

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Kims Manavata Hospitals Private Limited  
**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of Kims Manavata Hospitals Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the period ended from May 11, 2022 to March 31, 2023, 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 financial statements give the information required by the Companies Act, 2013, as amended ("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, 2023, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 Ind AS 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's responsibility statement, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our



auditor's report to the related disclosures in the Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

### **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 sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds 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, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
b) The management has represented that, to the best of its knowledge and belief, , no funds 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and  
  
c) Based on such 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 (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 23102328BGSBML7746

Place of Signature: Hyderabad

Date: May 17, 2023



# **S.R. BATLIBOI & ASSOCIATES LLP**

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**Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Re: Kims Manavata Hospitals Private Limited ('the Company')**

**In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:**

- (i) a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
B. The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.
- b) Property, Plant and Equipment have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) during the year ended March 31, 2023. The Company has not capitalized any intangible assets in the books of the Company.
- e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) a) Since the Company has not commenced commercial operations, the Company's h does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.



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- c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- f) 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 to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) Since the Company has not commenced commercial operations, the requirements relating to report on clause 3(vi) of the Order are not applicable to the Company.
- (vii)
  - a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)
  - a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
  - b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.



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- c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
  - d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
  - e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
  - f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x)
- a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
  - b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.
- (xi)
- a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
  - b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of 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)
- a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
  - b) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
  - c) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii)
- Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



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- (xiv) a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.
- b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses in the current year amounting to Rs.4.97 Mn. The Company has been registered for a period of less than one year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 2.20 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the 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 Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



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- (xx)
- a) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) of the Order is not applicable to the Company.
  - b) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(b) of the Order is not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



**per Navneet Rai Kabra**

Partner

Membership Number: 102328

UDIN: 23102328BGSBML7746

Place of Signature: Hyderabad

Date: May 17, 2023



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KIMS MANAVATA HOSPITALS PRIVATE LIMITED**

### **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 with reference to financial statements of Kims Manavata Hospitals Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 with reference to these financial statements.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Meaning of Internal Financial Controls With Reference to these 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 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 Financial Statements**

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

## **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 23102328BGSBML7746

Place of Signature: Hyderabad

Date: May 17, 2023



**KIMS Manavata Hospitals Private Limited**

CIN:U85300MH2022PTC382434

Balance Sheet as at 31 March 2023

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

	Note	As at 31 March 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2.1(a)	0.09
Capital work-in-progress	2.1(b)	120.50
Right-of-use assets	2.13	232.69
Non Current tax assets		0.09
Other non-current assets	2.2	44.11
<b>Total non-current assets</b>		<b>397.48</b>
<b>Current assets</b>		
<b>Financial assets</b>		
(i) Cash and cash equivalents	2.3	27.95
(ii) Other financial assets	2.4	0.63
<b>Total current assets</b>		<b>28.58</b>
<b>Total assets</b>		<b>426.06</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital	2.5(a)	10.00
Instruments entirely equity in nature	2.5(b)	175.00
Other equity	2.5(c)	219.10
<b>Total equity</b>		<b>404.10</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
(i) Lease Liabilities	2.13	5.59
<b>Total non-current liabilities</b>		<b>5.59</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
(i) Lease Liabilities	2.13	0.59
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises; and		-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2.6	0.70
(iii) Other financial liabilities	2.7	14.91
Other current liabilities	2.8	0.17
<b>Total current liabilities</b>		<b>16.37</b>
<b>Total equity and liabilities</b>		<b>426.06</b>
<b>Significant accounting policies</b>	1.3	

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

As per our report attached of even date

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration no.: 101049W/ E300004

*Navneet Rai*

per **Navneet Rai Kabra**

Partner

Membership no.: 102328



For and On behalf of the Board of Directors

**KIMS Manavata Hospitals Private Limited**

*Abhinav*  
Mr. Bollineni Abhinav  
Director  
DIN: 01681273

*Pooja Bang*  
Pooja Bang  
Company Secretary  
Member ship No:45476

Place: Hyderabad  
Date: 17 May 2023

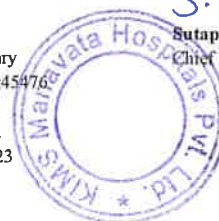
*Kodali venkata Krishna Kumar*

Kodali venkata Krishna Kumar

Director

DIN: 00479923

*S. Padma Raju*  
Sutapalli Padma Raju  
Chief Financial Officer



Place: Hyderabad  
Date: 17 May 2023

**KIMS Manavata Hospitals Private Limited**

CIN:U85300MH2022PTC382434

**Statement of Cash Flows for the period 11 May 2022 to 31 March 2023**

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

	Note	For the period 11 May 2022 to 31 March 2023
<b>Income</b>		
Income from Operations		-
Other income	2.9	0.86
<b>Total Income</b>		<b>0.86</b>
<b>Expenses</b>		
Depreciation and amortisation expense	2.10	0.01
Other expenses	2.11	5.83
<b>Total expenses</b>		<b>5.84</b>
<b>Loss before tax</b>		<b>(4.98)</b>
<b>Tax expense</b>		
- Current tax		-
- Deferred tax charge		-
<b>Total tax expense</b>		<b>-</b>
<b>Loss for the period (A)</b>		<b>(4.98)</b>
<b>Other comprehensive income (B)</b>		<b>-</b>
<b>Total Comprehensive Loss for the year (A+B)</b>		<b>(4.98)</b>
Earning per share (face value of share INR 10 each)		
- Basic	2.15	(6.62)
- Diluted		(6.62)
Significant accounting policies	1.3	

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration no.: 101049W/ E300004

*Navneet Rai*

per Navneet Rai Kabra  
Partner

Membership no.: 102328



For and On behalf of the Board of Directors

**KIMS Manavata Hospitals Private Limited**

*Dr. Bohineni Abhinav*  
Director

DIN: 01681273

*Kodali Venkata Krishna Kumar*

Kodali Venkata Krishna Kumar  
Director

DIN: 00479923

*Pooja Bang*  
Company Secretary

Membership No: 45476

*S. Padma Raju*

Sutapalli Padma Raju  
Chief Financial Officer



Place: Hyderabad

Date: 17 May 2023

Place: Hyderabad

Date: 17 May 2023

**KIMS Manavata Hospitals Private Limited**

CIN:U85300MH2022PTC382434

**Statement of Cash Flows for the period 11 May 2022 to 31 March 2023**

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

Particulars	For the period 11 May 2022 to 31 March 2023
<b>I. Cash flows from operating activities:</b>	
Loss before tax	(4.98)
<b>Adjustments for operating activities:</b>	
Depreciation and amortisation expense	0.01
Interest income on fixed deposits	(0.86)
<b>Operating cash flows before working capital changes</b>	<b>(5.83)</b>
<b>Adjustments for:</b>	
Increase in liabilities	0.97
<b>Cash used in operations</b>	<b>(4.86)</b>
Income-taxes paid, net of refund	(0.09)
<b>Net cash used in operating activities (A)</b>	<b>(4.95)</b>
<b>II. Cash flows from investing activities</b>	
Acquisition of property, plant and equipment	(152.33)
Interest received	0.23
<b>Net cash used in investing activities (B)</b>	<b>(152.10)</b>
<b>III. Cash flows from financing activities</b>	
Proceeds from issue of equity shares	10.00
Proceeds from issue of optionally convertible redeemable preference shares	175.00
<b>Net cash flows generated from financing activities (C)</b>	<b>185.00</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>27.95</b>
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<b>27.95</b>

**Note:**

a) The statement of cash flows has been prepared under the "Indirect Method" as set out in the Indian accounting Standard (Ind 7)-Statement of cash flows:

b) Cash and cash equivalents comprises of:

	For the period 11 May 2022 to 31 March 2023
Cash on hand	-
On current accounts	27.95
In deposit accounts (with original maturity of 3 months (or) less)	-
	<b>27.95</b>

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

As per our report attached of even date.

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration no.: 101049W/ E300004

*Namrat Rai*

per Navneet Rai Kabra  
Partner

Membership no.: 102328



for and on behalf of the Board of Directors

**KIMS Manavata Hospitals Private Limited**

CIN:U85300MH2022PTC382434

*Dr. Balineni Ahlinay*  
Director  
DIN: 01681273

*Pooja Bang*  
Pooja Bang  
Company Secretary  
Member ship No:45476

Place: Hyderabad  
Date: 17 May 2023

*Kodali venkata Krishna Kumar*

Kodali venkata Krishna Kumar  
Director  
DIN: 00479923

*S. Padma Raju*  
Sutapalli Padma Raju  
Chief Financial Officer



Place: Hyderabad  
Date: 17 May 2023

KIMS Manavata Hospitals Private Limited

CIN:U85300MH2022PTC382434

Statement of changes in equity for the period ended 31 March 2023

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

**a) Equity Share Capital**

Equity shares of Rs.10 each issued, subscribed and fully paid	No.of Shares	Amount
At 01 April 2022	-	-
Add: Shares issued during the year	10,00,000	10.00
At 31 March 2023	10,00,000	10.00

**b) Instruments entirely equity in nature**

Optionally convertible redeemable preference shares of Rs 10 each issued, subscribed and fully paid	No.of Shares	Amount
At 01 April 2022	-	-
Add: Shares issued during the year	1,75,00,000	175.00
At 31 March 2023	1,75,00,000	175.00

**c) Other equity**

Particulars	Other equity			Total of other equity
	Reserve and surplus			
	Securities premium	Capital Contribution	Retained earnings	
Balance as at 1 April 2022	-	-	-	-
Loss for the year	-	-	(4.98)	(4.98)
Other equity from land lease (Refer Note 2.5 (C))	-	224.08	-	224.08
Balance as at 31 March 2023	-	224.08	(4.98)	219.10

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

As per our report attached of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration no.: 101049W/ E300004

*Navneet Rai*  
per Navneet Rai Kabra  
Partner

Membership no.: 102328



For and On behalf of the Board of Directors

KIMS Manavata Hospitals Private Limited

*Dr. Rohini Abhinav*  
Director  
DIN: 01681273

*Pooja Bang*  
Pooja Bang  
Company Secretary  
Member ship No:45476

*Kodali venkata Krishna Kumar*  
Kodali venkata Krishna Kumar  
Director  
DIN: 00479923

*S. Padma Raju*  
Sutapalli Padma Raju  
Chief Financial Officer



Place: Hyderabad

Date: 17 May 2023

Place: Hyderabad

Date: 17 May 2023

**KIMS Manavata Hospitals Private Limited**
**CIN:U85300MH2022PTC382434**
**Notes to the financial statements for the period ended 31 March 2023**

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

**2.1 (a) Property, plant and equipment**

Particulars	Computers	Total of property, plant and equipment
<b>Gross carrying amount</b>		
Balance as at 1 April 2022	-	-
Additions	0.10	0.10
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>0.10</b>	<b>0.10</b>
<b>Accumulated depreciation</b>		
Balance as at 1 April 2022	-	-
Depreciation charge for the year	0.01	0.01
Disposals	-	-
<b>Balance as at 31 March 2023</b>	<b>0.01</b>	<b>0.01</b>
<b>Net Book Value</b>		
<b>At 31 March 2023</b>	<b>0.09</b>	<b>0.09</b>

**2.1(b) Capital Work in Progress**

	As at 31 March 2023
<b>Gross Carrying amount</b>	
Balance as at 1 April 2022	-
Additions	120.50
Capitalised during the year	-
<b>Balance as at end of the year</b>	<b>120.50</b>

For capital work in progress, ageing Schedule as on 31 March 2023

CWIP	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	more than 3 years	
-Projects in Progress	120.50	-	-	-	120.50
<b>Total</b>	<b>120.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120.50</b>

There are no capital work in progress projects, whose completion is overdue or has exceed its cost compared to its original plan as at 31 March 2023.

	As at 31 March 2023
<b>2.2 Other non-current assets</b> (unsecured, considered good)	
Capital advances	44.11
<b>Total</b>	<b>44.11</b>
<b>2.3 Cash and cash equivalents</b>	
<b>Cash and cash equivalents</b>	
Cash on hand	0.02
Balances with banks	
- in current accounts	27.93
- In deposit accounts (with original maturity of 3 months or less)	-
<b>Total</b>	<b>27.95</b>
<b>2.4 Other financial assets (at amortised cost)</b> (unsecured, considered good)	
<b>Current</b>	
Interest accrued on bank deposits	0.63
<b>Total</b>	<b>0.63</b>



2.5(a) Equity share capital

	As at 31 March 2023
<b>Authorised Equity shares</b>	
2,000,000 (31 March 2022: Nil) equity shares of Rs. 10 each	20.00
	<b>20.00</b>
<b>Issued, subscribed and paid-up</b>	
1,000,000 (31 March 2022: Nil) equity shares of Rs. 10 each fully paid-up	10.00
	<b>10.00</b>

(i) Reconciliation of number of equity shares of Rs. 10 each, fully paid up outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2023	
	Number of shares	Amount
At the commencement of the year	-	-
Add: Shares issued during the year	10,00,000	10.00
<b>Shares outstanding at the end of the period</b>	<b>10,00,000</b>	<b>10.00</b>

(ii) Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having par value of Rs. 10 per share. Each equity share holder is entitled to one vote per equity share held. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Particulars of shareholders holding more than 5% equity shares of Rs. 10 each, fully paid up

Name of shareholder	As at 31 March 2023	
	Number of shares	% of holding
Krishna Institute of Medical Sciences Limited	5,10,000	51%
Raj Vasantrao Nagarkar	3,71,100	37%
Prarthana Raj Nagarkar	1,00,000	10%

(iv) Equity shares of Rs.10 each, fully paid of the Company held by holding company

Name of shareholder	As at 31 March 2023	
	Number of shares	% of holding
Krishna Institute of Medical Sciences Limited	5,10,000.00	51%

v) Details of shares held by Promoters \*

As at 31 March 2023

S. No.	Particulars	Promoter name	No of shares at beginning of the year	Change during the year	No of shares at end of the year	% of total shares	% change during the year
1	Equity shares of Rs. 10 each fully paid	Krishna Institute of Medical Sciences Limited	-	5,10,000	5,10,000	51.00%	51.00%
2	Equity shares of Rs. 10 each fully paid	Raj Vasantrao Nagarkar	-	3,71,100	3,71,100	37.11%	37.11%
3	Equity shares of Rs. 10 each fully paid	Prarthana Raj Nagarkar	-	1,00,000	1,00,000	10.00%	10.00%
<b>Total</b>			<b>-</b>	<b>9,81,100</b>	<b>9,81,100</b>	<b>98%</b>	<b>98%</b>

\* Promoters are as per the shareholding pattern.

2.5(b) Instruments entirely equity in nature

<b>Authorised</b>	
<b>Optionally convertible redeemable preference shares</b>	
48,000,000 (31 March 2022: Nil) 0.001% optionally convertible redeemable preference shares of Rs. 10 each	480.00
<b>Total</b>	<b>480.00</b>
<b>Issued, subscribed and paid-up</b>	
<b>Optionally convertible redeemable preference shares</b>	
17,500,000 (31 March 2022: Nil) 0.001% optionally convertible redeemable preference shares of Rs. 10 each, fully paid-up	175.00
<b>Total</b>	<b>175.00</b>

i) Reconciliation of number of shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2023	
	Number of shares	Amount
At the commencement of the period	-	-
Shares issued during the period	1,75,00,000	175.00
<b>Shares outstanding at the end of the period</b>	<b>1,75,00,000</b>	<b>175.00</b>



**KIMS Manavata Hospitals Private Limited**
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(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

**ii) Rights, preferences and restrictions attached to preference shares:**

Optionally convertible redeemable preference shares (OCRPS) were issued at par in multiple tranches to its parent company, Krishna Institute of Medical Sciences Limited. OCRPS carry a dividend rate of 0.01% p.a. OCRPS have a preferential right of dividend over equity shareholders. Following are the terms and conditions:

The OCRPS can be converted into equity shares of Rs. 10/- each at par (i.e. each OCRPS shall be converted into 1 (One) Equity Share) of the Company at any time after the 15th year but before 19th year from the date of issuance and allotment of OCRPS at the option of the Company.

ii. The OCRPS will be redeemable at the option of the Company either of by way of : Conversion of OCRPS after 15th year but before 19th year from the date of issuance and allotment or at the end of 20th year from the date of issuance.

The OCRPS shall be entitled to participate in the surplus assets and profits of the Company on winding up which may remain after the entire capital has been repaid, as per the applicable laws.

The OCRPS shall have voting rights only in respect of certain matters as per the provisions of section 47(2) of the Companies act 2013.

**2.5 (c) Other equity**
**Capital Contribution**

Opening balance

Addition during the period (Refer Note i below)

Closing balance

**As at  
31 March 2023**

224.08

224.08

**Retained earnings**

Opening balance

Add: loss for the period (Refer Note ii below)

Closing balance

(4.98)

(4.98)

**Total other equity**

219.10

**Nature and purpose of reserves:**
**(i) Capital contribution**

During the current period, the Company entered into a land lease agreement with Mr. Raj Vasantrao Nagarkar and Mrs. Prarthana Raj Nagarkar (i.e., promoter shareholder) at a concessional rate for a period of 99 years on which the hospital building is being constructed. The Company has obtained valuation report from a independent valuer for land lease, and the ROU asset has been accounted for, at fair value of land of Rs.230 Mn. The difference between the ROU asset and lease liability has been recognised as capital contribution.

**(ii) Retained earnings**

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

**As at  
31 March 2023**
**2.6 Other financial liabilities (at amortised cost)**

Capital creditors

14.80

Employee related liabilities (Refer Note 2.14)

0.11

**Total**

14.91

**2.7 Trade payables (at amortised cost)**

Trade payables

- total outstanding dues of micro enterprises and small enterprises (Refer Note 2.17)

-

- total outstanding dues of creditors other than micro enterprises and small enterprises

0.70

**Total**

0.70

**Trade Payable Aging Schedule as on 31 March 2023**

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		< 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other	0.70	-	-	-	-	0.70
(iii) Disputed dues of micro enterprises and	-	-	-	-	-	-
(iv) Disputed dues of creditors other than	-	-	-	-	-	-
<b>Total</b>						<b>0.70</b>

**2.8 Other current liabilities**

Statutory dues payable

0.17

**Total**

0.17



**KIMS Manavata Hospitals Private Limited**

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**Notes to the financial statements for the period ended 31 March 2023**

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	For the period 11 May 2022 to 31 March 2023
<b>2.9 Other Income</b>	
Interest Income	0.86
<b>Total</b>	<b>0.86</b>
<b>2.10 Depreciation and amortisation expense</b>	
Depreciation of property, plant and equipment (refer note no 2.1(a))	0.01
<b>Total</b>	<b>0.01</b>
<b>2.11 Other expenses</b>	
Audit fee (Refer Note below)	0.60
Rates and taxes	4.93
Professional and legal fee	0.20
Director remuneration	0.06
Miscellaneous expenses	0.04
	<b>5.83</b>
<b>Note: Payment to auditors (excluding applicable taxes)</b>	
Statutory audit fee	0.60



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Notes to the financial statements for the period ended 31 March 2023

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

## 2.12 Contingent liabilities and commitments

### Commitments

	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	179.46

## 2.13 Lease

The Company has lease contract for land used for construction of hospital building. Leases of Land is having lease term of 99 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Land	Total
As at 1 April 2022	-	-
Additions (Refer Note 2.5(C))	234.07	234.07
Amortization expense	1.38	1.38
As at 31 March 2023	232.69	232.69

The effective interest rate for lease liabilities is 7.65% with maturity between 2022-2121.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	As at 31 March 2023
Opening balance as on 1 April	-
Addition	5.92
Accretion of interest	0.26
Payments	-
As at 31 March	6.18
Current	0.59
Non-current	5.59

The following amounts are recognised in capital work in progress\*:

	As at 31 March 2023
Amortization expense of right-of-use assets	1.38
Interest expense on lease liabilities	0.26
Expense relating to short-term leases and low-value assets (included in other expenses)	-
Total amount recognised in Capital work in progress	1.64

\* The commercial operations has not yet commenced as the building is in construction phase, hence the interest on lease liability and depreciation on ROU assets related to land are recognised in capital work in progress.

The Company had total cash outflows for leases of Rs. 4.07 Mn in 31 March 2023.

The table below provides details regarding the undiscounted contractual maturities of lease liabilities:

	As at 31 March 2023
Within one year	0.60
Between one and five years	1.63
After more than five years	63.86
Total	66.09



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Notes to the financial statements for the period ended 31 March 2023

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

## 2.14 Related party disclosures

- (a) Parties where control exists or where significant influence exists and with whom transactions have taken place during the current year or previous year:

Nature of relationship	Name of related parties
Holding Company	Krishna Institute of Medical Sciences Limited
Directors	Mr. Kodali Venkata Krishna Kumar (w.e.f 22 August 2022) Dr Bollineni Abhinay (w.e.f 22 August 2022) Mr. Prarthana Raj Nagarkar (w.e.f 11 May 2022) Mr. Viren Raj Nagarkar (w.e.f 11 May 2022) Mr. Seshasrinivasa Raju Chejarla (w.e.f 22 August 2022) Mr. Pratap Reddy Thammineni (w.e.f 22 August 2022)
Key Managerial Personnel (KMP)	Mr. Raj Vasant Rao Nagarkar - Managing Director (w.e.f 11 May 2022) Mrs. Pooja Bang - Company Secretary (w.e.f 01 March 2023) Mr. Sutapalli Padma Raju - Chief Financial Officer (w.e.f 01 March 2023)

- (b) Transaction with related parties

Particulars	For the period 11 May 2022 to 31 March 2023
i. Key Managerial Remuneration	
Mrs. Pooja Bang	0.03
Mr. Sutapalli Padma Raju	0.09
ii. Promoter's contribution towards Land on Lease	
Mr. Raj Vasant Rao Nagarkar and Mrs. Prarthana Raj Nagarkar	224.08
iii. Director Sitting fee	
Mr. Kodali Venkata Krishna Kumar	0.02
Mr. Seshasrinivasa Raju Chejarla	0.02
Mr. Pratap Reddy Thammineni	0.02

- (c) The balances payable to related parties

Particulars	As at 31 March 2023
i. Key Managerial Remuneration payable	
Mrs. Pooja Bang	0.03
Mr. Sutapalli Padma Raju	0.09

### Terms and conditions:

All transactions with these related parties are priced on arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash within a range of 30-120 days of the transaction date. None of the balances are secured.



KIMS Manavata Hospitals Private Limited

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Notes to the financial statements for the period ended 31 March 2023

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

## 2.15 Earnings per share (EPS)

Particulars	For the year ended 31 March 2023
<b>Earnings</b>	
Profit/(Loss) for the year attributable to equity shareholders	(4.98)
<b>Shares</b>	
Number shares at the beginning of the year	
Add: Equity shares issued during the year	10,00,000
Total number of equity shares outstanding at the end of the year	10,00,000
Weighted average number of equity shares outstanding during the year - Basic	7,52,082
Weighted average number of equity shares arising out of issue of potential equity shares	79,24,658
Weighted average number of equity shares outstanding during the year -diluted	86,76,740
Earnings per share of par value INR 10 - Basic (INR)	(6.62)
Earnings per share of par value INR 10 - Diluted* (INR)	(6.62)

\*Potential equity shares of the Company are anti-dilutive in nature, hence, diluted earnings per share is considered as equal to basic earnings per share in the previous year.

## 2.16 Segment information

The Board of Directors of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, Medical and Healthcare services have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the consolidated financial statements.

## 2.17 Due to Micro and Small Enterprises

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 amount payable to such enterprises as at 31 March 2023 has been made in the 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 the Micro, Small and Medium Enterprises Development Act, 2006 (The MSMED Act) is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	As at 31 March 2023
The amounts remaining unpaid to micro and small supplies as at end of the year	
- Principal	-
- Interest	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act.	-



**KIMS Manavata Hospitals Private Limited**

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**Notes to the financial statements for the period ended 31 March 2023**

(All amounts are in million of Indian Rupees except share data or unless otherwise stated)

## **2.18 Capital management**

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

For this purpose, net debt is defined as total borrowings, less cash and cash equivalents. Total equity comprises of issued share capital and all other equity reserves.

The Company's net debt to equity ratio as of 31 March 2023 was as follows:

Particulars	As at 31 March 2023
Total borrowings	-
Less: Cash and cash equivalents	27.95
<b>Net debt</b>	<b>(27.95)</b>
<b>Total equity</b>	<b>404.10</b>
<b>Net debt to equity ratio</b>	<b>-6.92%</b>

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023.



**2.19 Financial instruments : Fair value and risk management****A. Accounting classification and fair values**

The management assessed that cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate their carrying amounts as fair value.

As at 31 March 2023	Carrying Value	Fair Value	Fair value level
<b>Financial assets at amortised cost (Refer note below)</b>			
Cash and cash equivalents	27.95	27.95	
Other financial assets	0.63	0.63	
<b>Total</b>	<b>28.58</b>	<b>28.58</b>	level 3
<b>Financial liabilities at amortised cost (Refer note below)</b>			
Lease liabilities	6.18	6.18	
Trade payables	0.70	0.70	
Other financial liabilities	14.91	14.91	
<b>Total</b>	<b>21.79</b>	<b>21.79</b>	

**Note for financial assets and financial liabilities at amortised cost:**

The carrying amounts of trade payables, other financial assets, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

**B. Financial risk management**

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

**(i) Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

**(ii) Credit risk**

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

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

**(iii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2023:

Particulars	Carrying value	Less than 1 year	1 - 5 years	More than 5 years	Total
Trade payables	0.70	0.70	-	-	0.70
Lease liabilities	6.18	0.60	1.63	63.86	66.09
Other financial liabilities	14.91	14.91	-	-	14.91
<b>Total</b>	<b>21.79</b>	<b>16.21</b>	<b>1.63</b>	<b>63.86</b>	<b>81.70</b>

**(iv) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company does not have any financial instruments which are affected by market risk.

**(v) Currency risk**

The Company is not exposed to currency risk.



## 2.20 Ratio Analysis and its elements

Particulars	Numerator	Denominator	As at 31 March 2023
a) Current Ratio	Current Assets	Current Liabilities	1.75
b) Debt-Equity ratio	Total Debts <sup>(1)</sup>	Shareholder's Equity	0.02
c) Debt service coverage ratio	Earnings for debts service <sup>(2)</sup>	Debt service <sup>(3)</sup>	NA
d) Return on Equity Ratio	Net profits after taxes	Average Shareholder's equity	-2.46%
e) Return on Capital employed	Earnings before interest and taxes	Capital Employed <sup>(4)</sup>	-1.21%

<sup>(1)</sup> Debt includes Lease Liabilities<sup>(2)</sup> Net profit after taxes + Non-Operating expenses<sup>(3)</sup> Interest and lease payments + Principal Repayments<sup>(4)</sup> Tangible Net Worth + Total Debts + Deferred Tax Liability

2.21 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses. The Company does not have any unhedged foreign currency exposure as at 31 March 2023 and 31 March 2022.

## 2.22 Other Statutory Information

- The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company do not have any transactions with companies struck off.
- The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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:
  - 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 to or on behalf of the Ultimate Beneficiaries
- The Company have 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:
  - 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,
- The Company have not 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.
- The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has not declared/paid any dividend during the year.

2.23 Financial year ended March 31, 2023 being the first period of the Company, hence there are no comparable figures.

2.24 There were no significant adjusting events that occurred subsequent to the reporting period.

As per our report attached of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration no.: 101049W/ E300004

*Navneet Rai*

per Navneet Rai Kabra

Partner

Membership no.: 102328

for and on behalf of the Board of Directors of

KIMS Manavata Hospitals Private Limited

CIN:U85300MH2022PTC382434

*Abhinav*  
Dr. Abhinav Abhinav  
Director  
DIN: 01681273

*Kodali venkata Krishna Kumar*  
Kodali venkata Krishna Kumar  
Director  
DIN: 00479923

*S. Padma Raju*

Sutapalli Padma Raju  
Chief Financial Officer

*Pooja Bang*

Pooja Bang  
Company Secretary  
Membership No:45476

Place: Hyderabad

Date: 17 May 2023

Place: Hyderabad

Date: 17 May 2023



**KIMS Manavata Hospital Private Limited**

**CIN:U85300MH2022PTC382434**

**Notes to the financial statements for the period ended 31 March 2023**

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**1.1 Company Overview**

KIMS Manavata Hospital Private Limited ('the Company') is a private company domiciled in India and is incorporated on 11 May 2022 under the provisions of Companies Act, 2013 in India. The registered office of the company is located at Survey no 571/1A/1, Plot no 63, Mumbai Agra highway, Nasik -422 001.

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

These are the first financial statements prepared by management and have been prepared for the period from 11 May 2022 to 31 March 2023 ('the period'). Consequently, no corresponding numbers have been given for the previous period.

The financial statements were authorised for issue by the Company's Board of Directors on 17 May 2023.

**1.2 Basis of preparation of financial statements**

**a) Statement of compliance:**

These financial statements of the Company as at and for the year ended 31 March 2023, have been prepared in accordance with requirements of Indian Accounting Standards ("Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III of the Act.

All amounts are in Indian Rupees millions, rounded off to two decimals, except share data, unless otherwise stated.

**b) Basis of measurement:**

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value - refer accounting policy regarding financial instruments

**c) Functional and presentation currency:**

These financial statements are presented in Indian Rupees Rs. which is also the Company's functional currency. All amounts are in Indian Rupees millions, rounded off to two decimals, except share data and per share data, unless otherwise stated.

**d) Significant accounting judgement, estimates and assumptions:**

The preparation of Company's financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenue, expenses, assets and liabilities, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.



**KIMS Manavata Hospital Private Limited****CIN:U85300MH2022PTC382434****Notes to the financial statements for the period ended 31 March 2023****(All amounts are in million of Indian Rupees, except share data or unless otherwise stated)****Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 2.19 for further disclosures.

**Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**Determining the lease term of contracts with renewal and termination options – Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted cash flow model ("DCF model"). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is



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sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**1.3 Significant accounting policies**

**A. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based current and non-current classification.

**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 company'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.

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 company'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 company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

**Operating cycle**

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

**B. Fair value measurement:**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. 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.



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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial officer determines the policies and procedures for both recurring fair value measurement and for other non-recurring measurement.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Periodically, the Management present the valuation results to the Board of Directors/ Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.19 – financial instruments.

**C. Other Income**

Interest on deposits, loans and debt instruments are measured at amortized cost. interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the



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effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**D. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

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

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

**Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

**E. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**F. 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.

**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 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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. The right-of-use assets are also subject to impairment. Refer to the accounting policies of Impairment of non-financial assets.



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**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. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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.

**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 machinery and equipment (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 of office equipment 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.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**G. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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 asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term



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growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries in which the Company operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### **H. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the 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.

#### **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **I. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



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**Financial Assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

**Subsequent measurement**

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

- Financial assets at amortised cost
- Financial assets at fair value through OCI (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets. For more information on receivables, refer to Note 2.19.



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**Financial assets at fair value through OCI (FVTOCI)**

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPL.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss. The Company's debt instruments are not fair value through OCI assets.

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

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

**Equity instruments measured at fair value through other comprehensive income (FVTOCI)**

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, 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 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**Derecognition**

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.



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## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

### **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to Statement of Profit and Loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial instruments are classified as a liability or equity components based on the terms of the contract and in accordance with Ind AS 32 (Financial instruments: Presentation). Financial instrument issued by the Company classified as equity is carried at its transaction value and shown within "equity". Financial instrument issued by the Company classified as liability is initially recognised at fair value (issue price). Subsequent to initial recognition, such Financial instrument is fair valued through the statement of profit or loss. On modification of Financial instrument from liability to equity, the Financial instrument is recorded at the fair value of Financial instrument classified as equity and the difference in fair value is recorded as a gain/ loss on modification in the Statement of Profit and Loss.

### **Financial liabilities at amortised cost (loans and borrowings)**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### **Financial guarantee contracts**



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Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **J. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **K. Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

#### **L. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

#### **M. 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 Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.



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**N. New and amended standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 01 Apr 2022. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

- Ind AS 101, First-time Adoption of Indian Accounting Standards
- Ind AS 109, Financial Instruments Classification, Recognition and Derecognition
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

These amendments had no impact on the financial statements of the Company.

**Standards issued but not yet effective and not early adopted by the Company**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On 31 March 2023, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12, Income Taxes
- Ind AS 1, Presentation of Financial Statements

These amendments are effective from April 01, 2023. The Company believes that the aforementioned amendments will not materially impact the financial statements of the Company.

