

INDEPENDENT AUDITOR'S REPORT

To,

The Members of
IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED

Opinion

We have audited the accompanying Standalone financial statements of M/s. IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED ("the Company") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the 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 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 March 31, 2019, and profit/loss, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to note 3.2 (Basis of preparation of Ind AS financial statements) and 5 (Property, Plant and Equipment and Capital work in progress) to the Ind AS financial statements in respect of proceedings initiated against the company by Government of Karnataka. Our opinion is not modified in respect of these matters

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial



statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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.

- a. 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.



- b. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- c. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- d. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 3.2 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For Nagar & Navada
Chartered Accountants
FRN: 015832S



CA Sandhya P Nagar
(Partner)
Membership No: 229158



Place: Bangalore
Date: 11/05/2019

ANNEXURE - "A" To the Independent Auditor's Report

The Annexure Referred to in the Auditor's report to the **IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED** ("the Company"), for the year ended 31st March 2019. We report that:

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

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

(b) The Company has a policy of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties are held in the name of the company subject to Note 3.2 of financial statements and EOM of audit report.
- ii. The company is a service-oriented company primarily rendering medical/hospital services. The inventory carried, being in the nature of medical consumables, utilities, surgical consumables, patient implants, etc. held by the company is for use in the delivery of these services.

(a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

(c) The discrepancies noticed on verification of inventory as compared to books records which has been properly dealt with in the books of accounts were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- iv. In respect of loans, investments and guarantees to which the provision of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The Company has not accepted any deposits from the public. Therefore, the directives issued by RBI and the provision of Sec 73 to Sec 76 or any other provisions of the

Companies Act, 2013 and the rules framed there under do not apply. Accordingly, paragraph 3(v) of the Order is not applicable.

- vi. Maintenance of Cost records specified under sub-section (1) of Section 148 of the Companies Act, 2013 is applicable and have been maintained.
- vii. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, GST, custom duty, cess and other material statutory dues applicable to it.
- (a) According to the information and explanations given to us and to the best of our knowledge, no undisputed amounts payable in respect of income tax, wealth tax, GST, service tax and cess were in arrears, as at 31st March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax, sales tax, GST and custom duty, excise duty and cess, which have not been deposited on account of any dispute.
- viii. Based on our audit procedures and on the information and explanation given by the management, the Company has not defaulted in repayment of dues with regard to loans or borrowings.
- (a) In our opinion and according to the information and explanation given to us, the company has availed term loan and said term loans have been used for the purpose for which the term loans have been obtained.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised monies by way of public issue/follow-up offer (including debt instruments).
- x. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Co, and therefore clause 3(12) of the Order is not applicable to the company.

- xiii. All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of the companies Act,2013 and the details thereof have been disclosed in the Financials Statements etc. as required by the Indian Accounting standards (Ind AS) and Companies Act,2013.
- xiv. The Company has not made any preferential allotment/private placement of the shares during the year and therefore clause 3(14) of the Order is not applicable to the Company.
- xv. According to the explanations and information's given to us, the Company has not entered into any non-cash transaction with directors/persons connected with him and therefore clause 3(15) of the order is not applicable to the company.
- xvi. The company is not a financial institution. Hence it is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the company.

For Nagar & Navada
Chartered Accountants
FRN: 015832S



CA Sandhya P Nagar
(Partner)

Membership No: 229158

Place: Bangalore
Date: 11/05/2019



ANNEXURE - "B" To the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of **IMPERIAL HOSPITAL AND RESEARCH CENTRE LIMITED** ("the Company"), as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financials Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on materiality level. These responsibilities include the design, implementation and maintenance of adequate internal financials 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.

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A Company's internal Financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has in all material aspects, an adequate internal financial controls system over financial reporting were operating effectively as at March 31st, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Nagar & Navada
Chartered Accountants

FRN: 015832S



CA Sandhya P Nagar
(Partner)

Membership No: 229158



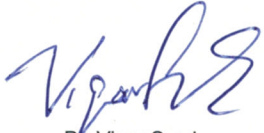
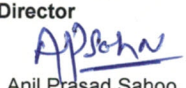



Place: Bangalore

Date: 11/05/2019

Balance Sheet as at March 31, 2019

(All amounts are in INR unless otherwise stated)

	Note No	As at 31-Mar-19	As at 31-Mar-18
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	1,682,837,749	1,746,975,108
(b) Capital work-in-progress	5	-	-
(c) Other intangible assets	6	5,709,672	-
(d) Financial assets			
(i) Investments (others)	7	500,000	500,000
(ii) Other financial assets	10	74,968,685	17,676,301
(e) Deferred tax assets (Net)	11	26,965,700	-
(f) Non-Current tax assets (Net)	20	72,579,876	50,147,306
(g) Other non-current assets	13	10,991,819	6,638,492
Total non-current assets		1,874,553,501	1,821,937,206
Current assets			
(a) Inventories	12	27,103,403	31,876,521
(b) Financial assets			
(i) Trade receivables	8	481,033,816	427,609,535
(ii) Cash and cash equivalents	9	68,404,251	67,722,103
(iii) Other financial assets	10	3,432,824	3,512,762
(c) Other current assets	13	18,958,201	9,619,703
Total current assets		598,932,494	540,340,625
Total assets		2,473,485,995	2,362,277,831
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	299,450,000	299,450,000
(b) Other equity	15	691,649,383	360,068,280
Total equity		991,099,383	659,518,280
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	737,053,561	818,317,513
(ii) Other financial liabilities	18	-	765,340
(b) Provisions	19	28,783,235	25,039,197
(c) Deferred tax liabilities (Net)	11	-	53,931,210
Total non-current liabilities		765,836,796	898,053,261
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	-	119,113,347
(ii) Trade payables	17	540,643,021	512,880,270
(iii) Other financial liabilities	18	134,579,198	129,905,297
(b) Provisions	19	20,697,674	20,894,515
(d) Other liabilities	21	20,629,923	21,912,861
Total current liabilities		716,549,817	804,706,290
Total liabilities		1,482,386,613	1,702,759,551
Total equity and liabilities		2,473,485,995	2,362,277,831
See accompanying notes to the financial statements			
In terms of our report attached. For Nagar & Navada Chartered Accountants ICAI Firm Regn No: 015882S		For and on behalf of the Board of Directors	
  Sandhya P Nagar Partner M. No 229158		 Sangita Reddy Director	
Place: Bengaluru Date: 10/05/2019		 Anil Prasad Sahoo Company Secretary	
		 Ramasekhar Reddy G Chief Financial Officer	

Imperial Hospital & Research Centre Limited

Statement of Profit and Loss for the year ended March 31, 2019

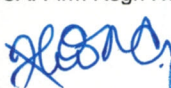
(All amounts are in INR unless otherwise stated)

	Note No.	Year ended 31-Mar-19	Year ended 31-Mar-18
Revenue from Operations	22	2,492,965,399	2,237,969,369
Other Income	23	2,931,470	16,113,486
Total Income		2,495,896,869	2,254,082,856
Expenses			
Cost of materials consumed		583,402,587	537,338,385
Changes in inventory of stock-in-trade		4,773,118	1,604,196
Employee benefit expense	24	475,144,448	426,395,315
Finance costs	25	96,987,886	125,502,838
Depreciation and amortisation expense	26	157,524,531	151,911,316
Other expenses	27	896,768,824	811,454,119
Total expenses		2,214,601,394	2,054,206,168
Profit/(Loss) before exceptional items and tax		281,295,475	199,876,687
Exceptional Items	23	45,754,124	-
Profit/(Loss) before tax		327,049,599	199,876,687
Tax expense			
(1) Current tax	28	75,260,382	50,640,928
(2) Deferred tax	28	(80,510,770)	66,490,007
		(5,250,388)	117,130,935
Profit/(Loss) for the period		332,299,987	82,745,752
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		1,105,024	(11,129,990)
Income tax relating to items that will not be reclassified to profit or loss		(386,140)	3,852,090
Total comprehensive income for the period		331,581,103	90,023,652
Profit for the year		332,299,987	82,745,752
Other comprehensive income for the year		718,884	(7,277,900)
Total Comprehensive income		331,581,103	90,023,652
Earnings per equity share (for continuing operation):	30		
Basic (in Rs.)		11.1	3.0
Diluted (in Rs.)		11.1	3.0

See accompanying notes to the financial statements

In terms of our report attached.

For Nagar & Navada
Chartered Accountants
ICAI Firm Regn No: 015832S


Sandhya P Nagar
Partner
M. No 229158




Place: Bengaluru
Date: 10/05/2019

For and on behalf of the Board of Directors


Sangita Reddy
Director


Ramasekhar Reddy G
Chief Financial Officer


Dr. Viqar Syed
Director


Anil Prasad Sahoo
Company Secretary

Imperial Hospital & Research Centre Limited

Cash Flow Statement as on March 31, 2019

(Amounts in INR unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities		
Profit after tax for the year	332,299,987	82,745,752
<i>Adjustments for:</i>		
Income tax expense recognised in profit or loss	(5,250,388)	117,130,935
Finance costs recognised in profit or loss	81,055,769	107,314,248
Investment income recognised in profit or loss	(97,803)	(828,797)
Loss on Sale of Asset	6,617,836	1,703,494
<i>Other Comprehensive Income</i>	(1,105,024)	11,129,990
Gain on disposal of property, plant and equipment	(45,754,124)	-
Depreciation and amortisation of non-current assets	157,524,531	151,911,316
<i>Movements in working capital:</i>		
Increase in trade and other receivables	(53,424,281)	(53,224,259)
(Increase)/decrease in inventories	4,773,118	1,604,196
(Increase)/decrease in other assets	(111,384,778)	25,825,126
Increase/(Decrease) in trade and other payables	27,762,751	(23,587,480)
Increase/(decrease) in provisions	3,547,197	(6,711,874)
(Decrease)/increase in other liabilities	2,625,623	(88,882,798)
(Decrease)/increase in Financial Assets	(57,212,446)	(2,917,283)
Net cash generated by operating activities	341,977,969	323,212,566
Cash flows from investing activities		
Interest received	97,803	828,797
Payments for property, plant and equipment	(117,260,440)	(202,891,873)
Proceeds from Sale of Asset	57,299,884	
Net cash (used in)/generated by investing activities	(59,862,753)	(202,063,077)
Cash flows from financing activities		
Proceeds from borrowings	(200,377,299)	10,253,234
Repayment of borrowings	-	-
Interest paid	(81,055,769)	(107,314,248)
Net cash used in financing activities	(281,433,068)	(97,061,013)
Net increase in cash and cash equivalents	682,148	24,088,476
Cash and cash equivalents at the beginning of the year	67,722,103	43,633,627
Cash and cash equivalents at the end of the year	68,404,251	67,722,103

In terms of our report attached.

For Nagar & Navada
Chartered Accountants

ICAI Firm Regn No: 015832S


Sandhya P Nagar
Partner



M. No 229158

Place: Bengaluru


Date: 10/05/2019

For and on behalf of the Board of Directors


Sangita Reddy
Director


Dr. Viqar Syed
Director


Ramasekhar Reddy G
Chief Financial Officer


Anil Prasad Sahoo
Company Secretary