow Children's Medicare Private Limited')

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Rainbow Children's Medicare Limited (formerly known as 'Rainbow Children's Medicare Private Limited') (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2022 and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

## Key Audit Matters (continued)

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of Loan receivable</b></p> <p>Refer Note 2.10 to the consolidated financial statements</p> <p>During the year, the Group has given an unsecured loan to an external party amounting to ₹ 197.69 million. The total loan outstanding as at year end is ₹ 507.27 million (including interest accrued ₹ 76.80 million)</p> <p>Due to the losses incurred by the external party in the past two years consequent to Covid 19 pandemic, the Group is exposed to risk in respect of the recoverability of the loan granted to the aforementioned party.</p> <p>The Group carries out assessment of recoverability of these loan and impairment at every period end. This assessment uses several key assumptions including estimates of future cash flows, discount rate and growth rate.</p> <p>We have identified impairment of loans as a key audit matter because recoverability assessment involves Group's significant judgement and estimates.</p>	<p>In view of the significance of the matter, we performed the following procedures:</p> <ol style="list-style-type: none"><li>1. Evaluated the design and implementation and tested operating effectiveness of key internal controls over the Group's impairment assessment process of the loan receivable.</li><li>2. Traced loan given/repaid during the year to bank statements and assessed the compliance with the stipulated terms of the loan agreement.</li><li>3. Obtained independent confirmations of balances as at 31 March 2022 from the external party.</li><li>4. Assessed the net worth of the external party on the basis of latest available financial statements.</li><li>5. Obtained the business projections of the external party and performed the following procedures:<ul style="list-style-type: none"><li>• Compared the actual revenues and cash flows generated by the external party during the year with the budgets and estimates of the previous year.</li><li>• Evaluated the reasonability of future cash flow projections prepared by the external party with respect to the key assumptions which include discount rate and growth rate. Involved our valuation experts to assess the valuation methodologies and key assumptions used for impairment assessment.</li><li>• Verified the classification and disclosures of the loan in accordance with accounting standards</li></ul></li></ol>

## Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement, we are required to report that fact to the matter to those charged with governance.

## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that



are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

(a) We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 549.93 million as at 31 March 2022, total revenues (before consolidation adjustments) of ₹ 510.22 million and net cash flows (before consolidation adjustments) amounting to ₹ 5.95 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the "Other Matters" paragraph:
  - a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 2.31 (A) to the consolidated financial statements.

- b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.
- c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
- d) (i) The Management of the Holding Company whose financial statements have been audited under the Act has represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 2.52 (v) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries"); or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The Management of the Holding Company whose financial statements have been audited under the Act has represented to us and the other auditors of such subsidiaries that, to the best of its knowledge and belief, as disclosed in the Note 2.52 (vi) to the accounts, no funds have been received by the Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any such subsidiaries incorporated in India shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- e) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

As stated in note 2.13 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

Further, six subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**for B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024

**Jhahanwijha Shyamsukha**

Partner

Membership Number: 064550

UDIN: 22064550AJSVAV7440

Place: Hyderabad

Date: 27 May 2022

**Annexure A to the Independent Auditors' Report on the consolidated financial statements of Rainbow Children's Medicare Limited for the year ended 31 March 2022**

(With reference to the Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

<b>S. No</b>	<b>Name of the entity</b>	<b>CIN</b>	<b>Holding Company/ Subsidiary</b>	<b>Clause number of the CARO report which is unfavourable or qualified or adverse</b>
1.	Rainbow Children's Medicare Limited	U85110TG1998PLC029914	Holding Company	Clause (i) (c) Clause (iii) (e)
2.	Rosewalk Healthcare Private Limited	U74900TG2015PTC139548	Subsidiary Company	Clause (xix)

**for B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024

**Jhahanwijha Shyamsukha**

Partner

Membership Number: 064550

UDIN: 22064550AJSAW7440

Place: Hyderabad

Date: 27 May 2022

## **Annexure B to the Independent Auditors' report on the consolidated financial statements of Rainbow Children's Medicare Limited for the year ended 31 March 2022**

### **Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of Rainbow Children's Medicare Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility and Board of Directors' for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 respective 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 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

#### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to six subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

#### **for B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.116231W/W-100024

#### **Jhahanwija Shyamsukha**

Partner

Membership Number: 064550

UDIN: 22064550AJSVAW7440

Place: Hyderabad

Date: 27 May 2022

## Statement of Audited Consolidated financial

# CONSOLIDATED BALANCE SHEET

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
a. Property, plant and equipment	2.1(a)	4,186.93	3,988.95
b. Capital work-in-progress	2.1(a)	45.97	286.79
c. Right-of-use of assets	2.34	4,353.94	3,688.95
d. Goodwill	2.1(b)	29.87	29.87
e. Other intangible assets	2.1(b)	13.69	15.31
f. Intangible assets under development	2.1(b)	11.59	0.87
g. Financial assets			
(i) Investments	2.2	0.03	80.03
(ii) Loans	2.10	507.26	-
(iii) Other financial assets	2.3(a)	555.92	546.90
h. Deferred tax assets (net)	2.29(d)	113.95	27.88
i. Income tax assets (net)	2.4	57.70	44.92
j. Other non-current assets	2.5	178.58	131.04
<b>Total non-current assets</b>		<b>10,055.43</b>	<b>8,841.51</b>
<b>Current assets</b>			
a. Inventories	2.6	148.23	100.97
b. Financial assets			
(i) Investments	2.7	220.98	102.62
(ii) Trade receivables	2.8	404.07	439.65
(iii) Cash and cash equivalents	2.9(a)	99.79	56.58
(iv) Bank balances other than (iii) above	2.9(b)	1,752.36	890.16
(v) Loans	2.10	-	277.94
(vi) Other financial assets	2.3(b)	172.50	-
c. Other current assets	2.11	104.13	103.24
<b>Total current assets</b>		<b>2,902.06</b>	<b>1,971.16</b>
<b>TOTAL ASSETS</b>		<b>12,957.49</b>	<b>10,812.67</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a. Equity share capital	2.12	1,049.98	549.03
b. Other equity	2.13	4,978.06	3,914.60
<b>Equity attributable to owners of the Company</b>		<b>6,028.04</b>	<b>4,463.63</b>
Non-controlling interest		34.61	20.13
<b>TOTAL EQUITY</b>		<b>6,062.65</b>	<b>4,483.76</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a. Financial liabilities			
(i) Borrowings	2.14	273.11	405.20
(ii) Lease liabilities	2.34	5,312.37	4,647.74
b. Provisions	2.15	57.49	55.19
<b>Total non-current liabilities</b>		<b>5,642.97</b>	<b>5,108.13</b>
<b>Current liabilities</b>			
a. Financial liabilities			
(i) Borrowings	2.16	143.53	74.47
(ii) Lease liabilities	2.34	80.06	57.33
(iii) Trade payables	2.17		
a) Total outstanding dues to micro enterprises and small enterprises		62.58	0.53
b) Total outstanding dues to creditor other than micro enterprises and small enterprises		581.16	536.72
(iv) Other financial liabilities	2.18	229.77	394.55
b. Other current liabilities	2.21	139.65	94.03
c. Provisions	2.19	14.52	24.70
d. Current tax liabilities (net)	2.20	0.60	38.45
<b>Total current liabilities</b>		<b>1,251.87</b>	<b>1,220.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,957.49</b>	<b>10,812.67</b>
Significant accounting policies	1		

The notes referred to above form an integral part of the consolidated financial statements

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
**Rainbow Children's Medicare Limited**  
(formerly Rainbow Children's Medicare Private Limited)  
CIN: U85110TG1998PLC029914

**Dr. Ramesh Kancharla**  
Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

## Statement of Audited Consolidated financial

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>INCOME</b>			
Revenue from operations	2.22	9,737.58	6,500.47
Other income	2.23	189.37	102.63
<b>Total income</b>		<b>9,926.95</b>	<b>6,603.10</b>
<b>EXPENSES</b>			
Medical consumables and pharmacy items consumed	2.24	1,947.29	1,032.62
Employee benefits expense	2.25	1,160.71	1,020.94
Finance costs	2.26	532.03	440.63
Depreciation and amortisation expense	2.27	832.63	733.38
Other expenses	2.28	3,580.83	2,818.57
<b>Total expenses</b>		<b>8,053.49</b>	<b>6,046.14</b>
<b>Profit before tax</b>		<b>1,873.46</b>	<b>556.96</b>
<b>Tax expenses:</b>	2.29		
(a) Current tax		576.13	239.12
(b) Deferred tax expense/(credit)		(89.40)	(77.84)
<b>Total tax expense</b>		<b>486.73</b>	<b>161.28</b>
<b>Profit for the year</b>		<b>1,386.73</b>	<b>395.68</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit plans		13.63	12.54
Income tax relating to re-measurement gain on defined benefit plans	2.29	(3.36)	(3.10)
<b>Other comprehensive income for the year, net of tax</b>		<b>10.27</b>	<b>9.44</b>
<b>Total Comprehensive Income for the year</b>		<b>1,397.00</b>	<b>405.12</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		1,382.66	400.18
Non-controlling interests		4.07	(4.50)
<b>Other comprehensive income for the year attributable to:</b>			
Owners of the Company		10.23	9.41
Non-controlling interests		0.04	0.03
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		1,392.89	409.59
Non-controlling interests		4.11	(4.47)
Earnings per share (face value of share ₹ 10 each)	2.37		
- Basic (Rs)		14.75	4.27
- Diluted (Rs)		14.45	4.17
Significant accounting policies	1		

The notes referred to above form an integral part of the consolidated financial statements

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwija Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
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(formerly Rainbow Children's Medicare Private Limited)  
CIN: U85110TG1998PLC029914

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Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Cash flows from operating activities</b>		
Profit before tax	1,873.46	556.96
<b>Adjustments:</b>		
Depreciation and amortisation expense	832.63	733.38
Dividend income	(8.28)	(2.64)
Unrealised foreign exchange (gain)/loss, net	(0.05)	0.01
Net gain on financial assets measured at fair value through profit or loss	(3.36)	(0.17)
Interest income on financial assets carried at amortised cost	(114.67)	(90.41)
Finance costs	532.03	440.63
Advances written off	3.72	-
Allowances for doubtful advances	3.57	-
Allowance for expected credit loss	25.89	27.60
Bad debts written off	0.71	3.15
Net loss / (gain) on sale of property, plant and equipment	0.92	(1.08)
Net gain on sale of Investment	(8.20)	-
Liabilities no longer required written back	(54.81)	(3.34)
	<b>3,083.56</b>	<b>1,664.09</b>
<b>Adjustments for working capital:</b>		
(Increase) / Decrease in inventories	(47.26)	58.80
Decrease / (Increase) in trade receivables	8.98	(30.77)
(Increase) in financial and other assets	(309.60)	(4.38)
Increase / (Decrease) in trade payables	151.23	(48.22)
(Decrease) / Increase in financial liabilities and provisions	(22.87)	52.51
<b>Cash generated from operations</b>	<b>2,864.04</b>	<b>1,692.03</b>
Income tax paid	(626.76)	(264.89)
<b>Net cash flow from operating activities (A)</b>	<b>2,237.28</b>	<b>1,427.14</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress	(622.25)	(761.03)
Proceeds from sale of property, plant and equipment	0.61	2.25
Bank deposits (placed) / matured with maturity of more than three months, net	(971.04)	(45.21)
Interest received	50.92	74.97
Dividend received	11.64	2.64
Investment in mutual funds placed, net	(118.36)	(3.62)
Proceeds from sale of / (investments) in unquoted equity instruments	88.20	(80.00)
Loans advanced during the year	(197.13)	(221.75)
Loans realised during the year	3.96	202.95
<b>Net cash used in investing activities (B)</b>	<b>(1,753.45)</b>	<b>(828.80)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(60.72)	(52.57)
Payment of lease liabilities	(516.54)	(445.04)
Interest paid	(45.25)	(52.48)



## Statement of Audited Consolidated financial

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend paid during the year on equity and preference shares	(92.48)	-
Proceeds from issue of share capital (net of share issue expense)	263.42	-
Repayments of short-term borrowings, (net)	-	(42.14)
Net consideration received on dilution of investment in subsidiary	10.95	-
Net consideration paid for acquisition of shares in subsidiary	-	(16.50)
<b>Net cash used in financing activities (C)</b>	<b>(440.62)</b>	<b>(608.73)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>43.21</b>	<b>(10.39)</b>
Cash and cash equivalents at the beginning of the year	56.58	66.97
Cash and cash equivalents at the end of the year (note b)	<b>99.79</b>	<b>56.58</b>

a) The above Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

b) Components of cash and cash equivalents as at (Refer note 2.9 (a))

	As at 31 March 2022	As at 31 March 2021
Cash on hand	5.55	4.36
Balance with banks:		
- Current accounts	94.24	52.22
	<b>99.79</b>	<b>56.58</b>

c) Reconciliation between opening and closing balances in the Balance sheet for liabilities and financial assets arising from financing activities for movement in Consolidated Statement of Cash Flows are given below.

	As at 31 March 2022	As at 31 March 2021
<b>Opening balance:</b>		
Borrowings (excluding interest accrued)	458.83	553.54
Lease liabilities	4,705.07	4,325.44
<b>Movement:</b>		
<b>Borrowings:</b>		
Repayment of borrowings	(60.72)	(94.71)
<b>Lease liabilities</b>		
Interest expense on lease liabilities	489.09	385.94
Addition / (disposals) to lease liabilities	714.81	438.73
Payment of lease liabilities	(516.54)	(445.04)
<b>Closing balance</b>		
Borrowings (excluding interest accrued)	398.11	458.83
Lease liabilities	5,392.43	4,705.07

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
**Rainbow Children's Medicare Limited**  
(formerly Rainbow Children's Medicare Private Limited)  
CIN: U85110TG1998PLC029914

**Dr. Ramesh Kancharla**  
Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Equity share capital	Other equity							Non-Controlling Interest	Total Equity
		Reserves and surplus					Equity attributable to shareholders of the Company			
		Securities premium	General reserve	Debenture redemption reserve	Capital reserve	Retained earning				
<b>Balance as at 1 April 2020</b>	549.03	1,513.42	43.89	50.00	8.95	1,888.73	3,505.00	39.11	3,544.11	
Profit/(loss) for the year	-	-	-	-	-	400.18	400.18	(4.50)	395.68	
Non-controlling interest in the subsidiary	-	-	-	-	-	-	-	(14.50)	(14.50)	
Amount transferred from debenture redemption reserve	-	-	-	-	-	5.00	5.00	-	5.00	
<b>Appropriations:</b>										
Amount transferred	-	-	-	(5.00)	-	-	(5.00)	-	(5.00)	
Remeasurement of defined benefit liability	-	-	-	-	-	12.51	12.51	0.03	12.54	
Income tax relating to remeasurement of defined benefit liability	-	-	-	-	-	(3.09)	(3.09)	(0.01)	(3.10)	
<b>Balance as at 31 March 2021</b>	<b>549.03</b>	<b>1,513.42</b>	<b>43.89</b>	<b>45.00</b>	<b>8.95</b>	<b>2,303.33</b>	<b>3,914.60</b>	<b>20.13</b>	<b>3,934.73</b>	

Particulars	Equity share capital	Other equity							Non-Controlling Interest	Total Equity
		Reserves and surplus					Equity attributable to shareholders of the Company			
		Securities premium	General reserve	Debenture redemption reserve	Capital reserve	Retained earning				
<b>Balance as at 1 April 2021</b>	549.03	1,513.42	43.89	45.00	8.95	2,303.33	3,914.60	20.13	3,934.73	
Shares issued during the year	500.95	250.64	-	-	-	-	250.64	-	250.64	
Profit for the year	-	-	-	-	-	1,382.66	1,382.66	4.07	1,386.73	
Non-controlling interest in the subsidiary	-	-	-	-	-	0.58	0.58	10.37	10.95	
Amount transferred from debenture redemption reserve	-	-	-	-	-	5.00	5.00	-	5.00	
<b>Appropriations:</b>										
Amount transferred	-	(6.50)	-	(5.00)	-	-	(11.50)	-	(11.50)	
Issue of bonus shares	-	(481.67)	-	-	-	-	(481.67)	-	(481.67)	
Final dividend on equity shares for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	-	-	(87.92)	(87.92)	-	(87.92)	
Final dividend on Series A CCPS for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	-	-	(2.29)	(2.29)	-	(2.29)	
Final dividend on Series B CCPS for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	-	-	(2.27)	(2.27)	-	(2.27)	
Remeasurement of defined benefit liability	-	-	-	-	-	13.58	13.58	0.05	13.63	
Income tax relating to remeasurement of defined benefit liability	-	-	-	-	-	(3.35)	(3.35)	(0.01)	(3.36)	
<b>Balance as at 31 March 2022</b>	<b>1,049.98</b>	<b>1,275.89</b>	<b>43.89</b>	<b>40.00</b>	<b>8.95</b>	<b>3,609.32</b>	<b>4,978.06</b>	<b>34.61</b>	<b>5,012.67</b>	

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
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CIN: U85110TG1998PLC029914

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Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirala**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 1. Significant accounting policies

### 1.1 Group information

Rainbow Children's Medicare Limited (formerly known as Rainbow Children's Medicare Private Limited) ('the Company' or 'Parent Company' or 'Holding Company') was incorporated on 07 August 1998 as a Private Limited Company under the Companies Act, 1956. The Company is primarily engaged in the business of rendering medical and healthcare services.

As a part of its business activities, the Company holds interests in its subsidiaries (the Company and its subsidiaries hereinafter referred to as the 'Group') through which it manages and operate a network of hospitals.

The Company was converted into a public limited company under the Companies Act, 2013 on 20 November 2021 and consequently, the name was changed to "Rainbow Children's Medicare Limited".

### 1.2 Basis of preparation of the consolidated financial statements

#### (i) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliance Schedule III), as applicable to the financial statements.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 27 May 2022.

#### (ii) Basis of Measurement:

The Consolidated Financial Statements have been prepared on historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations as per actuarial valuation.

#### (iii) Functional and Presentation Currency

These Consolidated Financial Statements are presented in Indian Rupees (INR or ₹.), which is also the Group's functional currency. All amounts have been rounded-off to two decimal places to the nearest million, unless otherwise indicated.

#### (iv) Use of estimates and judgements:

In preparing these Consolidated 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 recognised prospectively.

Changes in estimates are reflected in the financial estimates in the period in which changes are made and if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

- Lease Classification and identification of lease component [refer note 2.34]

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used. [note 2.29(d)]
- measurement of defined benefit obligations; key actuarial assumptions. [note 2.32]
- useful life of tangible and intangible assets [note 2.1(a and b)]

- impairment test of non-financial assets including goodwill; key assumptions underlying recoverable amounts [note 2.1(b)]
- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources. [note 2.30]
- impairment of non-financial assets and financial assets. [note 2.44]

**(v) Subsidiaries considered in the Consolidated Financial Statements**

Name of the Company	Country of Incorporation	Proportion of ownership interest (%) and voting power held	
		As at	As at
		31 March 2022	31 March 2021
<b>Subsidiary Companies</b>			
Rainbow Children's Hospital Private Limited	India	99.99	99.99
Rainbow Women & Children's Hospitals Private Limited	India	99.99	99.99
Rainbow Speciality Hospitals Private Limited	India	78.81	84.17
Rosewalk Healthcare Private Limited	India	99.99	99.99
Rainbow Fertility Private Limited	India	99.99	99.99
Rainbow C R O Private Limited	India	99.99	99.99

**Business combination and goodwill**

Business combinations are accounted for under Ind AS 103 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate

classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in

host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the

## Notes to the Consolidated Financial Statements

unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### (vi) Principles of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements;

(iii) The Group's voting rights and potential voting rights;

(iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in these Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The Consolidated Financial Statements of the Holding Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income, expenses and cash flows after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory, property, plant and equipment are eliminated in full). Unrealised losses resulting from intra-group transactions have also been eliminated in full as per Ind AS 110. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance sheet of the Holding Company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

The excess/ deficit of cost to the Holding Company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made is recognised in the Consolidated Financial Statements as goodwill/ capital reserve. The Holding Company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.

Non-Controlling Interests (NCI) in the net assets of consolidated subsidiaries consists of: (a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and (b) the minorities' share of movements in equity since

the date the holding subsidiary relationship came into existence.

The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the Holding Company for its separate financial statements.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e. year ended on 31 March.

#### **(vii) Current versus Non-current classification**

All assets and liabilities are classified into current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

##### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the Group's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or

- iv. the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

##### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

#### **(viii) Measurement of fair values**

Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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).

## Notes to the Consolidated Financial Statements

When measuring the fair value of an asset or a liability, the Group 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 a 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.

Further information about the assumptions made in measuring fair values is included in the following notes in Financial instruments [note 2.44]

### 1.3 Significant accounting policies

#### a. Financial Instruments

##### i. Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

##### ii. Classification and subsequent measurement

###### Financial assets:

###### *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

###### *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

###### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

###### Financial liabilities:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### iii. Derecognition

###### Financial assets:

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

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

###### Financial liabilities:

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group 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 a new financial liability with modified terms is recognised in the statement of profit and loss.

###### Offsetting

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

#### b. Property, plant and equipment

##### i. Recognition and measurement:

Items of property, plant and equipment are measured at cost (which includes capitalised borrowing costs, if any) less accumulated



depreciation and accumulated impairment losses, if any. The cost on item of property, plant and equipment comprises its purchase price, taxes, duties, freight and any other directly attributable costs of bringing the assets to their working condition for their intended use and estimated cost 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, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in the consolidated statement of profit and loss.

**ii. Subsequent costs:**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of profit and loss as incurred.

**iii. Depreciation:**

Depreciation on Property, plant and equipment (other than for those class of assets specifically mentioned below) is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act 2013 and additions and deletions are restricted to the period of use. Depreciation is charged to consolidated statement of profit and loss.

Description	Useful life (in years) by Management	Useful life (in years) under Schedule II of the Act
Buildings	60 years	60 years
Medical equipments*	7 years	13 years
Plant and equipments	15 years	15 years
Office equipments	5 years	5 years
Vehicles*	5 years	8 years
Computers	3 years	3 years
Furniture and Fixtures	10 years	10 years

If the Management's estimate of the useful life of a property, plant and equipment is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life. Pursuant to this policy, depreciation on the following class of property, plant and equipment has been provided at the rates based on the following useful lives of property, plant and equipment as estimated by Management which is different from the useful life prescribed under Schedule II of the Companies Act, 2013.

\*For these classes of assets, based on technical evaluation, the Management believes that the useful lives as given above best represents the period over which Management expects to use these assets. Hence, the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Leasehold Improvements are amortised over the period of lease or the estimated useful life, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively.

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

Advances paid towards acquisition of tangible and intangible assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

**c. Intangible assets and amortisation:**

Computer software acquired by the Group, the value of which is not expected to diminish in the foreseeable future, is capitalised and recorded in the Balance sheet as computer software at cost of acquisition less accumulated amortisation and accumulated impairment losses. Computer software is amortised on straight line basis over a period of five years.



## Notes to the Consolidated Financial Statements

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

Intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statement of profit and loss, when the asset is derecognised.

### d. Impairment of assets

#### i. Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the Group assesses whether these financial assets 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

At each reporting date, the Group 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 Group measures loss allowances at an amount equal to lifetime expected credit losses.

The Group evaluates the collectability of the financial assets on an on-going basis and write-off the financial assets when they are deemed to be uncollectible.

#### *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 Group in accordance with the contract and the cash flows that the Group expects to receive).

#### *Presentation of allowance for expected credit losses in the 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### ii. Impairment of non-financial assets

The Group'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).

The Group's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis. In respect of other assets for which impairment loss has been recognised in prior periods, the Group 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 amortisation, if no impairment loss had been recognised.

#### **e. Investments**

Equity investments which are in scope of Ind AS 109 are measured at fair value. For all other equity instruments in scope of Ind AS 109, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### **f. Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. The Group follows the first in first out (FIFO) method for determining the cost of such inventories.

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

#### **g. Employee benefits**

##### **i. Short-term employee benefits**

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 if the Group 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.

##### **ii. Post-employment benefit**

###### *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 Group 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 statement of profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

###### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Group 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 statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## Notes to the Consolidated Financial Statements

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### Compensated absences

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

### h. Revenue recognition

The Group's revenue from medical and healthcare services comprises of income from hospital services and sale of pharmacy items.

Income from hospital services is recognised as revenue when the related services are rendered. The performance obligations for this stream of revenue include accommodation, surgery, medical/clinical professional services, food and beverages, investigation and supply of pharmaceutical and related products.

Revenue is measured based on the transaction price, which is the fixed consideration adjusted for components of variable consideration which constitutes discounts, estimated disallowances and any other rights and obligations as specified in the contract with the customer. In determining the transaction price for the hospital services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). Revenue also excludes taxes collected from customers and deposited back to the respective statutory authorities. Revenue is recognised at the point in time for the inpatient / outpatient hospital services when the related services are rendered at the transaction price.

'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.

Revenue from sale of pharmacy and sale of food and beverages is recognised when it transfers control over a good or service to the customer, generally on delivery of product to the customer.

Medical service fee is recognised when the related services are rendered unless significant future uncertainties exist.

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

Dividend income is recognised when the right to receive payment is established.

### Contract balances:

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### i. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value;

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### **Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **i. Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### **ii Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain

to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, 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 Group uses incremental borrowing rate as at the commencement of lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **iii Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **j. Income-tax**

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

#### **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.

## Notes to the Consolidated Financial Statements

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.

### **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 amounts used for taxation purposes.

Deferred tax is also recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised 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 Group 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 recognised or unrecognised, 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 Group 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.

### **k. Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

### **l. Provisions**

A provision is recognised if, as a result of a past event, the Group 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. When the Group expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **Onerous Contracts**

A contract is considered to be onerous when the expected economic benefits to be derived by the Group 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 Group recognises any impairment loss on the assets associated with that contract.

### **m. Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the Consolidated Financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**n. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**o. Foreign currencies**

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**p. Statement of cash flows**

Cash flows are reported using the indirect method, whereby net profit/ (loss) 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing activities and financing activities of the Group are segregated.

**q. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where bank overdrafts/ cash credits which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. Bank overdrafts are shown within short term-borrowings in the balance sheet.

**r. Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**s. Share issue expenses**

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

**t. Standards issued but not effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment

## Notes to the Consolidated Financial Statements

is essentially a clarification, and the Group does not expect the amendment to have any significant impact in its financial statements.

### **Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

### **Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

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(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.1(a) Property, plant and equipment and capital work-in-progress**

Particulars	Freehold land (refer note (i) below)	Buildings (refer note (i) below)	Leasehold Improvements	Medical equipments	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Computers	Total	Capital work-in-progress
<b>Gross block</b>											
<b>Cost as at 1 April 2020</b>	33.06	-	2,228.39	1,161.88	553.06	349.84	142.19	95.34	73.74	4,637.50	425.96
Additions	-	393.57	152.91	213.52	112.61	53.99	27.74	21.66	18.66	994.66	844.70
Disposals*	-	-	-	-	-	(0.60)	(0.14)	(8.20)	(0.99)	(9.93)	(983.87)
<b>Cost as at 31 March 2021</b>	<b>33.06</b>	<b>393.57</b>	<b>2,381.30</b>	<b>1,375.40</b>	<b>665.67</b>	<b>403.23</b>	<b>169.79</b>	<b>108.80</b>	<b>91.41</b>	<b>5,622.23</b>	<b>286.79</b>
<b>Cost as at 1 April 2021</b>	33.06	393.57	2,381.30	1,375.40	665.67	403.23	169.79	108.80	91.41	5,622.23	286.79
Additions	-	4.54	319.17	153.04	97.02	43.08	32.25	45.61	19.22	713.93	455.63
Disposals*	-	-	(4.27)	(1.83)	(2.03)	(2.72)	(1.48)	-	(0.22)	(12.55)	(696.45)
<b>Cost as at 31 March 2022</b>	<b>33.06</b>	<b>398.11</b>	<b>2,696.20</b>	<b>1,526.61</b>	<b>760.66</b>	<b>443.59</b>	<b>200.56</b>	<b>154.41</b>	<b>110.41</b>	<b>6,323.61</b>	<b>45.97</b>
<b>Accumulated depreciation:</b>											
<b>Accumulated depreciation as at 1 April 2020</b>	-	-	364.70	418.39	110.58	117.94	86.07	38.84	54.86	1,191.38	-
Depreciation	-	1.77	122.11	181.97	42.04	38.96	29.02	18.86	15.98	450.71	-
Disposals	-	-	-	-	-	(0.26)	(0.03)	(7.56)	(0.96)	(8.81)	-
<b>Accumulated depreciation as at 31 March 2021</b>	<b>-</b>	<b>1.77</b>	<b>486.81</b>	<b>600.36</b>	<b>152.62</b>	<b>156.64</b>	<b>115.06</b>	<b>50.14</b>	<b>69.88</b>	<b>1,633.28</b>	<b>-</b>
<b>Accumulated depreciation as at 1 April 2021</b>	-	1.77	486.81	600.36	152.62	156.64	115.06	50.14	69.88	1,633.28	-
Depreciation	-	6.75	141.94	206.82	51.80	43.75	26.78	21.25	15.33	514.42	-
Disposals	-	-	(4.27)	(1.83)	(1.05)	(2.72)	(0.93)	-	(0.22)	(11.02)	-
<b>Accumulated depreciation as at 31 March 2022</b>	<b>-</b>	<b>8.52</b>	<b>624.48</b>	<b>805.35</b>	<b>203.37</b>	<b>197.67</b>	<b>140.91</b>	<b>71.39</b>	<b>84.99</b>	<b>2,136.68</b>	<b>-</b>
<b>Net carrying amount</b>											
As at 31 March 2021	33.06	391.80	1,894.49	775.04	513.05	246.59	54.73	58.66	21.53	3,988.95	286.79
As at 31 March 2022	33.06	389.59	2,071.72	721.26	557.29	245.92	59.65	83.02	25.42	4,186.93	45.97

\* Disposals with respect to capital-work-in progress represents property, plant and equipment capitalisations.

Note:

(i) The Holding Company vide sale agreement dated 3 September 2010 was allotted 1 acre of land by Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for setting up a children hospital at Health city, Chinagadli, Vishakhapatnam to facilitate socio economic development within 2 years from the date of possession of land i.e. by October 2012. The Holding Company had



## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

paid an amount of ₹ 30.88 million towards acquisition of the said land and incurred an additional amount of ₹ 2.19 million towards other incidental charges. As per the Clause 8(c) of the land agreement entered with APIIC, the construction of proposed hospital was required to be completed within 2 years from the date of taking the possession of the land, otherwise the land will need to be returned back to APIIC. The Holding Company had filed an application with APIIC seeking extension of the timelines for development of the Project based on indicative project plan till August 2014 vide letter dated 17 August 2012. APIIC had considered the request and granted extension till the said date upon payment of condonation fee which was paid by the Holding Company and timeline was extended upto August 2014. The Holding Company failed to meet the revised timelines and consequently, APIIC had issued a cancellation of allotment order on 24 March 2015. The Holding Company had submitted detailed reasons to APIIC for the delay in completion of the project and applied for revoking of the cancellation order. On 23 July 2016, APIIC had granted approval for extension of time upto December 2018. APIIC vide its letter dated 15 November 2018 has issued a show cause notice to the Holding Company seeking explanation as to why the allotment shall not be cancelled for non implementation of the proposed project. On 13 December 2018, the Holding Company has responded to APIIC explaining the status of the project and seeking further extension by 24 months. The Holding Company has paid ₹ 1.57 million as condonation fee and has received extension from APIIC upto 30 November 2019. While the Agreement for Sale between APIIC and the Holding Company had been executed on 3 September 2010, the final sale deed was to be executed after commencement of regular commercial operations. The Holding Company has commenced the commercial operations from December 2020 onwards. The Holding Company on 29 December 2021 has paid ₹ 0.69 million to APIIC Limited as condonation fees for the delay in implementation of the project. The Holding Company has incurred capital costs amounting to ₹ 393.55 million as at 31 March 2022 (₹393.55 million as at 31 March 2021) for the construction of the hospital on this land.

- (ii) Delhi Development authority (DDA) has granted 5,500 square meters of land on perpetual lease to Madhukar Multispecialty Hospital Research Centre (MMHRC) in Malviyanagar (Delhi) via lease deed dated 16 September 2005. MMHRC has constructed a hospital building on this land with all infrastructure and services and 50% of the space was sublet to the Holding Company to operate and render healthcare services. DDA vide its letter dated 28 January 2019 to MMHRC has restricted subletting to 25% instead of earlier 50% and accordingly the Holding Company and MMHRC had executed amended the sub lease agreement dated 27 March 2019, which is effective from 1 April 2019. As at 31 March 2022, leasehold improvements and medical equipments include ₹ 112.47 million and Rs 72.61 million (₹ 119.71 million and ₹ 80.76 million as at 31 March 2021) respectively in respect of this hospital. The Management is utilising the assets for the purpose of providing medical services at MMHRC.
- (iii) Refer note 2.41 for details of incidental expenditure capitalised during the construction period. The interest rate on borrowings is 9.50%
- (iv) Refer note 2.14 for details of assets pledged as security.

### Title deeds of Immovable Properties not held in name of the Holding Company:

Particulars	As at	As at
	31 March 2022	31 March 2021
Relevant line item in the Balance sheet	Property, plant and equipment	
Description of item of property	Land	
Gross carrying value	33.06	
Title deeds held in the name of	Government of Andhra Pradesh	
Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter /director	No	
Reason for not being held in the name of the Company	Refer note (i) above	

### Capital work-in-progress (CWIP) Ageing Schedule:

#### As at 31 March 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Projects in progress	44.89	1.08	-	-	45.97
Projects temporarily suspended	-	-	-	-	-

Note: The Group does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

#### As at 31 March 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Projects in progress	237.61	30.67	18.17	0.34	286.79
Projects temporarily suspended	-	-	-	-	-

Note: The Group does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.1(b) Other intangible assets, Goodwill and Intangible assets under development

Particulars	Goodwill	Other intangible assets	Intangible assets under development
		Software	
<b>Gross block</b>			
<b>Cost as at 1 April 2020</b>	29.87	93.28	1.50
Additions	-	3.92	2.80
Disposals/ capitalisation	-	-	(3.43)
<b>Cost as at 31 March 2021</b>	<b>29.87</b>	<b>97.20</b>	<b>0.87</b>
<b>Cost as at 1 April 2021</b>	29.87	97.20	0.87
Additions	-	5.58	14.92
Disposals/ capitalisation	-	-	(4.20)
<b>Cost as at 31 March 2022</b>	<b>29.87</b>	<b>102.78</b>	<b>11.59</b>
<b>Accumulated amortisation</b>			
<b>Accumulated amortisation as at 1 April 2020</b>	-	70.42	-
Amortisation	-	11.47	-
Disposals	-	-	-
<b>Accumulated amortisation as at 31 March 2021</b>	<b>-</b>	<b>81.89</b>	<b>-</b>
<b>Accumulated amortisation as at 1 April 2021</b>	-	81.89	-
Amortisation	-	7.20	-
Disposals	-	-	-
<b>Accumulated amortisation as at 31 March 2022</b>	<b>-</b>	<b>89.09</b>	<b>-</b>
<b>Net carrying amount</b>			
As at 31 March 2021	29.87	15.31	0.87
As at 31 March 2022	29.87	13.69	11.59

At subsidiary level (cash generating unit (CGUs) ), the goodwill is tested for impairment annually at the year-end or more frequently if there are indicators that goodwill might be impaired. The goodwill is allocated to CGU's.

The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by Management. Which reflects a more appropriate indication/trend of future track of business. Cash flows beyond the five-year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates and terminal growth rates. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The terminal growth rates are based on industry growth forecasts.

Key assumptions used for value in use calculations are as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Terminal growth rate	5.00%	5.00%
Discount rate	14.10%	13.70%

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Management estimates discount rates using post-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and is derived from its weighted average cost of capital (WACC).

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(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Intangible assets under development ageing schedule:

#### As at 31 March 2022

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Projects in progress	11.59	-	-	-	11.59
Projects temporarily suspended	-	-	-	-	-

#### As at 31 March 2021

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Projects in progress	0.65	-	-	0.22	0.87
Projects temporarily suspended	-	-	-	-	-

	As at 31 March 2022	As at 31 March 2021
<b>2.2 Non-current investments</b>		
(Valued at cost unless stated otherwise)		
<b>Investments at fair value through other comprehensive income</b>		
<b>Investments in unquoted equity instruments</b>		
Vamana Solar Private Limited* 2,600 shares of ₹ 10 each, fully paid up (31 March 2021: 2,600 shares)	0.03	0.03
<b>Investments at fair value through profit and loss</b>		
<b>Investment in unquoted equity instruments</b>		
Unimed Healthcare Private Limited Nil shares of ₹ 10 each, fully paid up (31 March 2021: 1,000,000 shares)	-	80.00
	<b>0.03</b>	<b>80.03</b>
Aggregate amount of unquoted investments	0.03	80.03
Aggregate amount of impairment in value of investments	-	-

\*The Group has designated the investments in Vamana Solar Private Limited as equity shares at FVOCI. The fair value of this investment as at 31 March 2022 is ₹ 0.03 million (31 March 2021: ₹ 0.03 million).

The Group's exposure to credit risk and market risk related to investments has been disclosed in note 2.42.

	As at 31 March 2022	As at 31 March 2021
<b>2.3 (a) Other financial assets (non-current)</b>		
Bank deposits with more than 12 months maturity	291.40	154.96
Security deposits	264.52	391.94
	<b>555.92</b>	<b>546.90</b>

The Group's exposure to credit and market risk are disclosed in Note 2.42.

<b>2.3 (b) Other financial assets (current)</b>		
(Unsecured, considered good)		
Share issue expense receivable (refer note 2.33 (e))	172.50	-
	<b>172.50</b>	<b>-</b>
<b>2.4 Income tax assets (net)</b>		
Advance tax (net of provision for taxation)	57.70	44.92
	<b>57.70</b>	<b>44.92</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.5 Other non-current assets</b>		
(Unsecured, considered good)		
Capital advances		
- to other than related parties	161.99	119.69
Prepaid expenses	6.85	2.54
Amounts paid under protest	9.74	8.81
	<b>178.58</b>	<b>131.04</b>
Unsecured, considered doubtful		
Capital advances (credit impaired)	3.33	-
Less: Allowance for doubtful advances	(3.33)	-
	-	-
	<b>178.58</b>	<b>131.04</b>
<b>2.6 Inventories</b>		
(valued at the lower of cost or net realisable value)		
Medical consumables and pharmacy items	148.23	100.97
	<b>148.23</b>	<b>100.97</b>
<b>2.7 Current investments</b>		
<b>Investments at fair value through profit or loss</b>		
Investments in Mutual funds - quoted		
Aditya Birla Sunlife Liquid Fund - Growth - Direct Plan 120,350.29 units (31 March 2021: Nil units)	41.30	-
HDFC Liquid Fund - Growth - Direct Plan 10,117.85 units (31 March 2021: 11,215.06 units)	42.34	37.43
IDFC Cash Fund - Daily Dividend - Direct Plan 17.86 units (31 March 2021: 17.86 units)	0.00	0.00
IDFC Cash Fund - Growth - Direct Plan 16,479.42 units (31 March 2021: 12,104.46 units)	42.37	30.09
HDFC Overnight Fund - Growth - Direct Plan Nil units (31 March 2021: 4.81 units)	-	0.01
Tata Liquid Fund - Direct Plan - Daily Dividend 12,602.62 units (31 March 2021: 7,715.98 units)	42.35	25.08
Nippon India Liquid Fund 1,934.21 units (31 March 2021: Nil units)	10.07	-
SBI Liquid Fund - Direct Plan - Daily Dividend 12,765.00 units (31 March 2021: 3,106.90 units)	42.55	10.01
	<b>220.98</b>	<b>102.62</b>
Aggregate amount of quoted investments and market value thereof	220.98	102.62
The Group's exposure to credit risk and market risk related to investments has been disclosed in note 2.42.		
<b>2.8 Trade receivables</b>		
Trade receivables considered good - unsecured	439.58	490.46
Unbilled revenue considered good - unsecured	118.37	77.28
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b>557.95</b>	<b>567.74</b>
Less: Allowance for expected credit loss	(153.88)	(128.09)
<b>Total trade receivables</b>	<b>404.07</b>	<b>439.65</b>

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
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Trade receivables are unsecured and are derived from revenue earned from providing medical, healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

The Group has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

The Group is subject to concentrations of credit risk in its accounts receivable for one customer comprising of 23% (31 March 2021: 47%) of Total Trade Receivables. Although the Group is directly affected by the financial condition of its customer, management does not believe significant credit risks exist at the balance sheet date. The Group does not require collateral or other securities to support its accounts receivable.

- (a) The Group's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 2.42.
- (b) Refer note 2.33 for related party balances and dues from private companies in which director is a director.

### Trade Receivables ageing schedule:

#### As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Unbilled Revenue (Undisputed - considered good)	118.37	-	-	-	-	-	118.37
(ii) Undisputed Trade receivables - considered good	-	237.37	77.35	42.13	55.06	27.67	439.58
(iii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iv) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>118.37</b>	<b>237.37</b>	<b>77.35</b>	<b>42.13</b>	<b>55.06</b>	<b>27.67</b>	<b>557.95</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**As at 31 March 2021**

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Unbilled Revenue (Undisputed - considered good)	77.28	-	-	-	-	-	77.28
(ii) Undisputed Trade receivables – considered good	-	206.39	203.74	42.30	27.53	10.50	490.46
(iii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iv) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(v) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>77.28</b>	<b>206.39</b>	<b>203.74</b>	<b>42.30</b>	<b>27.53</b>	<b>10.50</b>	<b>567.74</b>

	As at 31 March 2022	As at 31 March 2021
<b>2.9 (a) Cash and cash equivalents</b>		
Cash on hand	5.55	4.36
Balance with banks		
- On current accounts	94.24	52.22
	<b>99.79</b>	<b>56.58</b>

	As at 31 March 2022	As at 31 March 2021
<b>2.9 (b) Bank balances other than cash and cash equivalents</b>		
Deposit account (with original maturity more than 3 months but less than 12 months)*	1,704.99	870.39
Interest accrued on deposits	47.37	19.77
	<b>1,752.36</b>	<b>890.16</b>

\*Includes ₹ 30.87 million (31 March 2021: ₹ 78.47 million) towards margin money deposits against bank guarantees and cash credit limits.

(a) The Group's exposure to credit risk and market risk are disclosed in note 2.42.

**(b) Details of bank balances / deposits**

Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	94.24	52.22
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	1,704.99	870.39
Bank deposits due to mature after 12 months of the reporting date included under 'Other financial assets' (refer note 2.3)	291.40	154.96

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.10 Loans (non-current)

<b>(Unsecured, considered good)</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Loans receivable**		
- considered good - unsecured	430.47	-
- which have significant increase in credit risk	-	-
- credit impaired	-	-
	<b>430.47</b>	<b>-</b>
Interest accrued on - Loans receivable**	76.79	-
	<b>507.26</b>	<b>-</b>
<b>Loans (current)</b>		
(Unsecured, considered good)		
Loans receivable**		
- considered good - unsecured	-	237.30
- which have significant increase in credit risk	-	-
- credit impaired	-	-
	<b>-</b>	<b>237.30</b>
Interest accrued on - Loans receivable**	-	40.64
	<b>-</b>	<b>277.94</b>

\*\* Unsecured Loan was given to an external party (Madhukar Rainbow Children's Hospital) at an interest rate of 9.50% p.a. (31 March 2021: 10.50% p.a.). This loan was given towards the working capital requirements of the borrower.

Due to the losses incurred by external party in the past two years consequent to Covid 19 pandemic, the Group is exposed to risk in respect of the recoverability of the loan granted to this party. The Group had carried out an impairment assessment for Loan receivable from the external party. Based on the detailed impairment evaluation carried out by the Group duly considering the discounted future cashflows of the external party, the Group has assessed that no impairment is required for the year ended 31 March 2022 (31 March 2021: Nil).

Their were no loans or advances in the nature of loans granted to promoters, directors, KMPs and related parties (as defined under Companies Act, 2013), either severally or jointly with any other person granted by the Group during the year ended 31 March 2022 and 31 March 2021 respectively.

The Group's exposure to credit and currency risk and loss allowances related to Loans are disclosed in note 2.42.

During the year, the Board of Directors of Holding Company have approved the change in terms of repayment from repayable on demand to repayable on 01 April 2024.

#### Disclosure under Section 186(4) of the Companies Act, 2013

Loans:

<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Opening balance	237.30	218.50
Given during the year	197.13	221.75
Repaid during the year	(3.96)	(202.95)
<b>Closing balance</b>	<b>430.47</b>	<b>237.30</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.11 Other current assets</b>		
(Unsecured, considered good)		
Advances to suppliers	33.02	74.79
Prepaid expenses	60.19	24.52
Advance to employees *	9.74	2.73
Balances with government authorities	1.18	1.20
	<b>104.13</b>	<b>103.24</b>
Unsecured, considered doubtful		
Other advances (credit impaired)	3.96	-
Less: Allowance for doubtful advances	(3.96)	-
	-	-
	<b>104.13</b>	<b>103.24</b>

\* Refer note 2.33 for advance to KMP

	As at 31 March 2022	As at 31 March 2021
<b>2.12 Share capital</b>		
<b>Authorised</b>		
139,055,616 (31 March 2021: 59,055,616) equity shares of ₹ 10 each	1,390.56	590.56
1,146,771 (31 March 2021: 1,146,771) 0.0001% Series A Compulsorily Convertible Preference Shares (Series A CCPS) of ₹ 48 each	55.04	55.04
1,133,309 (31 March 2021: 1,133,309) 0.0001% Series B Compulsorily Convertible Preference Shares (Series B CCPS) of ₹ 48 each	54.40	54.40
	<b>1,500.00</b>	<b>700.00</b>
<b>Issued, subscribed and paid-up</b>		
94,053,928 (31 March 2021: 43,958,924) equity shares of ₹ 10 each, fully paid-up	940.54	439.59
1,146,771 (31 March 2021: 1,146,771) Series A CCPS of ₹ 48 each, fully paid-up	55.04	55.04
1,133,309 (31 March 2021: 1,133,309) Series B CCPS of ₹ 48 each, fully paid-up	54.40	54.40
	<b>1,049.98</b>	<b>549.03</b>



## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### a) Reconciliation of equity and preference shares outstanding at the beginning and at the end of the year :

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
<b>(i) Equity shares of ₹ 10 each, fully paid-up</b>				
At the commencement of the year	43,958,924	439.59	43,958,924	439.59
Add: Shares issued during the year	50,095,004	500.95	-	-
<b>At the end of the year</b>	<b>94,053,928</b>	<b>940.54</b>	<b>43,958,924</b>	<b>439.59</b>
<b>(ii) Series A CCPS of ₹ 48 each, fully paid-up</b>				
At the commencement of the year	1,146,771	55.04	1,146,771	55.04
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>1,146,771</b>	<b>55.04</b>	<b>1,146,771</b>	<b>55.04</b>
<b>(iii) Series B CCPS of ₹ 48 each, fully paid-up</b>				
At the commencement of the year	1,133,309	54.40	1,133,309	54.40
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>1,133,309</b>	<b>54.40</b>	<b>1,133,309</b>	<b>54.40</b>

### b) Rights, preferences and restrictions attached

#### i) Equity shares :

The Holding Company has a single class of equity shares of par value ₹ 10 each, fully paid up. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees.

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

The Holding company, pursuant to the approval of share holders granted in the extra-ordinary general meeting dated 20 October 2021, has increased its Authorised Share Capital from ₹ 700 million to ₹ 1,500 million.

The Holding company had a rights issue offered to all the shareholders and has issued and allotted 1,928,000 equity shares of face value ₹ 10 through rights issue to an existing shareholder on 22 October 2021, there are no outstanding rights pending to be subscribed. Subsequent to the Rights Issue, pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 30 November 2021, the Holding company issued and allotted fully paid-up equity shares of ₹ 10 each as "bonus shares" on 01 December 2021 in the ratio of 1:1 for every one equity share and every one preference share held.

#### ii) Series A CCPS:

On 13 August 2013, the Holding Company had allotted 1,146,771 Series A CCPS of ₹ 48 each, fully paid-up, vide agreement dated 02 August 2013 ('the agreement') entered with British International Investment plc (formerly known as CDC Group plc). As per the agreement, at the discretion of the Series A CCPS holders, each Series A CCPS is convertible into one equity share of ₹ 10 each, fully paid, at any time before the end of 18th year from the date of its allotment. In case the Series A CCPS holders do not opt for conversion, they shall be converted into 1,146,771 equity shares of ₹ 10 each, fully paid up at the end of 18th year from the date of its allotment.

The holder of this Series A CCPS are entitled to non-cumulative dividend of 0.0001%. However, in the event the Holding Company declares any dividend on equity shares, then in addition to payment of preference dividend, the holders of Series A CCPS shall also be entitled to receive such dividend in respect of the Series A CCPS as is equivalent to the extent to which the equity shares resulting from the conversion of the Series A CCPS would have been entitled to receive such dividend.

The holders of the Series A CCPS shall be entitled to voting rights to the same extent as if they were equity share holders in respect of the number of equity shares into which the Series A CCPS are convertible. In the event of liquidation, holder of Series A CCPS has a preferential right over equity shareholders to be repaid to the extent of capital paid-up. Any surplus amount shall be distributed among all the shareholders including the Series A CCPS holder in proportion to their shareholding.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**iii) Series B CCPS:**

On 04 February 2016, the Holding Company had allotted 1,133,309 Series B CCPS of ₹ 48 each, fully paid up vide agreement dated 24 December 2015 ('the Series B agreement') entered with CDC India Opportunities Limited. As per the Series B agreement, at the discretion of the Series B CCPS holders, each Series B CCPS is convertible into one equity share of ₹ 10 each, fully paid-up, at any time before the end of 18th year from the date of its allotment. In case the Series B CCPS holders do not opt for conversion, they shall be converted into 1,133,309 equity shares of ₹ 10 each, fully paid-up at the end of 18th year from the date of its allotment.

The holder of this Series B CCPS are entitled to non cumulative dividend of 0.0001%. However, in the event the Holding Company declares any dividend on equity shares, then in addition to payment of preference dividend, the holders of Series B CCPS shall also be entitled to receive such dividend in respect of the Series B CCPS as is equivalent to the extent to which the equity shares resulting from the conversion of the Series B CCPS would have been entitled to receive such dividend.

The holders of the Series B CCPS shall be entitled to voting rights to the same extent as if they were equity share holders in respect of the number of equity shares into which the Series B CCPS are convertible. In the event of liquidation, holder of Series B CCPS has a preferential right over equity shareholders to be repaid to the extent of capital paid-up. Any surplus amount shall be distributed among all the shareholders including the Series B CCPS holder in proportion to their shareholding.

**c) Particulars of shareholders holding more than 5% shares of a class of shares:**

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares	%	Number of shares	%
<b>(i) Equity shares of ₹ 10 each, fully paid-up held by:</b>				
- Dr. Ramesh Kancharla	36,849,284	39.18%	20,013,742	45.53%
- British International Investment plc (formerly known as CDC Group plc)	18,118,981	19.26%	8,486,105	19.30%
- Dr. Dinesh Kumar Chirla	8,560,000	9.10%	4,800,000	10.92%
- CDC India Opportunities Limited	8,933,163	9.50%	3,899,927	8.87%
- Dr. Adarsh Kancharla	7,555,452	8.03%	2,311,950	5.26%
- Kancharla Family Trust	5,179,200	5.51%	-	-
<b>(ii) Series A CCPS of ₹ 48 each, fully paid-up held by:</b>				
- British International Investment plc (formerly known as CDC Group plc)	1,146,771	100%	1,146,771	100%
<b>(iii) Series B CCPS of ₹ 48 each, fully paid-up held by:</b>				
- CDC India Opportunities Limited	1,133,309	100%	1,133,309	100%

As per records of the Holding Company, including its register of shareholder/members and other declarations received from shareholder regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**d) During the five years immediately preceding the reporting date, no shares have been bought back, issued for consideration other than cash other than disclosed below:**

During the year ended 31 March 2022, 48,167,004 equity shares of ₹ 10 each, fully paid up have been allotted as bonus shares by capitalisation of securities premium.

During the year ended 31 March 2018, 34,679,253 equity shares of ₹ 10 each, fully paid up have been allotted as bonus shares by capitalisation of securities premium.

**e) Shareholding of promoters (each class)**

Description	31 March 2022			31 March 2021		
	Number of shares	% holding	% of change during the year	Number of shares	% holding	% of change during the year
<b>Equity shares:</b>						
Dr Ramesh Kancharla	36,849,284	39.18%	(6.35%)	20,013,742	45.53%	-
Dr Dinesh Kumar Chirla	8,560,000	9.10%	(1.82%)	4,800,000	10.92%	-
Dr Adarsh Kancharla	7,555,452	8.03%	2.77%	2,311,950	5.26%	-
<b>Total</b>	<b>52,964,736</b>	<b>56.31%</b>		<b>27,125,692</b>	<b>61.71%</b>	

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.13 Other equity

Particulars	Securities premium	General reserve	Debenture redemption reserve	Capital reserve	Retained earning	Total other equity
<b>Balance as at 1 April 2020</b>	1,513.42	43.89	50.00	8.95	1,888.73	3,505.00
Surplus in statement of profit and loss	-	-	-	-	400.18	400.18
Amount transferred from debenture redemption reserve	-	-	-	-	5.00	5.00
<b>Appropriations:</b>						
Amount transferred	-	-	(5.00)	-	-	(5.00)
Remeasurement of defined benefit liability	-	-	-	-	12.51	12.51
Income tax relating to remeasurement of defined benefit liability	-	-	-	-	(3.09)	(3.09)
<b>Balance as at 31 March 2021</b>	<b>1,513.42</b>	<b>43.89</b>	<b>45.00</b>	<b>8.95</b>	<b>2,303.33</b>	<b>3,914.60</b>

Particulars	Securities premium	General reserve	Debenture redemption reserve	Capital reserve	Retained earning	Total other equity
<b>Balance as at 1 April 2021</b>	1,513.42	43.89	45.00	8.95	2,303.33	3,914.60
Surplus in statement of profit and loss	-	-	-	-	1,382.66	1,382.66
Shares issued during the year	250.64	-	-	-	-	250.64
Non-controlling interest in the subsidiary	-	-	-	-	0.58	0.58
Amount transferred from debenture redemption reserve	-	-	-	-	5.00	5.00
<b>Appropriations:</b>						
Amount transferred	(6.50)	-	(5.00)	-	-	(11.50)
Issue of bonus shares	(481.67)	-	-	-	-	(481.67)
Final dividend on equity shares for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	-	(87.92)	(87.92)
Final dividend on Series A CCPS for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	-	(2.29)	(2.29)
Final dividend on Series B CCPS for the year ended 31 March 2021 i.e. ₹ 2 per share	-	-	-	-	(2.27)	(2.27)
Remeasurement of defined benefit liability	-	-	-	-	13.58	13.58
Income tax relating to remeasurement of defined benefit liability	-	-	-	-	(3.35)	(3.35)
<b>Balance as at 31 March 2022</b>	<b>1,275.89</b>	<b>43.89</b>	<b>40.00</b>	<b>8.95</b>	<b>3,609.32</b>	<b>4,978.06</b>

#### 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.

#### General reserve

The general reserve is used time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

#### Debenture redemption reserve

The Holding Company had issued non-convertible debentures. The Holding Company is required to create debenture redemption reserve out of the profits of the Holding Company available for payment of dividend to its shareholders.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

*Other comprehensive income*

Remeasurements of defined benefit plans comprises of actuarial gains and losses.

*Retained earnings*

The amount that can be distributed by the Holding Company as dividends to its equity and preference shareholders.

*Dividend*

The Board of Directors of Holding Company, at its meeting held on 27 May 2022, have proposed a final dividend of ₹ 2.00 per equity share for the financial year ended 31 March 2022. The proposal is subject to the approval of the shareholders at the forthcoming Annual General Meeting. Final dividend is accounted of in the year in which it is approved by the shareholders. The Board of directors of the Holding Company on 16 July 2021 has declared a dividend of ₹ 2 per equity share for the year ended 31 March 2021 and the same has been approved by the shareholders of Holding Company on 11 August 2021 in the Annual General Meeting.

*Capital Reserve*

The Group has acquired a subsidiary through business combination resulting in bargain purchase.

	As at 31 March 2022	As at 31 March 2021
<b>2.14 Borrowings (non-current)</b>		
<b>Secured</b>		
<b>Debentures (at amortised cost)</b>		
500 (31 March 2021: 500) 9.5% redeemable non-convertible debentures (NCD) of ₹ 800,000 (31 March 2021: 900,000) each (secured) (refer note A below)	273.11	397.35
<b>Term loans</b>		
From banks (at amortised cost)		
Vehicle loans (refer note B below)	-	7.85
	<b>273.11</b>	<b>405.20</b>

A. The Holding Company had entered into a debenture trust deed agreement with CDC Emerging Markets Limited for issue of 1,000 NCD with a face value of ₹ 1,000,000 each. The following is the status of debentures allotted:

- 10 NCD allotted on 5 October 2016 aggregating to ₹ 10 million
- 90 NCD allotted on 9 February 2017 aggregating to ₹ 90 million
- 400 NCD allotted on 4 July 2018 aggregating to ₹ 400 million.

These NCDs are secured by first ranking fixed charge over all fixed assets (including real estate and mortgage over fixed assets) of the issuer (paripassu with existing secured creditors in relation to existing assets; in priority to existing secured creditors with respect to new assets) and first ranking floating charge over all current assets, including bank assets and receivables of the Holding Company. The Holding company has modified the terms vide amended agreement dated 28 September 2021. As per the amended agreement, the Holding Company shall be entitled to voluntarily pre-pay the NCDs on and from 30 June 2023 only.

The repayment schedule is as under:

- Year 0 to 4 - Nil
- Year 4 and 5 - 10% of the amount borrowed
- Year 6 and 7 - 25% of the amount borrowed
- Year 8 - 30% of the amount borrowed

The final redemption date is 5 August 2024. These NCDs carries an interest rate of 9.50% p.a payable in every six month (i.e. 4 April and 4 October of every year). Interest rate has been revised from 10.50% p.a to 9.50% p.a. with effect from 5 April 2018 vide amended agreement dated 10 April 2018. Subsequent to year ended 31 March 2020, the interest due for the six months as at 31 March 2020 which is payable on 04 April 2020 has been deferred to 03 July 2020 vide agreement dated 03 April 2020. The face value of NCDs have been reduced to Rs. 900,000 each post repayment of installment during the year ended 31 March 2021 and ₹ 800,000 each post repayment of NCDs during the year ended 31 March 2022.

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

- B. Vehicle loans from banks represents loans taken from HDFC Bank Limited amounting to ₹ Nil (31 March 2021: ₹ 7.85 million) disclosed under non-current borrowings and ₹ Nil (31 March 2021: ₹ 4.29 million) disclosed under current maturities of long-term debts are secured by hypothecation of vehicles financed by respective banks and carry interest rates in the range of Nil. (31 March 2021: 8.17% p.a. to 11.20% p.a.). The Holding Company has repaid the entire amount by 22 October 2021.

- C. The Group's exposure to liquidity and interest rate risk related to borrowings are disclosed in note 2.42.

<b>2.15</b>	Provisions (non-current)		
	Provision for employee benefits		
	- Gratuity (refer note 2.32(b))	57.49	55.19
		<b>57.49</b>	<b>55.19</b>

<b>2.16</b>	Borrowings (current)		
	Current maturities of long-term debts (refer note 2.14)	125.00	53.63
	Interest accrued but not due on borrowings	18.53	20.84
		<b>143.53</b>	<b>74.47</b>

The Group's exposure to liquidity and interest rate risk related to borrowings are disclosed in note 2.42.

### 2.17 Trade payables

	As at 31 March 2022	As at 31 March 2021
- due to micro enterprises and small enterprises (MSME) (refer note 2.39)	62.58	0.53
- due to creditors other than micro enterprises and small enterprises	581.16	536.72
	<b>643.74</b>	<b>537.25</b>

The Group's exposure to liquidity and currency risk and loss allowances related to trade payables are disclosed in note 2.42.

Refer note 2.33 for related party balances.

#### Trade payables ageing schedule

##### As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	-	62.58	-	-	-	62.58
ii) Others	174.22	405.11	1.83	-	-	581.16
iii) Disputed dues-MSME	-	-	-	-	-	-
iv) Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>174.22</b>	<b>467.69</b>	<b>1.83</b>	<b>-</b>	<b>-</b>	<b>643.74</b>

##### As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	-	0.53	-	-	-	0.53
ii) Others	121.31	408.20	3.66	1.15	2.40	536.72
iii) Disputed dues-MSME	-	-	-	-	-	-
iv) Disputed dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>121.31</b>	<b>408.73</b>	<b>3.66</b>	<b>1.15</b>	<b>2.40</b>	<b>537.25</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>2.18 Other financial liabilities</b>		
Employee benefit payables <sup>^</sup>	174.79	219.68
Creditors for capital goods <sup>^</sup>	52.02	142.56
Purchase consideration payable	-	3.57
Other payables	2.96	28.74
	<b>229.77</b>	<b>394.55</b>
<p><sup>^</sup> Refer note 2.33 for related party balances. The Group's exposure to liquidity risk related to other financial liabilities are disclosed in note 2.42.</p>		
<b>2.19 Provisions (current)</b>		
<b>Provision for employee benefits</b>		
Gratuity (refer note 2.32 (b))	2.32	2.20
Compensated absences	10.26	20.56
	12.58	22.76
Provision for claims, other than taxes*	1.94	1.94
	<b>14.52</b>	<b>24.70</b>
<b>*Movement in provision for claims, other than taxes:</b>		
Opening balance	<b>1.94</b>	<b>1.94</b>
Add: Addition during the year	-	-
Less: Utilisation/ reversal during the year	-	-
Closing balance	<b>1.94</b>	<b>1.94</b>
<p>Provision for claims, other than taxes represents claims pending before Courts and based on Management's estimate of claims, provision is made on prudent basis that possible outflow of resources may arise in future.</p>		
<b>2.20 Current tax liabilities (net)</b>		
Provision for taxation (net of advance tax)	0.60	38.45
	<b>0.60</b>	<b>38.45</b>
<b>2.21 Other current liabilities</b>		
Contract liabilities (advance from patients)	90.97	58.82
Statutory liabilities (ESI, PF, GST, TDS etc.)	48.68	35.21
	<b>139.65</b>	<b>94.03</b>

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>2.22 Revenue from operations</b>		
Income from medical and healthcare services		
- Revenue from hospital services (Refer note 2.45)	8,533.99	5,380.07
- Revenue from pharmacy sales (Refer note 2.45)	932.42	858.48
- Revenue from medical service fee (Refer note 2.45)	168.77	161.32
	<b>9,635.18</b>	<b>6,399.87</b>
Other operating income	102.40	100.60
	<b>9,737.58</b>	<b>6,500.47</b>
<b>2.23 Other income</b>		
Interest income on financial assets carried at amortised cost		
- bank deposits	67.55	57.13
- Loans receivable	36.15	18.20
- other financial assets carried at amortised cost	10.97	15.08
Dividend income	8.28	2.64
Net gain on financial assets measured at fair value through profit or loss	3.36	0.17
Liabilities no longer required written back	54.81	3.34
Gain on sale of property, plant & equipment	-	1.08
Gain on sale of non-current investment	8.20	-
Foreign exchange gain, net	0.05	0.22
Other non-operating income	-	4.77
	<b>189.37</b>	<b>102.63</b>
<b>2.24 Medical consumables and pharmacy items consumed</b>		
Inventory at the beginning of year	100.97	159.77
Add: Purchases during the year	1,994.55	973.82
Less: Closing Inventory	(148.23)	(100.97)
	<b>1,947.29</b>	<b>1,032.62</b>
<b>2.25 Employee benefits expense *</b>		
Salaries, wages and bonus	1,068.61	949.77
Contribution to provident and other funds	43.73	48.23
Staff welfare expenses	48.37	22.94
	<b>1,160.71</b>	<b>1,020.94</b>
* Net of amount capitalised (refer note 2.41)		
<b>2.26 Finance costs</b>		
Interest cost on financial liabilities measured at amortised cost		
- term loans from banks	0.53	1.28
- on debentures *	39.65	44.47
- on other loans from banks	-	0.75
Interest expense on lease liabilities (Refer note 2.34)	489.09	385.94
Others (including interest on income tax)	2.76	8.19
	<b>532.03</b>	<b>440.63</b>
* Net of amount capitalised (Refer note 2.41)		

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
<b>2.27 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (Refer note 2.1(a))	514.42	450.71
Amortisation of intangible assets (Refer note 2.1(b))	7.20	11.47
Depreciation of right-of-use assets (Refer note 2.34)	311.01	271.20
	<b>832.63</b>	<b>733.38</b>
<b>2.28 Other expenses *</b>		
Professional charges	2,037.60	1,594.55
Hospital maintenance	47.50	36.97
Canteen expenses	145.94	111.69
Contract wages	222.50	171.69
Housekeeping expenses	50.39	44.23
Power and fuel	168.11	138.42
Lab and investigations	123.05	120.28
Repairs and maintenance		
- Plant and equipment	43.30	64.74
- Others	146.33	137.66
Rent (Refer note 2.34)	14.15	28.95
Rates and taxes	103.44	82.31
Business promotion and advertisement	215.10	90.49
Travelling and conveyance	23.53	15.32
Printing and stationary	48.17	35.48
Bad debts written off	0.71	3.15
Advances written off	3.72	-
Allowances for doubtful advances	3.57	-
Allowance for expected credit loss	25.89	27.60
Loss on sale of property, plant & equipment, net	0.92	-
Communication expenses	55.96	23.12
Insurance	10.19	11.02
Professional and consultancy (refer note 2.36)	33.24	26.02
Directors sitting fees	2.95	0.45
Donations	-	10.04
Corporate social responsibility (refer note 2.40)	16.96	15.70
Bank charges	29.66	23.09
Miscellaneous expenses	7.95	5.60
	<b>3,580.83</b>	<b>2,818.57</b>

\* Net of amount capitalised (refer note 2.41)



## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>2.29 Tax expense, net</b>		
Current tax	576.13	239.12
	<b>576.13</b>	<b>239.12</b>
Deferred tax expense/(credit)	(89.40)	(77.84)
	<b>486.73</b>	<b>161.28</b>
<b>a. Reconciliation of effective tax rate</b>		
Profit before tax	<b>1,873.46</b>	<b>556.96</b>
Enacted tax rates	25.17%	25.17%
Tax expense at enacted rates	471.51	140.18
Expenses not deductible for tax	4.75	4.92
Unrecognised deferred tax assets, net	12.19	24.75
Others	(1.73)	(8.57)
	<b>486.73</b>	<b>161.28</b>

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(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
<b>2.29 Tax expenses, net (continued)</b>		
<b>b. The following table provides the details of income tax assets and income tax liabilities:</b>		
Income tax assets, net	57.70	44.92
Current tax liabilities, net	(0.60)	(38.45)
<b>Net current income tax assets at the end of the year</b>	<b>57.10</b>	<b>6.47</b>
<b>c. The gross movement in the net income tax (liabilities)/ assets is as follows:</b>		
Net income tax assets / (liabilities) at the beginning of the year	6.47	(14.67)
Income tax paid	626.76	264.89
Income tax expense for the year including interest expense	(576.13)	(243.75)
<b>Net current income tax assets at the end of the year</b>	<b>57.10</b>	<b>6.47</b>
<b>d. Recognition of deferred tax assets and liabilities</b>		

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

Particulars	As at	As at
	31 March 2022	31 March 2021
<b>Deferred tax liability</b>		
Excess of depreciation on property, plant and equipment under Income Tax, 1961 over depreciation under Companies Act.	272.92	297.71
Right-of-use of Asset	1,008.31	901.84
Others	1.32	-
<b>Total deferred tax liability</b>	<b>1,282.55</b>	<b>1,199.55</b>
<b>Deferred tax asset</b>		
Provision for impairment on receivables	38.69	29.33
Provision for employee benefits	17.26	19.29
Provision for bonus	30.85	25.22
Unabsorbed depreciation losses carried forward	0.17	12.20
Lease liabilities (including impact on transition to Ind AS)	1,309.53	1,138.04
Others	-	3.35
<b>Total deferred tax asset</b>	<b>1,396.50</b>	<b>1,227.43</b>
<b>Net deferred tax asset</b>	<b>(113.95)</b>	<b>(27.88)</b>

**(ii) Movement in temporary differences**

Particulars	Balance as at 1 April 2021	Recognised in consolidated statement of profit or loss	Recognised in OCI	Balance as at 31 March 2022
Provision for impairment on receivables	29.33	9.36	-	38.69
Provision for employee benefits	19.29	1.33	(3.36)	17.26
Provision for bonus	25.22	5.63	-	30.85
Unabsorbed depreciation losses carried forward	12.20	(12.03)	-	0.17
Lease liabilities	1,138.04	171.49	-	1,309.53
Others	3.35	(4.67)	-	(1.32)
Right-of-use of asset	(901.84)	(106.47)	-	(1,008.31)
Excess of depreciation on property, plant and equipment under Income Tax, 1961 over depreciation under Companies Act.	(297.71)	24.79	-	(272.92)
	<b>27.88</b>	<b>89.43</b>	<b>(3.36)</b>	<b>113.95</b>

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Balance as at 1 April 2020	Recognised in consolidated statement of profit or loss	Recognised in OCI	Balance as at 31 March 2021
Provision for impairment on receivables	24.35	4.98	-	29.33
Provision for employee benefits	18.93	3.27	(3.10)	19.29
Provision for bonus	22.91	2.31	-	25.22
Unabsorbed depreciation losses carried forward	7.87	4.33	-	12.20
Lease liabilities	1,042.21	95.83	-	1,138.04
Others	-	3.35	-	3.35
Right-of-use of Asset	(854.67)	(47.17)	-	(901.84)
Excess of depreciation on property, plant and equipment under Income Tax, 1961 over depreciation under Companies Act.	(311.78)	14.07	-	(297.71)
	<b>(50.18)</b>	<b>77.84</b>	<b>(3.10)</b>	<b>27.88</b>

Deferred tax assets have not been recognised for Rosewalk Healthcare Private Limited ('subsidiary') on Unabsorbed depreciation of ₹ 109.89 (31 March 2021: ₹ 92.00) and brought forward losses of ₹ 411.95 million (31 March 2021: 375.28 million) because it's not probable that future taxable profit will be available against which the subsidiary can use the benefit thereon. The brought forward losses expire in the year 2025 to 2030. The unabsorbed depreciation do not expire under current tax legislation.

### 2.30 Contingent liabilities and commitments

	As at 31 March 2022	As at 31 March 2021
<b>A) Contingent liabilities</b>		
(i) Demands under dispute		
- Income-tax matters under dispute	-	19.99
- Value added tax, central sales tax and service tax demand under dispute	32.40	27.17
- Luxury tax demand under dispute	18.55	18.55
(ii) Claims against the Group not acknowledged as debt	84.66	99.17

iii) In February 2019, the Honorable Supreme Court of India vide its judgement, clarified the definition and scope of 'Basic Wages' under the Employees' Provident Funds & Miscellaneous Provision Act, 1952. The judgement is silent on the retrospective application and in the absence of any guidelines by the regulatory authorities and considering the practical difficulties, no effect is given for the earlier periods as the same is currently not determinable.

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Group, as the case may be, and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

### B) Capital commitments

	As at 31 March 2022	As at 31 March 2021
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	468.61	5.61

**2.31(a)** The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**2.31(b)** There were no amounts which were required to be transferred to Investor Education Protection Fund by the Group.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.32 Employee benefit plans

The employee benefit schemes are as under:

### (a) Defined contribution benefit plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employee state insurance (ESI), which is a defined contribution plan. The contribution is charged to the Statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident fund and ESI for the year ended 31 March 2022 amounts to ₹ 35.83 million and ₹ 7.89 million respectively (31 March 2021: ₹ 38.44 million and ₹ 9.76 million respectively) (refer note 2.25)

### (b) Defined benefit plans

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days' salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2.00 million.

The following table sets out the status of the unfunded gratuity plan as required under Ind AS 19 "Employee Benefits"

#### Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	As at 31 March 2022	As at 31 March 2021
Opening defined benefit obligation	57.39	51.01
Current service cost	17.75	17.56
Interest cost	3.86	3.44
Actuarial (gain)/loss	(13.63)	(12.54)
Benefits paid	(5.56)	(2.08)
<b>Benefit obligation at the end of the year</b>	<b>59.81</b>	<b>57.39</b>
Provisions (current) (Refer note 2.19)	2.32	2.20
Provisions (non-current) (Refer note 2.15)	57.49	55.19

#### Gratuity expense recognised in the statement of profit and loss

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	17.75	17.56
Interest on defined benefit obligation	3.86	3.44
Net actuarial (gain)/loss recognised in the year	(13.63)	(12.54)
<b>Net gratuity expenses</b>	<b>7.98</b>	<b>8.46</b>

#### Re-measurements recognised in other comprehensive income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss on defined benefit obligation	(13.63)	(12.54)
Return on plan assets excluding interest income	-	-
<b>Actuarial (gain)/loss recognised in other comprehensive income</b>	<b>(13.63)</b>	<b>(12.54)</b>

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Summary of actuarial assumptions

Financial assumptions at balance sheet date:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	7.25% p.a	6.85% p.a
Salary escalation rate	8% p.a	8% p.a
Attrition rate		
Age 21 to 30	10% p.a	10% p.a
Age 31 to 40	5% p.a	5% p.a
Age 41 to 50	3% p.a	3% p.a
51 and above	2% p.a	2% p.a
Retirement Age	58 years	58 years

### Maturity profile of defined benefit obligation

	As at 31 March 2022	As at 31 March 2021
1st following year	2.32	2.20
Year 2 to 5	12.79	11.00
Year 6 to 9	15.49	13.34
For 10 years and above	154.84	145.13

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Sensitivity analysis:** Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below:

	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	56.17	63.81	53.20	60.70
Salary escalation rate (50 bps movement)	63.66	56.27	60.50	53.20

### Expected contributions to the plan for the next annual reporting period

Expected contribution to post-employment benefit plans for the next year ending 31 March 2023 is ₹ 2.32 millions (31 March 2022: ₹ 2.20 millions)

The weighted average duration of the defined benefit obligation is 12.69 years (31 March 2021: 13.18 years)

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.33 Related parties

#### a) Names of the related parties and description of relationship:

<b>Key managerial personnel (KMP)</b>	Dr. Ramesh Kancharla, Chairman and Managing Director
	Dr. Dinesh Kumar Chirla, Whole-Time Director
	Prof. Anil Dhawan, Independent Director
	Mr. Santanu Mukherjee, Independent Director (appointed w.e.f 22 October 2021)
	Ms. Sundari Raviprasad Pisupati, Independent Director (appointed w.e.f 16 September 2021)
	Mr. Aluri Srinivasa Rao, Independent Director
	Mr. R Gowrisankar, Chief Financial Officer
	Mr. Pawan Kumar Mittal, Company Secretary (resigned w.e.f 31 March 2021)
	Ms. Pratusha Channamalla, Company Secretary (appointed w.e.f 01 September 2021, resigned w.e.f 22 October 2021)
	Mr. Ashish Kapil, Company Secretary (appointed w.e.f 22 October 2021)
	Mr. Yugandhar Meka, Independent director (resigned w.e.f 16 September 2021)
	Mr. Nagarajan Srinivasan, Nominee Director (resigned w.e.f 09 December 2021)
	Mr. Ashish Ahluwalia, Nominee Director (resigned w.e.f 09 December 2021)
<b>Relative of key managerial personnel</b>	Mrs. Padma Kancharla, wife of Dr. Ramesh Kancharla
	Dr. Adarsh Kancharla, son of Dr. Ramesh Kancharla
	Mr. Ramadhara Naidu Kancharla, brother of Dr. Ramesh Kancharla
<b>Enterprise exercising significant influence on the Group</b>	British International Investment plc (formerly known as CDC Group plc)
	CDC India Opportunities Limited
	CDC Emerging Markets Limited
<b>Enterprises where key managerial personnel along with their relatives exercise significant influence</b>	Ravindranath GE Medical Associates Private Limited
	Rainbow Children's Foundation (Trust)
	Sesha Sarojini Medical Infra Private Limited
<b>Enterprises where relative of key managerial personnel is a member</b>	Unimed Healthcare Private Limited

#### (b) Following is the summary of significant related party transactions during the year:

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Revenue from professional services rendered</b>		
- Ravindranath GE Medical Associates Private Limited	0.00	0.10
- Rainbow Children's Foundation (Trust)	4.77	3.14
- Mrs. Padma Kancharla	0.16	-
<b>Professional services received</b>		
- Ravindranath GE Medical Associates Private Limited	5.34	1.42
<b>Salary advance given to KMP</b>		
- Mr. R.Gowrisankar	2.20	-
<b>Professional charges paid</b>		
- Dr. Dinesh Kumar Chirla	26.49	13.59
- Mr. Ramadhara Naidu Kancharla	1.93	1.88
<b>Expenses incurred on behalf of related parties</b>		
- Mr. Ramadhara Naidu Kancharla	0.01	0.14
<b>Remuneration including variable fee to KMP<sup>A</sup></b>		
- Dr. Ramesh Kancharla	60.00	78.07
- Dr. Dinesh Kumar Chirla	8.86	11.20

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
- Mr. R.Gowrisankar	8.53	6.43
- Mr. Pawan Kumar Mittal	-	1.86
- Ms. Pratusha Channamalla	0.09	-
- Mr. Ashish Kapil	1.54	-
<b>Remuneration to relative of KMP</b>		
- Mr. Ramadhara Naidu Kancharla	3.00	-
<b>Security Deposit given</b>		
- Unimed Healthcare Private Limited	30.00	-
^The KMP's are covered by the Group's gratuity policy and are eligible for compensated absences along with other employees of the Group. The proportionate amount of gratuity and compensated absences cost pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.		
<b>Commission to Independent Directors</b>		
- Mr. Yugandhar Meka	0.50	0.60
- Mr. Aluri Srinivasa Rao	1.00	0.60
- Prof. Anil Dhawan	1.00	0.60
- Mrs. Sundari Raviprasad Pisupati	0.50	-
- Mr. Santanu Mukherjee	0.50	-
<b>Sitting fees paid to Independent Directors</b>		
- Mr. Yugandhar Meka	0.10	0.20
- Prof. Anil Dhawan	0.70	0.10
- Mr. Aluri Srinivasa Rao	0.53	0.15
- Mrs. Sundari Raviprasad Pisupati	0.58	-
- Mr. Santanu Mukherjee	0.60	-
<b>Expenditure incurred on behalf of KMP</b>		
- Dr. Ramesh Kancharla	0.01	0.34
<b>Civil works</b>		
- Sesha Sarojini Medical Infra Private Limited	1.22	35.12
<b>Purchase of equity shares in Unimed Healthcare Private Limited</b>		
- Dr. Adarsh Kancharla	-	80.00
<b>Sale of investment - equity shares of Unimed Healthcare Private Limited</b>		
- Mrs. Padma Kancharla	80.00	-
- Gain on sale of equity	8.20	-
<b>Redemption of 9.50% redeemable non-convertible debentures</b>		
- CDC Emerging Markets Limited	50.00	50.00
<b>Interest on 9.50% redeemable non-convertible debentures</b>		
- CDC Emerging Markets Limited	39.65	44.47
<b>Dividend paid during the year to KMP and relative of KMP</b>		
- Dr. Ramesh Kancharla	40.03	-
- Dr. Dinesh Kumar Chirla	9.60	-
- Mrs. Padma Kancharla	3.60	-
- Dr. Adarsh Kancharla	4.62	-
<b>Dividend paid (on equity share capital and Series A compulsorily convertible preference shares)</b>		
- British International Investment plc (formerly known as CDC Group plc)	19.27	-
<b>Dividend paid (on equity share capital and Series B compulsorily convertible preference shares)</b>		

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
- CDC India Opportunities Limited	10.07	-

**c) The Group has the following amounts due from/ to the related parties:**

	As at 31 March 2022	As at 31 March 2021
<b>Trade payables</b>		
- Ravindranath GE Medical Associates Private Limited	-	0.28
<b>Trade receivables</b>		
- Rainbow Children's Foundation (Trust)	0.09	-
<b>Salary advance to KMP</b>		
- Mr. R.Gowrisankar	1.60	-
<b>Reimbursement of expenditure</b>		
- Mr. Ramadhara Naidu Kancharla	-	0.01
<b>Capital creditors</b>		
- Sessa Sarojini Medical Infra Private Limited	-	22.08
<b>Commission payable to Independent Directors</b>		
- Mr. Yugandhar Meka	0.50	0.60
- Mr. Aluri Srinivasa Rao	1.00	0.60
- Prof. Anil Dhawan	1.00	0.60
- Mrs. Sundari Raviprasad Pisupati	0.50	-
- Mr. Santanu Mukherjee	0.50	-
<b>Borrowings</b> (before adjustments of transaction costs incurred as required as per Ind AS 109)		
- CDC Emerging Markets Limited	400.00	450.00
<b>Interest accrued but not due on borrowings</b>		
- CDC Emerging Markets Limited	18.53	20.84
<b>Remuneration payable to KMP</b>		
- Dr. Ramesh Kancharla	-	29.58
- Dr. Dinesh Kumar Chirla	-	0.80
<b>Professional fee payable to KMP</b>		
- Dr. Dinesh Kumar Chirla	2.90	1.18
<b>Remuneration payable to relative of KMP</b>		
- Mr. Ramadhara Naidu Kancharla	0.50	-
<b>Rental Security Deposit</b>		
- Unimed Healthcare Private Limited	30.00	-

- d) All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted.)
- e) Share issue expenses (refer note 2.3 (b) - Share issues expenses receivable) of ₹ 172.50 million incurred by the Holding Company is towards Initial Public Offering ('IPO') of the equity shares held by the selling shareholders. As per the agreement with the selling shareholders, these expenses are recoverable from Dr Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Dr. Adarsh Kancharla, Mrs. Padma Kancharla, British International Investment plc (formerly known as CDC Group plc) and CDC India Opportunities Limited, upon successful completion of IPO in proportion to the shares that are expected to be offered to the public in the offering.



## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.34 Leases

#### A Transition to Ind AS 116 “Leases” w.e.f 1 April 2019:

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 “Leases” which replaces the existing lease standard, Ind AS 17 “Leases”, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, under modified retrospective transition method using incremental borrowing rate as at April 1, 2019.

The Group 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 and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment. The weighted average incremental borrowing rate of 9.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

#### B Following are the changes in the carrying values of right of use assets for the year ended 31 March 2022 and 31 March 2021:

Particulars	Category of ROU Assets
	Buildings
<b>Cost as at 1 April 2020</b>	3,774.35
Additions	517.27
Disposals	(73.66)
<b>Cost as at 31 March 2021</b>	<b>4,217.96</b>
<b>Cost as at 1 April 2021</b>	4,217.96
Additions	982.03
Disposals	(67.89)
<b>Cost as at 31 March 2022</b>	<b>5,132.10</b>
<b>Accumulated depreciation</b>	
<b>Accumulated depreciation as at 1 April 2020</b>	257.87
Depreciation charge for the year	271.14
Disposals	-
<b>Accumulated depreciation as at 31 March 2021</b>	<b>529.01</b>
<b>Accumulated depreciation as at 1 April 2021</b>	529.01
Depreciation charge for the year	311.01
Disposals	(61.86)
<b>Accumulated depreciation as at 31 March 2022</b>	<b>778.16</b>
<b>Net Carrying amounts</b>	
As at 31 March 2022	4,353.94
As at 31 March 2021	3,688.95

\*The aggregate depreciation expense for the year on ROU assets is included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss (Refer note 2.27).

The Holding Company has certain leases for Vikarampuri and Hebbal for which the registration of the lease deed is pending. The Management has assessed that there would be no change in the lease terms and the delay is administrative in nature.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**C** The following is the rental expense recorded for short-term leases, variable leases and low value assets.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term lease	14.15	28.95
Low value assets	-	-
Variable lease expenses	-	-
<b>Total</b>	<b>14.15</b>	<b>28.95</b>

**D** Following is the movement in lease liabilities for the year ended 31 March 2022 and 31 March 2021:

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Opening Balance</b>	4,705.07	4,325.44
Additions	730.52	516.31
Finance cost	489.09	385.94
Disposals	(15.71)	(77.58)
Payment of lease liabilities	(516.54)	(445.04)
<b>Lease liability at the end of the year</b>	<b>5,392.43</b>	<b>4,705.07</b>
Non-current lease liabilities	5,312.37	4,647.74
Current lease liabilities	80.06	57.33

**E** The following is the cash outflow on leases during the years:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Payment of lease liabilities	27.45	59.10
Interest on lease liabilities	489.09	385.94
Short-term lease expense	14.15	28.95
<b>Total cash outflow on leases</b>	<b>530.69</b>	<b>473.99</b>

**F** The table below provides details regarding the contractual maturities of lease liabilities as at year-end on an undiscounted basis:

Particulars	As at 31 March 2022	As at 31 March 2021
Less than 1 year	526.96	460.39
1 to 5 years	2,275.03	2,546.56
More than 5 years	7,099.32	6,371.28

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

### 2.35 Segment reporting

The Group is engaged in the business of rendering medical and healthcare services.

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) i.e. the Board of Directors. The CODM evaluates the Group's performance and allocates resources on overall basis. The Group's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosures to be provided under Ind AS 108, other than those already provided in the consolidated financial statements. Further the business operation of the Group are concentrated in India, and hence, the Group is considered to operate only in one geographical segment.

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.36 Professional and consultancy expenses includes auditors' remuneration (excluding GST)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Statutory audit fees *	4.00	3.20
Reimbursement of expenses	0.28	0.10
Total	4.28	3.30

\* Auditor's fees of ₹ 22.60 million (excluding reimbursements) towards IPO deliverables is not included above (refer note : 2.33(e)).

### 2.37 Earnings per share (EPS):

The earnings per share has been computed as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year (After adjusting Non-Controlling Interest) (A)	1,382.66	400.18
Less: Preference dividend for the year	4.56	-
<b>Profit attributable to equity shareholders (After adjusting Non-Controlling Interest (B))</b>	<b>1,378.10</b>	<b>400.18</b>
<b>Shares</b>		
Number of equity shares at the beginning of the year	43,958,924	43,958,924
Add: Rights issued ##	1,928,000	-
Add: Bonus shares issued #	45,886,924	-
Add: Bonus equity shares issued to preference share holders #	2,280,080	-
Total number of equity shares outstanding at the end of the year	94,053,928	43,958,924
<b>Weighted average number of equity shares outstanding at the end of year – Basic</b>	<b>93,420,727</b>	<b>43,958,924</b>
Add: Bonus shares issued considered for calculation of earnings per share for previous year #	-	45,886,924
Add: Bonus equity shares issued to preference share holders considered for calculation of earnings per share for previous year #	-	2,280,080
Add: Bonus element on account of Rights Issue of shares issued considered for calculation of earnings per share for previous year ##	-	1,647,033
<b>Number of equity shares at the end of year (C)</b>	<b>93,420,727</b>	<b>93,772,961</b>
Number of equity shares arising out of convertible preference shares that have dilutive effect on the EPS at the beginning of the year	2,280,080	2,280,080
<b>Number of convertible preference shares that have dilutive effect on the EPS at the end of year (D)</b>	<b>2,280,080</b>	<b>2,280,080</b>
<b>Weighted average number of equity shares outstanding during the year – Diluted EPS (E = C+D)</b>	<b>95,700,807</b>	<b>96,053,041</b>
<b>Earnings per share</b>		
Earnings per share of par value (₹ 10) - Basic (₹) (B/C)	14.75	4.27
Earnings per share of par value (₹ 10) - Diluted (₹) (A/E)	14.45	4.17

#The Holding Company on 1 December 2021 has issued and allotted bonus equity shares in the ratio of 1:1 for every one equity share and every one preference share held. In line with the requirements of Ind AS 33, for the purpose of EPS calculations, bonus shares issued has been considered as if the event of bonus issue had occurred at the beginning of the earliest year presented.

## The Holding Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33, for the purpose of EPS calculations, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest year presented.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.38 Payment of dividend (including dividend on CCPS) in foreign currency :**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Number of non resident share holders	2	2
Number of shares held by non-resident shareholders		
- Equity shares	27,052,144	12,386,032
- Series A CCPS	1,146,771	1,146,771
- Series B CCPS	1,133,309	1,133,309
Amount remitted during the year (amount in millions)*		
- Equity shares	16.97	-
- Series A CCPS	2.30	-

\* The dividend payment represents dividend paid on equity shares and CCPS.

**2.39 Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act')**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the Consolidated Financial Statements based on information received and available with the Group. Further, in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') is not expected to be material. The Group has not received any claim for interest from any supplier under the said MSMED Act.

Particulars	As at 31 March 2022	As at 31 March 2021
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	62.58	0.53
- Interest	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day;	-	-
(c) 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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Group.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 2.42.

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.40 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Holding Company. The proposed areas for CSR activities, as per the CSR policy of the Holding Company are promotion of education and sports, rural development activities, medical facilities, and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>ii) Details of Corporate social responsibility expenditure</b>		
(i) Gross amount required to be spent by the Holding Company during the year	16.96	15.70
(ii) Amount approved by the Board to be spent during the year	16.96	15.70
(iii) Amount spent during the year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	16.96	15.70
(iv) (Shortfall) / Excess at the end of the year	-	-
(v) Total of previous years shortfall*	8.50	8.50
(vi) Details of related party transactions	NA	NA
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	NA	NA
(viii) Reason for shortfall *		
For the year ending 31 March 2022 and 31 March 2021 :		
(ix) Nature of CSR activities:		
a) Promotion of education and sports	0.55	2.47
b) Rural development activities	-	-
c) Promotion of medical facilities and	11.36	10.01
d) Ensuring environmental sustainability	5.05	3.22

\*The shortfall pertains to year ended 31 March 2020 and 31 March 2019, there was no requirement to transfer the funds to a separate bank account or creating a provision for these years.

### 2.41 Incidental expenditure capitalised during the construction period

The Group has capitalised the following expenses to the cost of property, plant and equipment, as they are directly attributable to construction of the asset. Consequently amounts disclosed under the respective notes are net of amounts capitalised by the Group.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Employee benefit expenses (A)</b>	<b>0.18</b>	<b>4.02</b>
<b>Other expenses:</b>		
Rent	2.99	7.13
Consultancy and project expenses	12.56	1.97
Travelling and conveyance	0.78	1.37
Power and fuel	-	0.74
Other expenses	0.64	1.84
<b>Total (B)</b>	<b>16.97</b>	<b>13.05</b>
<b>Finance cost (C)</b>	<b>-</b>	<b>11.24</b>
<b>Total (A+B+C)</b>	<b>17.15</b>	<b>28.31</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.42 Financial risk management

### Risk management framework

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's management risk policy is set by the Board of Directors. The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk and market risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been given below:

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks, as well as credit exposure to trade receivables and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India. The Group has a process in place to monitor outstanding receivables on a monthly basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including government entities, insurance companies, corporates, individual and others. The default in collection as a percentage to total receivable is low.

### The Group's exposure to credit risk for trade and other receivables by category is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Insurance companies and Third-Party Administrator (TPA)	236.60	154.12
Central and state government (including public sector undertakings)	85.95	78.57
Corporates, individual customers and others	235.40	335.05
<b>Total</b>	<b>557.95</b>	<b>567.74</b>

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

### As at 31 March 2022

Age	Gross carrying amount	Weighted average loss rate	Allowance for expected credit loss
Less than 30 days	240.67	4.03%	9.69
31-180 days	115.07	8.22%	9.45
6 months - 1 year	77.35	12.77%	9.88
1-2 years	42.13	100.00%	42.13
2-3 years	55.06	100.00%	55.06
More than 3 years	27.67	100.00%	27.67
	<b>557.95</b>		<b>153.88</b>

### As at 31 March 2021

Age	Gross carrying amount	Weighted average loss rate	Allowance for expected credit loss
Less than 30 days	173.98	2.91%	5.07
31-180 days	109.69	9.78%	10.73
6 months - 1 year	203.74	15.69%	31.96
1-2 years	42.30	100.00%	42.30
2-3 years	27.53	100.00%	27.53
More than 3 years	10.50	100.00%	10.50
	<b>567.74</b>		<b>128.09</b>

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Management believes that the unimpaired amounts that are past due by more than six months are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

### Movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	128.09	100.49
Add: Expected credit loss recognised	25.79	27.60
Net remeasurement of provision	<b>153.88</b>	<b>128.09</b>

### Cash and bank balances, loans and other financial assets

Cash and bank balances comprises of deposits with bank, interest accrued on deposits and other financial assets consists of security deposits. These deposits are held with credit worthy banks. The credit worthiness of such banks are evaluated by the Management on an ongoing basis and is considered to be good with low credit risk. Further, the Group maintains exposure in money market liquid mutual funds and loans. The Group has set counter-parties limits based on multiple factors including financial position, credit rating, etc. Loans are assessed on lifetime expected credit loss model and no impairment loss is anticipated. The Group's maximum exposure to credit risk as at 31 March 2022 and 31 March 2021 is the carrying value of each class of financial assets.

The security deposit pertains to rent deposit given to lessors. The Group does not expect any losses from non-performance by these counter-parties.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, that it will always have sufficient liquidity to meet its liabilities when due. The Group's Management is responsible for liquidity, funding as well as settlement Management.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Group also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

### Following are the financial assets at the reporting date.

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables	404.07	439.65
Cash and cash equivalents	99.79	56.58
Bank balances other than cash and cash equivalents	1,752.36	890.16
Investments	221.01	182.65
Other financial assets	728.42	546.90
Loans	507.26	277.94
<b>Total</b>	<b>3,712.91</b>	<b>2,393.88</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

**As at 31 March 2022**

Particulars	Carrying Amount	Within 1 year	1-5 Years	More than five years	Total amount
Borrowings (current & non current)	416.64	143.53	275.00	-	418.53
Trade payables	643.74	643.74	-	-	643.74
Other financial liabilities	229.77	229.77	-	-	229.77
Lease liabilities	5,392.43	526.96	2,275.03	7,099.32	9,901.31
<b>Total</b>	<b>6,682.58</b>	<b>1,544.00</b>	<b>2,550.03</b>	<b>7,099.32</b>	<b>11,193.35</b>

**As at 31 March 2021**

Particulars	Carrying Amount	Within 1 year	1-5 Years	More than five years	Total amount
Borrowings (current & non current)	479.67	74.47	407.85	-	482.32
Trade payables	537.25	537.25	-	-	537.25
Other financial liabilities	394.55	394.55	-	-	394.55
Lease liabilities	4,705.07	460.39	2,546.56	6,371.28	9,378.23
<b>Total</b>	<b>6,116.54</b>	<b>1,466.66</b>	<b>2,954.41</b>	<b>6,371.28</b>	<b>10,792.34</b>

**Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will effect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Interest risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interests rate. Interest rate risk primarily arises from the Group's borrowings, investments with bank deposits and loans given.

The interest rate profile of the Group's interest bearing financial instruments is as follows:

The interest rate profile of the Group's interest bearing financial instruments is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Fixed rate instruments (excluding interest accrued)</b>		
Financial assets	2,426.86	1,262.65
Financial liabilities	398.11	458.83

**Sensitivity analysis**

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of the Group's assets are located in India and Indian rupee being the functional currency for the Group. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities.

The Group has import of assets from Europe (EUR) and United States of America (USD) and hence is exposed to foreign exchange risk for making payment for operations. The Group's foreign currency payables and receivables are unhedged.



## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### Exposure to currency risk

The summary quantitative data about the Group's gross exposure to currency risk is as follows:

Particulars	Currency	As at 31 March 2022		As at 31 March 2021	
		Amount in foreign currency (in whole no's)	Amount in functional currency	Amount in foreign currency (in whole no's)	Amount in functional currency
Creditors for capital goods	EUR	-	-	9,713	1.13
Creditors for capital goods	USD	8,000	0.60	-	-
Trade payables	USD	6,538	0.49	-	-

### Sensitivity analysis:

A reasonably possible strengthening (weakening) of the INR, against USD and EUR would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasts sales and purchases.

	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2022</b>				
USD (5% movement)	0.05	(0.05)	0.04	(0.04)
<b>31 March 2021</b>				
EUR (5% movement)	0.06	(0.06)	0.04	(0.04)

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### 2.43 Capital management

The Group's policy is to maintain a stable and strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. Total debt include borrowings and bank overdraft.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted debt to equity ratio is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Total debt	416.64	479.67
Total equity	6,062.65	4,483.76
<b>Debt to equity ratio</b>	<b>0.07</b>	<b>0.11</b>

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.44 Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Balance sheet are as follows:

**As at 31 March 2022**

Particulars	Note	Carrying values					Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Measured at fair value through profit or loss account	Fair value through other comprehensive income	Other financial assets – amortised cost	Other financial liabilities - amortised cost	Total carrying amount			
<b>Financial assets measured at fair value</b>									
Investments in equity instruments*	2.2	-	0.03	-	-	0.03	-	0.03	
Investments in mutual funds	2.7	220.98	-	-	-	220.98	220.98	-	
		<b>220.98</b>	<b>0.03</b>	-	-	<b>221.01</b>	<b>220.98</b>	<b>0.03</b>	
<b>Financial assets at amortised cost</b>									
Trade receivables	2.8	-	-	404.07	-	404.07	-	-	
Cash and cash equivalents	2.9 (a)	-	-	99.79	-	99.79	-	-	
Bank balances other than cash and cash equivalents	2.9 (b)	-	-	1,752.36	-	1,752.36	-	-	
Loans	2.10	-	-	507.26	-	507.26	-	-	
Other financial assets	2.3 (a) & 2.3 (b)	-	-	728.42	-	728.42	-	-	
		-	-	<b>3,491.90</b>	-	<b>3,491.90</b>	-	-	
<b>Financial liabilities at amortised cost</b>									
Borrowings	2.14 & 2.16	-	-	-	416.64	416.64	-	-	
Trade payables	2.17	-	-	-	643.74	643.74	-	-	
Other financial liabilities	2.18	-	-	-	229.77	229.77	-	-	
		-	-	-	<b>1,290.15</b>	<b>1,290.15</b>	-	-	

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

Particulars	Note	Carrying values					Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Measured at fair value through profit or loss account	Fair value through other comprehensive income	Other financial assets – amortised cost	Other financial liabilities - amortised cost	Total carrying amount			
<b>Financial assets measured at fair value</b>									
Investments in equity instruments*	2.2	80.00	0.03	-	-	80.03	-	80.03	
Investments in mutual funds	2.7	102.62	-	-	-	102.62	102.62	-	
		<b>182.62</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>182.65</b>	<b>102.62</b>	<b>80.03</b>	
<b>Financial assets at amortised cost</b>									
Trade receivables	2.8	-	-	439.65	-	439.65	-	-	
Cash and cash equivalents	2.9 (a)	-	-	56.58	-	56.58	-	-	
Bank balances other than cash and cash equivalents	2.9 (b)	-	-	890.16	-	890.16	-	-	
Loans	2.10	-	-	277.94	-	277.94	-	-	
Other financial assets	2.3 (a) & 2.3 (b)	-	-	546.90	-	546.90	-	-	
		<b>-</b>	<b>-</b>	<b>2,211.23</b>	<b>-</b>	<b>2,211.23</b>	<b>-</b>	<b>-</b>	
<b>Financial liabilities at amortised cost</b>									
Borrowings	2.14 & 2.16	-	-	-	479.67	479.67	-	-	
Trade payables	2.17	-	-	-	537.25	537.25	-	-	
Other financial liabilities	2.18	-	-	-	394.55	394.55	-	-	
		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,411.47</b>	<b>1,411.47</b>	<b>-</b>	<b>-</b>	

Note: The Group has not disclosed fair values of financial assets and liabilities such as investments, trade receivables, loans, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables, borrowings and other financial liabilities since their carrying amounts are reasonable approximates of fair values.

### Fair value hierarchy

#### Level 1

Includes financial instruments measured using quoted prices. The fair value of all mutual funds which is valued using the closing Net Asset Value (NAV) as at the reporting period.

#### Level 2

The fair value of financial instruments not actively traded in an active market is determined using valuation techniques

which maximize the use of observable market data and rely as little as possible on entity specific estimates. If the significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

#### Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2022 and 31 March 2021

\* - Fair value information relating to investment in equity instruments are not presented as these are not material to the consolidated financial statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.45 Revenue from contracts with customers

### Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Income from medical and healthcare services</b>		
Revenue from hospital services	8,533.99	5,380.07
Revenue from pharmacy sales	932.42	858.48
Revenue from medical service fee	168.77	161.32
<b>Total revenue from contracts with customers</b>	<b>9,635.18</b>	<b>6,399.87</b>

### Location of revenue recognition

**Note:** All the business operations of the Group are in India.

### Timing of revenue recognition

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Services transferred at a point of time	2,394.57	1,070.47
Goods transferred at a point of time	932.42	858.48
<b>Total revenue from contracts with customers</b>	<b>3,326.99</b>	<b>1,928.95</b>

No single customer represents 10% or more of the Group's total revenue during the years ended 31 March 2022 and 31 March 2021.

### Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Contracted price</b>	<b>8,746.30</b>	<b>5,571.07</b>
Reduction towards variable consideration components*		
-Discounts	(34.56)	(27.56)
-Disallowances	(8.98)	(2.12)
<b>Revenue recognised</b>	<b>8,702.76</b>	<b>5,541.39</b>

\*Variable consideration components include discounts and disallowances on the contract price.

### Contract balances

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables*	439.58	490.46
Unbilled revenue	118.37	77.28
Contract liabilities (advance from patients)#	90.97	58.82

### Movement in contract liabilities during the year:

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	58.82	51.48
Less: Revenue recognised from above	(58.82)	(51.48)
Add: Addition during the year	90.97	58.82
<b>Balance at the end of the year</b>	<b>90.97</b>	<b>58.82</b>

\* Trade receivables are non-interest bearing and are generally on terms of 30 days.

# Contract liabilities include advances received from patients for hospital services pending final billing.

### Performance obligation

The revenue from rendering Medical & Healthcare services and Pharmaceutical products satisfies 'at a point in time' recognition criteria as prescribed by Ind AS 115.

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### 2.46 Impact of COVID-19:

During the previous year, the COVID-19 pandemic impacted the revenues and profitability of the Group with a decline in occupancy impacting the hospital business revenues, profitability and cash flows. The Group took various initiatives to support operations and optimise the cost. With a slew of these measures, the Group has been able to significantly reduce the negative impact on business. During the current year, the Group has further witnessed improvement in business and it has gradually moved towards normalisation of business during the current year.

The Group has a well-capitalised Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and internal funding. Accordingly, the Group continues to prepare the consolidated financial statements on a going concern basis. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, tangible assets, intangible assets, trade receivables, investments and other financial assets.

The Group has considered the possible effects on the carrying amounts of receivables, loans, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these Consolidated Financial Statements has used internal and external sources of information. The Group has performed sensitivity analysis on the assumptions used and based on current estimates, the Group expects to fully recover the carrying amount of receivables, loans, intangibles, inventories and investments. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

**2.47** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its Consolidated Financial statements in the year in which, the Code becomes effective and the related rules to determine the financial impact are published.

**2.48** As per Section 203 of the Companies Act 2013, read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Holding Company is required to have a whole-time Company Secretary. The position of Company Secretary was vacant from 1 April 2021 to 31 August 2021.

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(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.49 Additional information as required under para 2 of General Instruction of Division II of Schedule III to the Companies Act, 2013.**

**31 March 2022**

Name of the entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Rainbow Children's Medicare Limited	104.95%	6,362.93	102.61%	1,422.91	94.84%	9.74	102.55%	1,432.65
<b>Wholly owned subsidiary</b>								
Rainbow Children's Hospital Private Limited	0.00%	(0.04)	0.00%	(0.04)	-	-	0.00%	(0.04)
Rainbow Woman and Children's Hospital Private Limited	-0.01%	(0.57)	-0.01%	(0.08)	-	-	-0.01%	(0.08)
Rosewalk Healthcare Private Limited	-5.71%	(346.16)	-4.21%	(58.40)	2.73%	0.28	-4.16%	(58.12)
Rainbow C R O Private Limited	0.00%	(0.13)	0.00%	(0.04)	-	-	0.00%	(0.04)
Rainbow Fertility Private Limited	0.80%	48.62	0.13%	1.76	-	-	0.13%	1.76
<b>Subsidiary</b>								
Rainbow Speciality Hospital Private Limited	2.69%	163.32	1.49%	20.62	2.04%	0.21	1.49%	20.83
Non-controlling interests in subsidiary	0.57%	34.61	0.29%	4.07	0.39%	0.04	0.29%	4.11
Elimination	-3.30%	(199.93)	-0.29%	(4.07)	-	-	-0.29%	(4.07)
<b>Total</b>	<b>100.00%</b>	<b>6,062.65</b>	<b>100.00%</b>	<b>1,386.73</b>	<b>100.00%</b>	<b>10.27</b>	<b>100.00%</b>	<b>1,397.00</b>

Note: Net assets, share in profit or loss and other comprehensive income of the Holding Company and subsidiaries are as per the standalone financial statements of respective entities.

## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

31 March 2021

Name of the entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Rainbow Children's Medicare Limited	106.15%	4,759.34	124.80%	493.80	95.34%	9.00	124.11%	502.80
<b>Wholly owned subsidiary</b>								
Rainbow Children's Hospital Private Limited	0.00%	(0.00)	0.00%	(0.02)	-	-	0.00%	(0.02)
Rainbow Woman and Children's Hospital Private Limited	-0.01%	(0.48)	-0.01%	(0.05)	-	-	-0.01%	(0.05)
Rosewalk Healthcare Private Limited	-6.42%	(288.03)	-19.99%	(79.11)	2.22%	0.21	-19.48%	(78.90)
Rainbow C R O Private Limited	0.00%	(0.09)	0.01%	(0.03)	-	-	-0.01%	(0.03)
Rainbow Fertility Private Limited	1.05%	46.86	0.65%	2.58	-	-	0.64%	2.58
<b>Subsidiary</b>								
Rainbow Speciality Hospital Private Limited	3.18%	142.45	-4.83%	(19.12)	2.22%	0.21	-4.67%	(18.91)
Non-controlling interests in subsidiary	0.45%	20.13	-1.14%	(4.50)	0.21%	0.02	-1.11%	(4.48)
Elimination	-4.38%	(196.42)	0.54%	2.13	-	-	0.53%	2.13
<b>Total</b>	<b>100.00%</b>	<b>4,483.76</b>	<b>100.00%</b>	<b>395.68</b>	<b>100.00%</b>	<b>9.44</b>	<b>100.00%</b>	<b>405.12</b>

Note: Net assets, share in profit or loss and other comprehensive income of the Holding Company and subsidiaries are as per the standalone financial statements of respective entities.

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(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.50 Ratios as per the Schedule III requirements

### a) Current Ratio = Current Assets divided by Current Liabilities (excluding current borrowings)

Particulars	31 March 2022	31 March 2021
Current Assets	2,902.06	1,971.16
Current Liabilities (excluding current borrowings)	1,108.34	1,146.31
<b>Ratio</b>	<b>2.62</b>	<b>1.72</b>
<b>% Change from previous year</b>	<b>52.33%</b>	

#### Reason for change more than 25%:

This ratio has increased from 1.72 in March 2021 to 2.62 in March 2022 mainly due to increase in bank deposits (with original maturity more than 3 months but less than 12 months) and current investments.

### b) Debt Equity ratio = Total debt divided by Shareholder's Equity where total debt refers to sum of current & non current borrowings

Particulars	31 March 2022	31 March 2021
Total debt	416.64	479.67
Shareholder's Equity	6,062.65	4,483.76
<b>Ratio</b>	<b>0.07</b>	<b>0.11</b>
<b>% Change from previous year</b>	<b>-36.36%</b>	

#### Reason for change more than 25%:

This ratio has decreased from 0.11 in March 2021 to 0.07 in March 2022 mainly due to repayment of borrowings and increase in equity on account of increase in share capital.

### c) Debt Service Coverage Ratio = Earnings available for debt service divided by interest and lease payments + principal repayments

Particulars	31 March 2022	31 March 2021
Net Profit after tax	<b>1,386.73</b>	<b>395.68</b>
<b>Add: Non cash operating expenses and finance cost</b>	<b>1,365.58</b>	<b>1,172.93</b>
-Depreciation and amortizations	832.63	733.38
-Finance cost	532.03	440.63
-(Gain) / Loss on sale of property, plant and equipment	0.92	(1.08)
<b>Earnings available for debt service</b>	<b>2,752.31</b>	<b>1,568.61</b>
Interest cost on borrowings	40.18	46.50
Lease payments	516.54	445.04
Principal repayments	60.72	94.71
<b>Total Interest and principal repayments</b>	<b>617.44</b>	<b>586.25</b>
<b>Ratio</b>	<b>4.46</b>	<b>2.68</b>
<b>% Change from previous year</b>	<b>66.42%</b>	

#### Reasons for change more than 25%:

This ratio has increased from 2.68 in March 2021 to 4.46 in March 2022 mainly due to increase in earnings available for debt service on account of increase in profit during the year.



## Notes to the Consolidated Financial Statements

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

### d) Return on Equity Ratio / Return on Investment Ratio = Net profit after taxes by average shareholder's equity

Particulars	31 March 2022	31 March 2021
Net profit after taxes	1,386.73	395.68
<b>Average Shareholder's Equity (excluding Non-controlling interest)</b>	<b>5,245.84</b>	<b>4,258.97</b>
Ratio	26.43%	9.29%
<b>% Change from previous year</b>	<b>184.50%</b>	

#### Reason for change more than 25%:

This ratio has increased from 9.29% in March 2021 to 26.43% in March 2022 on account of increase in Net profit after taxes due to increase in business volumes, which was offset by increase in share capital.

### e) Inventory Turnover Ratio = Cost of goods sold divided by average inventory

Particulars	31 March 2022	31 March 2021
Medical consumables and pharmacy items consumed	1,947.29	1,032.62
Average Inventory	124.60	130.37
<b>Inventory Turnover Ratio</b>	<b>15.63</b>	<b>7.92</b>
<b>% Change from previous year</b>	<b>97.35%</b>	

#### Reason for change more than 25%:

This ratio has increased from 7.92 in March 2021 to 15.63 in March 2022 mainly due to purchase of covid vaccines.

### f) Trade Receivables turnover ratio = Revenue from operations divided by Average Trade Receivables

Particulars	31 March 2022	31 March 2021
Revenue from operations	9,737.58	6,500.47
Average Trade Receivables	421.86	439.64
<b>Ratio</b>	<b>23.08</b>	<b>14.79</b>
<b>% Change from previous year</b>	<b>56.09%</b>	

#### Reason for change more than 25%:

This ratio has increased from 14.79 in March 2021 to 23.08 in March 2022 due to increase in the credit sales, overall increase in business volumes and better collection efficiency.

### g) Trade payables turnover ratio = Net purchases divided by Average Trade Payables

Particulars	31 March 2022	31 March 2021
Purchases	1,994.55	973.82
Average Trade Payables	590.50	559.50
<b>Ratio</b>	<b>3.38</b>	<b>1.74</b>
<b>% Change from previous year</b>	<b>94.25%</b>	

#### Reason for change more than 25%: Not Applicable

This ratio has increased from 1.74 in March 2021 to 3.38 in March 2022 mainly due to purchase of covid vaccines.

### h) Net capital Turnover Ratio = Revenue from operations divided by Working Capital where Working Capital= Current Assets - Current Liabilities (excluding current borrowings)

Particulars	31 March 2022	31 March 2021
Revenue from operations	9,737.58	6,500.47
Working capital	1,793.72	824.85
<b>Ratio</b>	<b>5.43</b>	<b>7.88</b>
<b>% Change from previous year</b>	<b>-31.09%</b>	

#### Reason for change more than 25%:

This ratio has increased from 6.09 % in March 2021 to 14.24% in March 2022 mainly due to increase in Net profit after taxes which was on account of increase in revenue from operations.

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**i) Net profit ratio = Net profit after taxes divided by Revenue from operations**

Particulars	31 March 2022	31 March 2021
Net profit after taxes	1,386.73	395.68
Revenue from operations	9,737.58	6,500.47
<b>Ratio</b>	<b>14.24%</b>	<b>6.09%</b>
<b>% Change from previous year</b>	<b>133.83%</b>	

**Reason for change more than 25%:**

This ratio has increased from 6.09 % in March 2021 to 14.24% in March 2022 mainly due to increase in Net profit after taxes which was on account of increase in revenue from operations.

**j) Return on Capital employed (pre cash)=Earnings Before Interest and Taxes (EBIT) divided by Capital Employed (pre cash)**

Particulars	31 March 2022	31 March 2021
Profit before tax (A)	1,873.46	556.96
Finance Costs (B)	532.03	440.63
Other Income (C)	189.37	102.63
<b>EBIT (D) = (A)+(B)-(C)</b>	<b>2,216.12</b>	<b>894.96</b>
<b>Capital Employed (Pre Cash) (J)=( E)-(F)-(G)-(H)-(I)</b>	<b>9,632.49</b>	<b>8,542.53</b>
Total Assets (E)	12,957.49	10,812.67
Current Liabilities (F)	1,251.87	1,220.78
Current Investments (G)	220.98	102.62
Cash and Cash equivalents (H)	99.79	56.58
Bank balances other than cash and cash equivalents (I)	1,752.36	890.16
<b>Ratio (D)/(J)</b>	<b>23.01%</b>	<b>10.48%</b>
<b>% Change from previous year</b>	<b>119.56%</b>	

**Reason for change more than 25%:**

This ratio has increased from 10.48 % in March 2021 to 23.01 % in March 2022 mainly due to increase in earnings which was on account of increase in revenue from operations.

**2.51 Employee share based payment**

Pursuant to the resolutions passed by the Board on 27 November 2021 and by the Shareholders on 30 November 2021, the Holding company approved 'The Rainbow Employee Stock Option Scheme 2021 ("ESOP Scheme")' is in compliance with the SEBI SBEB Regulations. The ESOP Scheme is for issue of employee stock options to eligible employees, which may result in an issuance of a maximum number of 2,049,660 Equity Shares. Upon exercise and payment of the exercise price, an option holder will be entitled to be allotted one Equity Share per employee stock option.

The Holding Company has not granted any options under ESOP Scheme. The total number of options available under ESOP Scheme is 2,049,660 which are exercisable for 2,049,660 Equity Shares.

**2.52** The MCA wide notification dated 24 March 2021 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures. Amendments are applicable from 01 April 2021. The Group has incorporated the changes as per the said amendment in the financial statements and has also changed comparative numbers wherever applicable.

**Other Statutory Information:**

- i. The Group do not have any Benami property and neither any proceedings have been initiated or is pending against the Group for holding any Benami property.
- ii. The Group do not have any transactions with companies struck off.
- iii. The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv. The Group has not been declared a willful defaulter by any bank or financial institution or any other lender during the current year.

## Notes to the Consolidated Financial Statements

- v. The Group have not advanced or loaned or invested funds to any other persons or entities including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vi. The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vii. The loan has been utilised for the purpose for which it was obtained and no short term funds have been used for long term purpose.
- viii. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- ix. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

### 2.53 Subsequent events

- i) Subsequent to 31 March 2022, the Board of Directors of the Holding company in their meeting held on 04 April 2022, approved conversion of (i) 11,46,771 0.0001% Series A Compulsorily Convertible Preference Shares of face value of ₹ 48 each into 11,46,771 Equity Shares of ₹ 10/- each and (ii) 11,33,309 0.0001% Series B Compulsorily Convertible Preference Shares of face value of ₹ 48 each into 11,33,309 Equity Shares of ₹ 10 each, at a conversion ratio of 1:1, ranking pari passu with the existing Equity Shares of the Holding company.
- ii) Subsequent to 31 March 2022, the Holding company has offered and issued 29,178,021 Equity Shares of ₹ 10 each in relation to Initial Public Offering ('IPO') comprising a fresh issue of Equity shares by the Holding company and an offer for sale of the Equity Shares by certain existing shareholders of the Holding company. Subsequent to the IPO, the Equity Shares of the Holding company were listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 10 May 2022.

As per our Report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

**Jhahanwijha Shyamsukha**  
Partner  
Membership No.: 064550

Place: Hyderabad  
Date: 27 May 2022

for and on behalf of the Board of Directors of  
**Rainbow Children's Medicare Limited**  
(formerly Rainbow Children's Medicare Private Limited)  
CIN: U85110TG1998PLC029914

**Dr. Ramesh Kancharla**  
Chairman and Managing Director  
DIN: 00212270

**R Gowrisankar**  
Chief Financial Officer

Place: Hyderabad  
Date: 27 May 2022

**Dr. Dinesh Kumar Chirla**  
Director  
DIN: 01395841

**Ashish Kapil**  
Company Secretary  
Membership no: A31782

Place: Hyderabad  
Date: 27 May 2022