

INDEPENDENT AUDITOR'S REPORT

To the Members of Alps Hospital Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Alps Hospital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the 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 purpose 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, 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;
 - (d) In our opinion, the aforesaid 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note.23 to the Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Atul Seksaria

Partner

Membership Number: 086370

Place of Signature: Gurugram

Date: May 05, 2018

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

Re: Alps Hospital Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the healthcare services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (In Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Income Tax	450	AY 2011-12	ITAT
Income Tax	Income Tax	455	AY 2012-13	ITAT
Income Tax	Income Tax	473	AY 2013-14	ITAT

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank or dues to debenture holder during the year. Further as per information and explanations given by the management, the Company did not have any outstanding loan or borrowing due to government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of compulsory convertible debenture and term loans for the purposes for which they were raised. Further as per information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 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.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi and Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per **Atul Seksaria**

Partner

Membership No: 086370

Place of Signature: Gurugram

Date: May 05, 2018

Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of Alps Hospital 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 over financial reporting of Alps Hospital Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Atul Seksaria

Partner

Membership Number: 086370

Place of Signature: Gurugram

Date: May 05, 2018

ALPS Hospital Limited
Balance sheet as at March 31, 2018

(Rs in Lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,279	4,329
Capital work-in-progress	3	-	51
Other intangible assets	4	23	30
Financial assets			
(i) Loans	5	1,582	1,130
(ii) Other bank balances		-	1
Other non current assets	6	245	250
Deferred tax assets (net)	7	-	118
		6,129	5,909
Current assets			
Inventories	8	202	154
Financial assets			
(i) Loans	9	553	44
(ii) Trade receivables		369	589
(iii) Other financial assets		40	39
(iv) Cash and cash equivalents		77	65
(v) Other bank balances		7,470	1
Other current assets	10	219	205
		8,930	1,097
TOTAL ASSETS		15,059	7,006
EQUITY AND LIABILITIES			
Equity			
(i) Equity share capital	11	288	288
(ii) Compulsorily convertible debentures		3,000	-
(iii) Other equity		1,188	675
Total equity		4,476	963
Non-current liabilities			
Financial liabilities			
Borrowings	12	6,714	4,593
Provisions	13	15	11
Deferred tax liabilities (net)	7	3	-
		6,732	4,604
Current liabilities			
Financial liabilities			
(i) Borrowings	14	1,166	286
(ii) Trade payables		2,099	921
(iii) Other financial liabilities		448	106
Provisions	13	33	29
Other current liabilities	15	105	97
		3,851	1,439
TOTAL LIABILITIES		10,583	6,043
TOTAL EQUITY AND LIABILITIES		15,059	7,006
Significant accounting policies	2		
Contingent liabilities, commitments and litigations	23		
Other notes on accounts	24		

The accompanying notes are integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
ALPS Hospital Limited

Sd/-

Sd/-

Sd/-

Per Atul Seksaria
Partner
Membership Number: 086370

Gaurav Khurana
(Whole Time Director)
DIN:07890683

Yogesh Kumar Sareen
(Director)
DIN:00884252

Sd/-

Sd/-

Umang Jaiswal
(Head - Finance)

Parul Rastogi
(Company Secretary)
Membership Number:ACS-34981

Place : Gurugram
Date : May 05, 2018

Place : Gurugram
Date : May 05, 2018

ALPS Hospital Limited
Statement of profit and loss for the year ended March 31, 2018

(Rs in Lakhs)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	16	11,820	11,874
Other income	17	17	43
Finance income	18	431	102
Total income		12,268	12,019
Expenses			
Purchase of pharmacy, drugs, consumables and implants		1,801	1,972
(Increase)/decrease in inventory of pharmacy, drugs, consumables and implants		(48)	48
Employee benefits expense	19	1,603	1,471
Finance costs	20	1,027	598
Depreciation and amortization expense	21	430	400
Other expenses	22	6,441	5,954
Total expenses		11,254	10,443
Profit before tax		1,014	1,576
Tax expenses			
Current tax (including MAT payable)	7	452	339
Adjustment of tax relating to earlier periods	7	81	-
Less: MAT credit entitlement relating to previous period	7	(81)	(339)
Deferred tax charged/ (credit)		47	375
Total tax expense		499	375
Profit for the year		515	1,201
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(losses) on defined benefit plans	24.1	1	(1)
Income tax effect		-	-
Other comprehensive income for the year, net of tax		1	(1)
Total comprehensive income for the year, net of tax		516	1,200
Earnings per equity share (Nominal value of share Rs.10/-) (refer note 24.4)			
Basic (Rs.)		17.88	41.69
Diluted (Rs.)		14.96	41.69
Significant accounting policies	2		
Contingent liabilities, commitments and litigations	23		
Other notes on accounts	24		

The accompanying notes are integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
ALPS Hospital Limited

Sd/-

Sd/-

Sd/-

Per Atul Seksaria
Partner
Membership Number: 086370

Gaurav khurana
(Whole-Time Director)
DIN:07890683

Yogesh Kumar Sareen
(Director)
DIN:00884252

Sd/-

Sd/-

Umang Jaiswal
(Head - Finance)

Parul Rastogi
(Company Secretary)
Membership Number:ACS-34981

Place : Gurugram
Date : May 05, 2018

Place : Gurugram
Date : May 05, 2018

ALPS Hospital Limited
Statement of changes in equity for the year ended March 31, 2018

a) Equity share capital

Particulars	Nos.	(Rs in Lakhs)
Equity shares of INR 10 each issued, subscribed and fully paid		
As at April 1, 2016	28,81,034	288
Add: Equity share issued (refer note 11(i))	-	-
As at March 31, 2017	28,81,034	288
Add: Equity share issued (refer note 11(i))	-	-
As at March 31, 2018	28,81,034	288

b) 9% Compulsorily convertible debentures

Particulars	Nos.	(Rs in Lakhs)
As at April 1, 2017	-	-
Add: Compulsorily convertible debentures issued (refer note 11(ii))	30,00,000	3,000
As at March 31, 2018	30,00,000	3,000

c) Other equity

Particulars	Reserves and surplus		Total equity
	Securities premium account (refer note 11(iii))	Retained earnings (refer note 11(iii))	
As at April 1, 2016	1,399	(1,924)	(525)
Profit for the year	-	1,201	1,201
Other comprehensive income for the year	-	(1)	(1)
As at March 31, 2017	1,399	(724)	675
Profit for the year	-	515	515
Compulsory convertible debentures issue expense	(3)	-	(3)
Other comprehensive income for the year	-	1	1
As at March 31, 2018	1,396	(208)	1,188

Significant accounting policies	2
Contingent liabilities, commitments and litigations	23
Other notes on accounts	24

The accompanying notes are integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
ALPS Hospital Limited

Sd/-

Per Atul Seksaria
Partner
Membership Number: 086370

Sd/-

Gaurav khurana
(Whole-Time Director)
DIN:07890683

Sd/-

Yogesh Kumar Sareen
(Director)
DIN:00884252

Sd/-

Umang Jaiswal
(Head - Finance)

Sd/-

Parul Rastogi
(Company Secretary)
Membership Number:ACS-34981

Place : Gurugram
Date : May 05, 2018

Place : Gurugram
Date : May 05, 2018

ALPS Hospital Limited
Statement of cash flows for the year ended March 31, 2018

	(Rs in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from operating activities		
Profit before tax	1,014	1,576
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	423	393
Amortization of intangible assets	7	7
Provision for doubtful debts	(21)	100
Shares issue Expenses	3	-
Bad debts written off	53	20
Unclaimed balances & excess provisions written back	(10)	(36)
Loss on disposal of property, plant and equipment	-	7
Finance income (including fair value change in financial instrument)	(431)	(102)
Finance costs (including fair value change in financial instrument)	960	544
Working capital adjustments:		
Movements in provisions and gratuity	9	(1)
Increase in trade and other receivables and prepayments	(7,294)	(13)
(Increase)/decrease in inventories	(48)	48
Increase/(decrease) in trade and other payables	1,346	(188)
Cash generated/(used in) from operations	(3,989)	2,355
Income tax paid	(361)	(19)
Net cash flows from/(used in) operating activities (A)	(4,350)	2,336
Cash flow from investing activities		
Purchase of property, plant and equipment (including intangible assets, CWIP and capital advances)	(328)	(503)
Loan given to other healthcare service provider/others	(961)	(1,100)
Interest received	431	61
Net cash flows used in investing activities (B)	(858)	(1,542)
Cash flow from financing activities		
Interest paid	(960)	(544)
Proceeds from issue of debentures (net of expenses)	2,997	-
Proceeds from long term borrowings (net of repayment)	2,303	(282)
Proceeds from short term borrowings (net of repayment)	880	32
Net cash flows from/(used in) financing activities (C)	5,220	(794)

[This space has been intentionally left blank]

ALPS Hospital Limited
Statement of cash flows for the year ended March 31, 2018

	(Rs in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Net increase in cash and cash equivalents (A+B+C)	12	-
Cash and cash equivalents at the beginning of the year	65	65
Cash and cash equivalents at year end	77	65

Components of cash and cash equivalents :-		(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017	
Balances with banks:			
On current accounts	31	42	
Cheques/ drafts on hand	40	16	
Cash on hand	6	7	
Total cash and cash equivalents (refer note 9)	77	65	

Note: The above cash flow statement has been prepared under the ' Indirect Method' set out in Indian Accounting Standard-7, " Statement of cash flows"

Significant accounting policies	2
Contingent liabilities , commitments and litigations	23
Other notes on accounts	24

The accompanying notes are integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

Per Atul Seksaria
Partner
Membership Number: 086370

For and on behalf of the Board of Directors of
ALPS Hospital Limited

Sd/-

Dr. Gaurav khurana
(Whole-Time Director)
DIN:07890683

Sd/-

Yogesh Kumar Sareen
(Director)
DIN:00884252

Sd/-

Umang Jaiswal
(Head - Finance)

Sd/-

Parul Rastogi
(Company Secretary)
Membership Number:ACS-34981

Place : Gurugram
Date : May 05, 2018

Place : Gurugram
Date : May 05, 2018

ALPS Hospital Limited
Notes forming part of the financial statements

1 Corporate Information

The company is Multi Speciality hospital engaged in the business of providing the medical services in Gurgaon, Haryana and incorporated under provisions of the Companies Act, 2013. The registered office of the company is located at N-110, Panchsheel Park, New Delhi- 110017, India. Max Healthcare Institute Limited, the holding company owned 100% of the Company's equity share capital.

The financial statements of the Company includes operation of the hospital. Healthcare facilities have a long gestation period from commencement of its operation and accordingly require significant cash outlay.

The financial statements were authorised by the board of directors for issue in accordance with resolution passed on May 05, 2018.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standard) Rule, 2015, as amended from time to time and other relevant provision of the act.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value

- (i) Certain financial assets and financial liabilities
- (ii) Defined benefit plans

The amendments to IND AS 7 requires disclosure of change in liabilities arising from financial activities has been appropriately disclosed in the financial statement.

Financial Statement are presented in INR and all values are rounded to nearest Lacs (INR 00,000) except when otherwise stated.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- (i) Expected to be realized or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realized within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

b. Property, plant and equipment

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit, VAT credit and GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

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

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

Depreciation on property, plant and equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Assets	Useful lives estimated by the management
Leasehold Improvements	Shorter of the estimated useful life of tangible asset or respective lease term
Building	5 - 60 Years
Medical Equipment	13 Years
Other Surgical Instruments	4 Years
Lab Equipment	10 Years
Electrical Installations and Equipments	10 Years
Plant and Equipment	15 Years
Office Equipment	5 Years
Computers & Data Processing Units	3 - 6 Years
Furniture and Fixtures	10 Years
Motor Vehicles	6 - 8 Years

On the bases of technical assessment made by the management, it believes that useful lives given above are realistic and reflect fair approximation of the period over which the assets are likely to be used.

ALPS Hospital Limited

Notes forming part of the financial statements

c. Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii) Its intention to complete the asset;
- iii) Its ability to use or sale the asset;
- iv) How the asset will generate future economic benefits;
- v) The availability of adequate resources to complete the development and to use or sale the asset; and
- vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life of 2-7 years.

d. 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) net selling price 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. Where the carrying amount of 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's impairment calculation is based 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 the remaining economic life of the asset or cash-generating unit (CGU), a long term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provide on the revised carrying amount of the asset over its remaining economic life.

An assessments is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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.

e. 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.

(i) Financial assets

The Company classified its financial assets in the following measurement categories :-

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit & loss)
- Those measured at amortized cost

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortized cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- (i) Business model test : The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to released its fair value change), and
- (ii) Cash flow characteristics test : Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

ALPS Hospital Limited

Notes forming part of the financial statements

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate to the gross carrying amount of financial assets. When calculating the effective interest rate the company estimates the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI

A debt instrument is measured at fair value through other comprehensive income if following criteria are met:

- a) Business Model Test : The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.
- b) Cash flow characteristics test: The contractual terms of the debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;

- (a) the Company has transferred the rights to receive cash flows from the financial assets or
- (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Impairment of financial assets

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

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines 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 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 Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

(ii) 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, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money and other payables.

The measurement of financial liabilities depends on their classification, as described below:

ALPS Hospital Limited

Notes forming part of the financial statements

Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using EIR method.

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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and 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/ loss are not subsequently transferred to 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 recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortization 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 amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

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 cumulative amortization.

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.

Offsetting of financial instruments

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

f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, sales tax/value added tax (VAT)/ Goods and Service tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from sale of pharmacy and pharmaceutical supplies is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer usually on delivery of goods. The Company collects sales tax and value added taxes (VAT) Goods and Service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is usually recognized when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rendering of services

Revenue from healthcare services (including drugs, consumables and implants used in delivery of such services) are recognized on the performance of related services and includes service for patients undergoing treatment and pending for billing, which is shown as unbilled under other current assets. Revenues from other healthcare service providers and sponsorship and educational income are recognized on the performance of related services as per the terms of contracts.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Finance income" in the statement of profit and loss.

Incentive income

Benefits under "Service exports from India Scheme" and "Export promotion capital goods scheme" are available for foreign exchange earned under prevalent scheme of Government of India are accrued when the right to receive these benefits as per the terms of the scheme is established and accrued to the extent there is no significant uncertainty about the measurability and ultimate utilization.

g. Inventories

Inventories comprise of pharmacy, drugs, consumable and implants which are valued at lower of cost and net realizable value. Cost includes the cost of purchase, duties, taxes (other than those recoverable from tax authorities) and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961 and the income computation and disclosure standards (ICDS) enacted in India by using tax rates and tax laws that are enacted or substantively enacted, at the reporting date.

ALPS Hospital Limited

Notes forming part of the financial statements

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate, if any.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except: when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside the statement of profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax includes Minimum Alternative Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

i. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and charged to profit and loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the 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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.2 i).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payment are structured to increase in line with expected general inflation to compensate for the losses in expected inflationary cost increase.

Company as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

k. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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 unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

l. Employee benefits

Provident fund

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss account for the year when contributions for the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

ALPS Hospital Limited

Notes forming part of the financial statements

Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company has taken a policy with Max Life Insurance Company Limited (MLIC) to cover the gratuity liability of the employees to an extent. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with MLIC is provided for as liability in the books.

Net interest is calculated by applying the discount rate to the net defined benefit (liabilities/assets). The Company recognized the following changes in the net defined benefit obligation under employee benefit expenses in statement of profit and loss

- (i) Service cost comprising current service cost, past service cost, gain & loss on curtailments and non routine settlements.
- (ii) Net interest expenses or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

m. 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, which are subject to an insignificant risk of changes in value.

n. Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

o. Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (Rs.) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Forward exchange contracts entered into hedge foreign currency risk of an existing assets/liabilities. The premium on discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange difference on such contracts are recognised in the statement of profit and loss in the period in which the exchange rate changes. Any profit or loss arising on cancellation of such forwards exchange contract is also recognised as income or expense for the period.

p. 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:

- (i) In the principal market for the asset or liability, or
- (ii) 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.

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 are 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 categorized 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:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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 the asset or liability affected in future periods.

ALPS Hospital Limited

Notes forming part of the financial statements

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

(a) Operating lease commitments - Company as lessee

The Company has taken various commercial properties on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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 beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(b) Gratuity benefit

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used, including a sensitivity analysis, are given in Note 24.1.

(c) Fair value measurement of financial instrument

When the fair value 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 Discounted Cash Flow (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.

(d) Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(e) 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 CGU's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

2.4 Standards issued but not yet effective

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt the standard when it becomes effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

a) Appendix B to IND AS 21, Foreign currency transactions and advance consideration:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1st April 2018. However, since the Company's current practice is in line with the interpretation, the Company does not expect any effect on its financial statements.

b) IND AS 115 Revenue from Contracts with Customers:

INDAS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under IND AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IND AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services.

Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. IND AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with IND AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within IND AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying IND AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in IND AS 115 (the modified retrospective method).

ALPS Hospital Limited

Notes forming part of the financial statements

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of IND AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement IND AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of IND AS 115 on the financial statements will only be possible once the implementation project has been completed.

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial statements

3. Property, plant and equipment (PPE)

(Rs in Lakhs)

	Building	Medical equipment	Plant and equipment	Office equipment	Furniture and fixture	Motor vehicles	Computers and data processing units	Electrical installations and equipment	Other surgical instruments	Total	Capital work in progress
Gross carrying amount (at cost)											
As at April 1, 2016	2,287	1,260	403	30	127	9	29	297	59	4,501	-
Additions	28	216	1	4	-	-	264	-	37	550	51
Disposals	-	7	-	9	2	-	-	5	33	56	-
As at March 31, 2017	2,315	1,469	404	25	125	9	293	292	63	4,995	51
Additions	1	181	126	-	9	15	7	-	34	373	-
Disposals	-	-	-	-	-	-	-	-	18	18	51
As at March 31, 2018	2,316	1,650	530	25	134	24	300	292	79	5,350	-
Depreciation											
As at April 1, 2016	42	139	35	14	19	4	4	48	17	322	-
Additions	41	161	39	6	19	4	33	48	42	393	-
Disposals	-	4	-	8	1	-	-	3	33	49	-
As at March 31, 2017	83	296	74	12	37	8	37	93	26	666	-
Additions	41	180	41	5	20	1	58	47	30	423	-
Disposals	-	-	-	-	-	-	-	-	18	18	-
As at March 31, 2018	124	476	115	17	57	9	95	140	38	1,071	-
Net carrying amount											
As at March 31, 2018	2,192	1,174	415	8	77	15	205	152	41	4,279	-
As at March 31, 2017	2,232	1,173	330	13	88	1	256	199	37	4,329	51

3.01 The Company has in its favour a sub lease for a plot of land in Gurgaon, for an initial period of 97 years, which can be further renewed for two term of 97 years each. The plot of land measures 1.23 acres, and the designated usage in for healthcare facility.

3.02 Medical equipment includes a medical equipment taken on finance lease.

	(Rs in Lakhs)	
	31-Mar-18	31-Mar-17
Gross Block	438	438
Depreciation charge for the year	74	74
Accumulated Depreciation	222	148
Net Book Value	216	290

3.03 PPE given as security

PPE are subject to charge to secure the Company's secured long term borrowings as disclosed in note 12.

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial statements

4. Other intangible assets

	(Rs in Lakhs)
	Computer software
Gross carrying amount (at cost)	
As at April 1, 2016	18
Additions	22
Disposals	-
As at March 31, 2017	40
Additions	-
Disposals	-
As at March 31, 2018	40
Depreciation	
As at April 1, 2016	3
Additions	7
Disposals	-
As at March 31, 2017	10
Additions	7
Disposals	-
As at March 31, 2018	17
Net carrying amount	
As at March 31, 2018	23
As at March 31, 2017	30

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial statements

	(Rs in Lakhs)	
	As at	As at
	March 31, 2018	March 31, 2017
5. Non-current financial assets		
(i) Loans (valued at amortized cost) (unsecured considered good)		
Loans and advances to other healthcare service providers	1,550	1,100
Security deposits	32	30
	<u>1,582</u>	<u>1,130</u>
(ii) Other bank balances		
Deposit		
Margin money deposits #	-	1
	<u>-</u>	<u>1</u>
# Margin money deposits given as security		
Rs. Nil (March 31,2017: Rs 1 Lacs) to secure bank guarantee given to Sales Tax Department, Gurgaon		
6. Other non current assets (unsecured considered good)		
Capital advances	-	9
Others		
Prepaid expenses	6	8
Tax deducted at source recoverable	239	233
	<u>245</u>	<u>250</u>

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial statements

7. Income taxes

	(Rs in Lakhs)	
	As at	As at
	March 31, 2018	March 31, 2017
(a) Income tax expense in the statement of profit and loss comprises :		
Current income tax charge	533	339
Deferred tax		
On account of MAT credit	(81)	(339)
Relation to other origination/reversal of temporary differences*	47	375
Income tax expense reported in the statement of profit and loss	499	375
(b) Other comprehensive income		
Re-measurement (gain) / losses on defined benefit plans (refer note 24.1)	1	(1)
Income tax related to item recognised in OCI during the year	1	(1)
(c) Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate :		
Accounting profit before tax	1,014	1,576
Applicable tax rate	29.120%	34.608%
Computed tax expense	295	546
Impact of unrecognised deferred tax asset on previous years unabsorbed losses/depreciation	-	(272)
Impact of provision of interest on preference shares at amortized cost	90	97
Loss on sales of fixed assets not considered for tax purpose	-	2
Section 14A disallowances	66	-
Corporate social responsibilities expense not considered for tax purpose	7	5
Others	(4)	(3)
Impact due to change in tax rate	45	-
Income tax reported in the statement of profit and loss	499	375
(d) Deferred tax :		
Deferred tax relates to the following:	(Rs in Lakhs)	
	Balance sheet	
	As at	As at
	March 31, 2018	March 31, 2017
Deferred tax liability		
Accelerated depreciation for tax purpose	531	647
Others	4	6
Deferred tax asset		
Expenses allowed on payment basis	(26)	(43)
Impairment allowance (allowance for bad and doubtful receivable)	(69)	(90)
Unabsorbed business losses / depreciation	-	(145)
Other provision	(18)	-
Unabsorbed business losses / depreciation (Restricted to deferred tax liability) *	-	-
MAT credit entitlement	(419)	(493)
Net deferred tax liabilities/(Asset)	3	(118)
	(Rs in Lakhs)	
	Profit and loss	
	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Deferred tax liability		
Accelerated depreciation for tax purpose	(116)	42
Others	(1)	(3)
Deferred tax asset		
Expenses allowed on payment basis	17	(16)
Impairment allowance (allowance for bad and doubtful receivable)	20	(34)
Unabsorbed business losses / depreciation	145	658
Other provision	(18)	-
Unabsorbed business losses / depreciation (Restricted to deferred tax liability) *	-	(272)
MAT credit entitlement	74	(333)
Deferred tax expense	121	42
	(Rs in Lakhs)	
	As at	As at
	March 31, 2018	March 31, 2017
Reconciliation of deferred tax asset (net)		
Opening balance	118	160
Tax (income)/expense during the period recognised in profit or loss	(47)	(375)
Gross deferred tax asset	71	(215)
MAT credit utilisation/(entitlement)	(74)	333
Closing balance	(3)	118

* Company follows Ind AS 12 "Accounting for income taxes", as notified by Companies Indian Accounting Standards Rules, 2015. The company has followed tax rate 25% for financial year 2017-18 (tax rate enacted by Finance Act 2018) as turnover or gross receipts of the company in the previous year 2016-17 doesn't exceed Rs. 250 Crore.

ALPS Hospital Limited
Notes forming part of the financial statements

	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
8. Inventories		
Stock of pharmacy, drugs, consumables and implants (at lower of cost and net realizable value)	202	154
	<u>202</u>	<u>154</u>

9. Current financial assets

(i) Loans

Loans and advances to other healthcare service providers	198	41
Loans to others*	352	-
Security deposits	3	3
	<u>553</u>	<u>44</u>

* During the current year, the Company has entered into an agreement with Vikuj Healthcare Private Limited ("VHPL") to acquire its 100% equity share capital. The Company has purchased 26% stake in VHPL for Rs.26,000 and for remaining 74% stake, the Company has deposited Rs.7289 Lacs in an escrow account which will get credited to VHPL when the required clearances from DDA to build hospital on that land will be received by VHPL.

The DDA approval for restoration of land is still awaited and Chopra family is in process of getting the same. The Company is in discussion with the shareholders of VHPL and trustees of Vikrant Foundation to resolve the matters. As on date the matter is still pending and there is no outcome of the matter.

Though the Company owns 26,000 shares (26%) of VHPL, but whether these shares will be held in future or not will depend on whether DDA restores back the deed in favour of trust. In case of unfavourable outcome the company will resale back the shares to VHPL, hence treated the money paid as an advance to VHPL in financial statements. In case the deal is not materialised the Company will receive back the deposits amounts lying in escrow account.

(ii) Trade receivables

Unsecured :-

Trade receivables - considered good	369	589
Trade receivables - considered doubtful	238	259
Less: Impairment allowance (allowance for bad and doubtful debts)	(238)	(259)
	<u>369</u>	<u>589</u>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person, Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member.

(iii) Other financial assets

Unbilled revenue	40	39
	<u>40</u>	<u>39</u>

(iv) Cash and cash equivalents

Balances with banks:

On current accounts	31	42
Cheques/ drafts on hand	40	16
Cash on hand	6	7
	<u>77</u>	<u>65</u>

Changes in liabilities arising from financing activities

	(Rs in Lakhs)		
Particulars	April 01, 2017	Cash Flow	March 31, 2018
Current borrowings	286	880	1,166
Non current borrowings	4,593	2,121	6,714
Current maturity of finance lease obligation	68	33	101
Current maturity of non current borrowings	15	149	164
Total liabilities from financial activities	4,962	3,183	8,145

	(Rs in Lakhs)		
Particulars	April 01, 2016	Cash Flow	March 31, 2017
Current borrowings	254	32	286
Non current borrowings	4,874	(281)	4,593
Current maturity of finance lease obligation	64	4	68
Current maturity of non current borrowings	20	(5)	15
Total liabilities from financial activities	5,212	(250)	4,962

(v) Other bank balances

Deposits:

Escrow accounts	7,467	-
Under lien #	3	1
	<u>7,470</u>	<u>1</u>

Margin money deposits given as security

Rs.2 Lacs (March 31, 2017: Rs.1 Lacs) to secure bank guarantee given to Sales Tax Department, Gurgaon

Rs.1 Lacs (March 31, 2017: Rs.Nil) to secure bank guarantee given against Legal Case

10. Other current assets (unsecured considered good, unless otherwise stated)

Tax deducted at source recoverable	129	152
Other advances :-		
Unsecured, considered good	37	20
Prepaid expenses	31	33
Receivable under duty credit scheme	22	-
	<u>219</u>	<u>205</u>

11. Share capital and other equity

11 (i) Equity share capital

	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
a) Authorized		
20,000,000 (March 31, 2017: 20,000,000) equity shares of Rs.10/- each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
Issued, subscribed and fully paid-up		
2,881,034 (March 31, 2017: 2,881,034) equity shares of Rs.10/- each	288	288
Total issued, subscribed and fully paid-up share capital	<u>288</u>	<u>288</u>

b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	March 31, 2018		March 31, 2017	
	No. of shares	(Rs in Lakhs)	No. of shares	(Rs in Lakhs)
At the beginning of the year	28,81,034	288	28,81,034	288
Issued during the year				
- Fresh issue	-	-	-	-
Outstanding at the end of the year	<u>28,81,034</u>	<u>288</u>	<u>28,81,034</u>	<u>288</u>

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

Name of the shareholder	March 31, 2018		March 31, 2017	
	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 10 each fully paid				
Max Healthcare Institute Limited (the holding company)*	28,80,974	100%	28,80,974	100%

* Due to merger of Max Medical Services Limited with Max Healthcare Institute Limited all the shareholding of the Max Medical Services Limited has been transferred to Max Healthcare Institute Limited.

d) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

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.

e) Shares held by holding company

	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Max Healthcare Institute Limited (the holding company)		
2,881,034 (March 31, 2017: 2,881,034) equity shares of Rs.10/- each fully paid up	288	288
	<u>288</u>	<u>288</u>

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

11(ii) 9% Compulsory convertible debentures

	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
a) Authorized		
3,000,000 (March 31, 2017: Nil) 9% Compulsory convertible debentures of Rs.100/- each	3,000	-
	<u>3,000</u>	<u>-</u>
b) Issued, subscribed and fully paid-up		
3,000,000 (March 31, 2017 : Nil) 9% Compulsory convertible debentures of Rs.100/- each	3,000	-
Total issued, subscribed and fully paid-up compulsory convertible debentures	<u>3,000</u>	<u>-</u>

ALPS Hospital Limited
Notes forming part of the financial statements

11 (iii) Other equity

	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Security premium account (refer note a below)	1,396	1,399
Retained earnings (refer note b below)	(208)	(724)
	1,188	675

Notes:

a) Securities premium account

At the beginning of the year	1,399	1,399
Less: share issue expenses	(3)	-
	1,396	1,399

b) Retained earnings

At the beginning of the year	(724)	(1,924)
Profit for the year	515	1,201
Items of other comprehensive income recognized directly in retained earnings		
Re-measurement of post employment benefit obligation (net of tax) (item of OCI)	1	(1)
	(208)	(724)

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial statements

(Rs in Lakhs)

	As at March 31, 2018	As at March 31, 2017
12. Borrowings		
Non-current borrowings :-		
Term loans from bank (secured)	1,485	1,483
Finance lease obligation (secured)	251	351
Vehicle loans (secured)	8	-
Inter corporate deposits (unsecured)	1,900	-
Zero percent redeemable preference shares (unsecured)	3,070	2,759
Current borrowings :-		
Term loans from bank (secured)	12	15
Inter corporate deposits (unsecured)	149	-
Finance lease obligation (secured)	101	68
Vehicle loans (secured)	3	-
	6,979	4,676
Less: Amount disclosed under "other current financial liabilities" [refer note 14(iii)]	265	83
	6,714	4,593
Aggregate secured loans	1,860	1,917
Aggregate unsecured loans	5,119	2,759

Term loan from bank:-

Rs. 1497 lakhs (March 31, 2017 : Rs. 1498 lakhs) from HDFC Bank Limited repayable in 20 structured quarterly installments. The above loan is secured by way of :

- First charge by way of hypothecation in favor of the lender, in a form satisfactory to the lender, of all the borrower's on movable PPE including movable plant and machinery, medical equipment, machinery spares, tools and accessories, furniture, fixtures and all other movable assets present and future.
- First charge on borrower's current assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill uncalled capital, present and future, pari passu with the working capital facility of Rs. 1900 lakhs.
- Corporate guarantee by the Holding Company.

Finance lease obligation:-

Finance lease obligations represents medical equipment obtained on finance lease as per "Equipment pay per use agreement" with Philips Electronics India Limited effective from April. 25, 2014 for 84 months with compulsory buy back at the end of tenure.

Vehicle loan

Vehicle loan of Rs 11 lakhs (March 31,2017 : Nil) are repayable over the period of four years and are secured by way of hypothecation of respective vehicles.

Inter corporate deposits:-

Inter corporate deposits represents long term borrowings amounting to Rs.2049 lakhs (March 31, 2017 : Nil) from holding company.

Zero percent redeemable preference shares (unsecured) :-

The Company had allotted 2,000,000 nos., 0% redeemable preference shares of Rs. 100/- each aggregating to Rs, 2,000 lakhs on March 25, 2014 to Max Healthcare Institute Limited (Holding Company)

These preference shares have been issued on following terms & conditions:

- Nature: zero percent redeemable non-convertible preference shares.
- Dividend: These preference shares shall not carry any dividend.
- Voting Rights: These preference shares shall not carry any voting rights except as provided under Section 47 of the Companies Act, 2013 or such other provisions as applicable.
- Premium: Redemption premium providing internal rate of return (IRR) of 11.25% per annum.
- Tenure: Redeemable after 6 years

ALPS Hospital Limited
Notes forming part of the financial statements

	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
13. Provisions		
A. Non current		
Provision for employee benefits		
Provision for gratuity (refer note 24.1)	15	11
	<u>15</u>	<u>11</u>
B. Current		
Provision for employee benefits		
Provision for leave encashment	30	27
Provision for gratuity (refer note 24.1)	3	2
	<u>33</u>	<u>29</u>
14. Current financial liabilities		
(i) Borrowings		
Cash credit from banks	425	286
Short term loan from bank	741	-
	<u>1,166</u>	<u>286</u>
(I) The cash credits are repayable on demand. Cash credit from Indusind Bank is secured by way :-		
a) 1st pari passu charge on the entire current assets with HDFC bank (term loan facility of Rs. 1500 lakhs)		
b) 1st pari passu charge on the entire movable fixed Assets (except vehicles and assets charged exclusively to lenders) with HDFC bank (term loan facility of Rs. 1500 lakhs)		
(II) Loan of Rs. 741 lakhs (March 31, 2017 : Nil) from Indusind Bank Limited repayable by July 25,2018.		
The above loan is secured by way of :		
a) 1st pari passu charge on the entire current assets with HDFC bank (term loan facility of Rs. 1500 lakhs)		
b) 1st pari passu charge on the entire movable fixed Assets (except vehicles and assets charged exclusively to lenders) with HDFC bank (term loan facility of Rs. 1500 lakhs)		
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises *	-	-
Total outstanding dues of creditors other than micro enterprises and small enterp	1,055	806
Trade payable to related parties	1,044	115
	<u>2,099</u>	<u>921</u>
* Details of dues to micro and small enterprises as per MSMED Act, 2006		
As per the Act, the Company is required to identify the Micro and small suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with such suppliers. Based on the information available with the Company, none of the creditors have confirmed the applicability of act on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.		
Trade payables are usually non interest bearing.		
(iii) Other current financial liabilities		
Current maturity of long term borrowings (refer note 12)	164	15
Current maturity of finance lease obligation (refer note 12)	101	68
Interest payable on compulsory convertible debentures	166	-
Capital creditors	17	23
	<u>448</u>	<u>106</u>
15. Other current liabilities		
Advance from patients	9	20
Statutory dues	96	77
	<u>105</u>	<u>97</u>

ALPS Hospital Limited
Notes forming part of the financial statements

	(Rs in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
16. Revenue from operations		
Sale of products		
Pharmacy and pharmaceuticals supplies	682	570
Total sale of products	682	570
Revenue from healthcare services (net)	11,046	11,253
Other operating revenue		
- Income from ancillary activities	58	51
- Income from served from India scheme	34	-
	11,820	11,874
17. Other Income		
Unclaimed balances & excess provisions written back	10	36
Other non-operating income	7	7
	17	43
18. Finance income		
Interest income on		
Bank deposits	200	6
Loans to other healthcare service providers	175	45
Interest income - income tax refund	29	51
Interest income other	27	-
	431	102

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial statements

	(Rs in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
19. Employee benefits expense		
Salaries, wages and bonus	1,439	1,319
Contribution to provident and other funds	67	56
Gratuity expense (refer note 24.1)	10	9
Staff welfare expenses	87	87
	1,603	1,471
20. Finance costs		
Interest on debts and borrowings	960	544
Bank charges	67	54
	1,027	598
21. Depreciation and amortization expense		
Depreciation of property, plant and equipment (refer note 3)	423	393
Amortization of intangible assets (refer note 4)	7	7
	430	400
22. Other expense		
Professional and consultancy fee	3,399	3,546
Outside lab investigation	984	627
Patient catering expenses	122	123
Rent	26	21
Insurance	63	55
Rates and taxes	9	36
Facility maintenance expenses	186	160
Power and fuel	330	365
Repairs and maintenance:		
Building	44	23
Plant and equipment	128	111
Others	67	46
Printing and stationery	54	60
Travelling and conveyance	38	28
Communication	15	13
Legal and professional	604	384
Expenses for medical treatment of weaker section	65	-
IT support expense	94	79
Watch and ward	57	54
Directors' sitting fee	5	1
Advertisement and publicity	48	67
Recruitment expenses	11	5
Equipment hiring charges	25	-
Provision for doubtful debts	(21)	100
Net loss on sale/disposal of fixed assets	-	7
Miscellaneous expenses	10	8
Bad debts written off	53	20
Contribution towards corporate social responsibility (refer note 24.8)	25	15
	6,441	5,954
Payment to auditor (included in legal and professional fee)		
As auditor:		
Audit fee	9	12
Reimbursement of expenses	1	1
	10	13

ALPS Hospital Limited
Notes forming part of the financial Statements

23. Contingent liabilities, commitments and litigations

I) Contingent liabilities (to the extent not provided for)

		(Rs in Lakhs)	
S. No.	Particulars	As at March 31, 2018	As at March 31, 2017
i.	Claims against the Company not acknowledged as debts		
	- Civil cases (Refer note a)	761	1,305
	- Income tax cases (Refer note b)	-	-

Note:
a) Claims against the Company not acknowledged as debts represent the cases pending with judicial forums/authorities. Based on management estimation, future cash outflow in respect of these cases are determinable only on receipt of judgements / decisions pending with various forums/authorities. The Company has not made any provision for the demands in Excise, Service Tax and Customs as the Company believes that they have a good case based on existing judicial pronouncements.

b) Income tax cases

(i) Pendency of assessment matters before the appellate authorities

				(Rs in Lakhs)	
Assessment year	Appeal pending before	Disallowances as per assessment order - as at March 31, 2018	Disallowances as per assessment order - as at March 31, 2017		
2011-12	ITAT	450			-
2012-13	ITAT	455			-
2013-14	ITAT	473			473
Total		1,378			473

The company is hopeful that the above appeals will be disposed off in its favour.

The company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

II) Capital commitments

		(Rs in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017	
Estimated amount of contracts remaining to be executed on capital account	11	52	
Less: Capital advances	-	9	
Balance value of contracts	11	43	

III) Lease commitment

Finance lease commitment : company as lessee

The Company has taken a medical equipment on finance lease from Philips Electronics India Limited under Equipment Pay per Use agreement w.e.f. February 27,2014. The lease involves payment in 84 installments starting from April 25, 2014 and payment of salvage value at the end of the tenure for compulsory purchase of equipment.

Future minimum lease payments (MLP) together with present value of the net MLP are as follows:

	March 31, 2018		March 31, 2017	
	Minimum payments	Present value of Minimum lease payment	Minimum payments	Present value of Minimum lease payment
Within one year	126	99	99	65
After one year but not more than five years	277	252	403	351
More than five years	-	-	-	-

Operating lease commitment : company as lessee

The Company has entered into operating lease agreement for nursing hostel, rent paid is Rs.26 lakhs (March 31, 2017 is Rs. 21 lakhs). The Company also recover certain portion of rent from the employees.

Future minimum lease payments and the payment profile of operating leases are as follows :

	(Rs in Lakhs)	
	March 31,2018	March 31,2017
Within one year	30	30
After one year but not more than five years	8	38
More than five years	-	-

ALPS Hospital Limited
Notes forming part of the financial Statements

24 Other notes on accounts

24.1 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Max Life Insurance Co. Ltd of India in form of a qualifying insurance policy.

	(Rs in Lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
a) Reconciliation of opening and closing balances of defined benefit obligation		
Defined benefit obligation at the beginning of the year	38	33
Interest expense	3	2
Current service cost	9	8
Benefit paid	(4)	(8)
Remeasurement of (Gain)/loss in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	1	(2)
Actuarial changes arising from changes in financial assumptions	(1)	3
Actuarial changes arising from changes in experience adjustments	(2)	2
Defined benefit obligation at year end	44	38
b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	25	21
Investment income	2	2
Return on plan assets excluding interest income	(1)	2
Fair value of plan assets at year end	26	25
c) Net defined benefit asset/ (liability) recognized in the balance sheet		
Fair value of plan assets	26	25
Present value of defined benefit obligation	(44)	(38)
Amount recognized in balance sheet- asset / (liability)	(18)	(13)
d) Net defined benefit expense (recognized in the statement of profit and loss for the year)		
Current service cost	9	8
Net interest cost on benefit obligation	1	1
Net defined benefit expense debited to statement of profit and loss	10	9
e) Other comprehensive income		
Change in demographic assumptions	1	(2)
Change in financial assumptions	(1)	3
Experience variance	(2)	2
Return on plan assets, excluding amount recognized in net interest expense	1	(2)
Net other comprehensive income	(1)	1
f) Broad categories of plan assets as a percentage of total assets		
Insurer managed funds	100%	100%
g) Principal assumptions used in determining defined benefit obligation		
Assumption particulars	As At March 31, 2018	As At March 31, 2017
Discount rate	7.1%	6.6%
Salary escalation rate	8.0%	8.0%
Mortality rate (% of IALM 06-08)	100.0%	100.0%
		(Rs in Lakhs)
	Year ended March 31, 2018	Year ended March 31, 2017
h) Quantitative sensitivity analysis for significant assumptions is as below:		
Increase / (decrease) on present value of defined benefits obligations at the end of the year		
Discount rate		
Increase by 1.00%	(2)	(2)
Decrease by 1.00%	2	2
Salary growth rate		
Increase by 1.00%	2	2
Decrease by 1.00%	(2)	(2)
Attrition rate		
Increase by 0.50%	(4)	(3)
Decrease by 0.50%	6	7
i) Maturity profile of defined benefit obligation (valued on undiscounted basis)		
Within the next 12 months (next annual reporting period)	8	7
Between 2 and 5 years	25	22
Between 6 and 10 years	18	14
More than 10 years	19	14
Total expected payments	70	57

ALPS Hospital Limited

Notes forming part of the financial Statements

- j) The average duration of the defined benefit plan obligation at the end of the reporting period is 5 Years (March 31, 2017 : 5 years)
- k) The plan assets are maintained with Max Life Insurance Company Limited
- l) The Company expects to contribute Rs. 26 lakhs (March 31, 2017 : Rs.21 lakhs) to the planned asset during the next financial year.
- m) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.
- n) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- o) The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial Statements

24.2A Financial instruments

The comparison of carrying value and fair value of financial instruments by categories that are not measured at fair value are as follows:

(Rs in Lakhs)

Category	Carrying value		Fair Value	
	March 31,2018	March 31,2017	March 31,2018	March 31,2017
1) Financial asset at amortized cost				
Loans (current / non current)	2,135	1,174	2,135	1,174
Other financial assets	40	39	40	39
Trade receivables	369	589	369	589
Cash and cash equivalents	77	65	77	65
Other bank balances (current / non current)	7,470	2	7,470	2
2) Financial liabilities at amortized cost				
Borrowings (current / non current)	7,880	4,879	7,880	4,879
Other financial liabilities	448	106	448	106
Trade payables	2,099	921	2,099	921

The Company assessed that trade receivables, cash and cash equivalents, other bank balances, loans and advances to related parties, interest receivable, trade payables, capital creditors are considered to be the same as their fair values, due to their short term nature.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of unquoted instruments, loans from banks and other financial liabilities as well as other noncurrent financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use observable and unobservable inputs in the model, of which the significant observable and unobservable inputs are disclosed in the table below. Management regularly assesses a range of reasonably possible alternatives for those significant observable and unobservable inputs and determines their impact on the total fair value.

The fair values of the Company's interest-bearing borrowings and other non-current financial liabilities are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial Statements

24.2B Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

(i) Quantitative disclosure of fair value measurement hierarchy for financial assets as on March 31, 2018

Particulars	Carrying value March 31, 2018	Fair value		
		Level 1	Level 2	Level 3
Loans (current / non current)	2,135	-	-	2,135
Other financial assets	40	-	-	40
Trade receivables	369	-	-	369
Cash and cash equivalents	77	-	-	77
Other bank balances (current / non current)	7,470	-	-	7,470

(ii) Quantitative disclosure of fair value measurement hierarchy for financial assets as on March 31, 2017

Particulars	Carrying value March 31, 2017	Fair value		
		Level 1	Level 2	Level 3
Loans (current / non current)	1,174	-	-	1,174
Other financial assets	39	-	-	39
Trade receivables	589	-	-	589
Cash and cash equivalents	65	-	-	65
Other bank balances (current / non current)	2	-	-	2

(iii) Quantitative disclosure of fair value measurement hierarchy for financial liabilities as on March 31, 2018

Particulars	Carrying value March 31, 2018	Fair value		
		Level 1	Level 2	Level 3
Borrowings (current / non current)	7,880	-	-	7,880
Other financial liabilities	448	-	-	448
Trade payables	2,099	-	-	2,099

(iv) Quantitative disclosure of fair value measurement hierarchy for financial liabilities as on March 31, 2017

Particulars	Carrying value March 31, 2017	Fair value		
		Level 1	Level 2	Level 3
Borrowings (current / non current)	4,879	-	-	4,879
Other financial liabilities	106	-	-	106
Trade payables	921	-	-	921

[This space has been intentionally left blank]

24.3 Financial risk management objectives and policies

The Company's has instituted an overall risk management programme which also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Financial risk management is carried out by a Corporate Finance department under policies approved by the audit committee from time to time. The Corporate Finance department, evaluates and hedges financial risks in close co-operation with the various stakeholders. The audit committee approves written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company is exposed to capital risk, market risk, credit risk and liquidity risk. These risks are managed pro-actively by the Senior Management of the Company, duly supported by various Groups and Committees.

a) Capital Risk

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to its shareholders and benefits for other stakeholders and to provide for sufficient capital expansion. The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 12, 14 cash and cash equivalents disclosed in note 9 and equity as disclosed in the statement of financial position. The Company uses the Debt : Equity as well as Net Debt to EBITDA ratio to measure the funding versus raising of additional share capital requirement. The ratio is calculated as Net debt divided by the Shareholder's Fund for Debt : Equity and for Debt to EBITDA, Net Debt is divided by the Normalized EBITDA for 12 months. Net debt is calculated as total interest-bearing borrowings (including "current interest-bearing and non-current interest-bearing borrowings" as shown in the statement of financial position) less cash and cash equivalents. Normalized EBITDA is defined as earnings before interest, tax, depreciation and amortization, adjusted for non-operating items. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt or raise debt and review decision on distributions to the shareholders. The Debt : Equity ratio of the Company stood at 0.63 for FY16-17 and 0.59 for FY 2017-18. Similarly, the Net Debt to EBITDA ratio of the Company stood at 0.72 for FY 2016-17 and 1.55 for FY 2017-18.

Max Healthcare Institute Limited (the holding company) by itself or through group subsidiaries influxes capital to maintain or adjust the capital structure of the Company and review the fund management at regular intervals and take necessary action to maintain the required capital structure at group level. So, Debt: Equity ratio at Company level do not reflect true capital structure position from perspective of outside stakeholders.

In the calculation of Debt : Equity ratio, preference share capital is considered part of equity and not borrowings as classification mentioned in Companies Act, 2013.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company employees prudent liquidity risk management practices which inter alia means maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Given the nature of the underlying businesses, the Corporate Finance maintains flexibility in funding by maintaining availability under committed credit lines and this way liquidity risk is mitigated by the availability of funds to cover future commitments. Cash flow forecasts are prepared not only for the entities but the Group as a whole and the utilized borrowing facilities are monitored on a daily basis and there is adequate focus on good management practices whereby the collections are managed efficiently. The Company while borrowing funds for large capital project, negotiates the repayment schedule in such a manner that these match with the generation of cash on such investment. Longer term cash flow forecasts are updated from time to time and reviewed by the Investment and Performance Review Committee of the Board.

The table below represents the maturity profile of Company's financial liabilities at the end of March 31, 2017 and March 31, 2018 based on contractual undiscounted payments :-

(Rs in Lakhs)				
March 31, 2017	0-1 Years	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	369	3,800	810	4,979
Trade payable	921	-	-	921
Other financial liabilities	23	-	-	23
% to Total	22%	64%	14%	100%
March 31, 2018	0-1 Years	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	1,268	6,549	180	7,997
Trade payable	2,099			2,099
Other financial liabilities	183			183
% to Total	35%	64%	2%	100%

c) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial Statements

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Management evaluate credit risk relating to customers on an ongoing basis. Receivable control management Department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Company provides credit to individuals on exceptional basis only. An impairment analysis is performed at each reporting date on an individual basis. Trade receivables comprise a widespread customer base and a large part of these sits in the State and Central Government bodies and institutions owned and managed by the State. A large segment of the Company's customers settle their bill in cash or using major credit cards on discharge date as far as possible. Further, a fairly large proportion of the customers are discharged post confirmation of third party administrator of the insurance companies, with whom the Company has a written contract. Further the Company provides for allowance for deductions based on empirical evidence whereby the receivables from various counterparties is marked down at the time of recognition of revenue. The management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review that has not been provided for.

The ageing analysis of trade receivables has been considered from the date invoice falls due :-

Particulars	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Neither past due or impaired	301	225
0 to 180 days due past due date	46	206
More than 180 days due past due date	22	158
Total trade receivables	369	589

The following table summarizes the change in loss allowance measured using the life time expected credit loss model :

Particulars	(Rs in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	259	159
Provision during the year	14	100
Bad debts written off	-	20
Reversal of provisions	(35)	(20)
At the end of year	238	259

(ii) Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in note 24.2 and the liquidity table above.

d) 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 prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at March 31 2018. The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2018.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the company profit before tax is due to changes in the fair value of monetary assets and liabilities.

Unhedged foreign currency exposures recognized by the Company are as under:

Currency	(Rs in Lakhs)			
	March 31, 2018 Foreign currency	March 31, 2018 Indian rupees	Increase/decrease in rate	Impact on profit before tax
Payables in USD	0.17	11	1%	0.11

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates. The Company's policy is to hedge part of its borrowings

Interest rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings.

Year	(Rs in Lakhs)	
	Increase/decrease in Interest rate	Effect on profit before tax
March 31,2018	0.50%	8
March 31,2017	0.50%	8

ALPS Hospital Limited
Notes forming part of the financial Statements

24.4 Earnings per share (EPS)

	(Rs in Lakhs)	
	For the year end March 31, 2018	For the year end March 31, 2017
a) Basic earnings per share		
Profit after taxation	515	1,201
Weighted number of equity shares	28,81,034	28,81,034
Earnings per share-Basic (one equity share of Rs. 10/- each)	17.88	41.69
b) Diluted earnings per share		
Net adjusted profit after taxation	646	1,201
Weighted number of equity shares	43,17,952	28,81,034
Earnings per share - Diluted (one equity share of Rs.10/- each)	14.96	41.69

24.5 Capital management

For the purpose of the Company's capital management, capital includes issued equity attributable to the equity shareholders of the Company, share premium and all other equity reserves. The primary objective of the Company's capital management is that it maintain an efficient capital structure and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

Max Healthcare Institute Limited (the holding company) by itself or through Group subsidiaries influxes capital to maintain or adjust the capital structure of the Company and review the fund management at regular intervals and take necessary action to maintain the required capital structure at group level. So, capital gearing ratio at Group level is to keep between 20% and 50% and maintained at 48.51% as on March 31, 2018, 43.62% as on March 31, 2017. Capital gearing ratio at Company level do not reflect true capital structure position from perspective of outside stakeholders.

	(Rs in Lakhs)	
	As At March 31, 2018	As At March 31, 2017
Borrowings (refer note 12, 14)	8,145	4,962
Less: Cash and cash equivalents (refer note 9)	(77)	(65)
Net debt	8,068	4,897
Equity (refer note 11)	4,476	963
Capital	4,476	963
Total capital and net debt	12,544	5,860
Gearing ratio	64%	84%

24.6 Segment reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Ind AS 106 on 'Segment Reporting'.

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial Statements

24.7 Related party transactions

The related parties as per the terms of Ind AS-24, "Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are disclosed below:-

A Names of related parties and description of relationship :

(i) Holding Companies (irrespective of whether transactions occurred or not)

1 Max Healthcare Institute Limited

(ii) Fellow subsidiaries (irrespective of whether transactions occurred or not)

1 Hometrail Estate Private Limited
2 Hometrail Buildtech Private Limited
3 Saket City Hospitals Private Limited
4 Crosslay Remedies Limited

(iii) Additional related party as per Companies Act, 2013

1 Mr Gaurav Khurana, Whole time Director
2 Ms.Parul Rastogi, Company Secretary
3 Mr.Umang Jaiswal, Head - Finance

(Rs in Lakhs)		
B Transaction during the year	For the year ended March 31, 2018	For the year ended March 31, 2017
Loan taken		
Max Healthcare Institute Limited	2,100	-
Loan repayment		
Max Healthcare Institute Limited	200	-
Purchase of fixed assets		
Max Healthcare Institute Limited (excluding of taxes)	-	0.49
Healthcare services received		
Max Healthcare Institute Limited	1,105	788
Purchases of medicines & consumables		
Max Healthcare Institute Limited (excluding of taxes)	1,334	1,434
Interest expense		
Max Healthcare Institute Limited	646	279
Lease rental		
Max Healthcare Institute Limited	1	-
Director's remuneration		
Mr Gaurav Khurana	32	-
SEIS licence payable		
Max Healthcare Institute Limited	5	-
Compulsory convertible debenture		
Max Healthcare Institute Limited	3,000	-
Finance arrangement fee		
Max Healthcare Institute Limited (excluding of taxes)	8	9

(Rs in Lakhs)		
C Balance at the year end	As at March 31, 2018	As at March 31, 2017
Compulsory cumulative redeemable preference share (unsecured)		
Max Healthcare Institute Limited	3,070	2,759
Compulsory convertible debenture		
9% Compulsory convertible debentures	3,000	-
Unsecured borrowings :-		
Max Healthcare Institute Limited	2,215	-
Trade payables		
Max Healthcare Institute Limited	1,044	115
Crosslay Remedies Limited	0.15	-

ALPS Hospital Limited
Notes forming part of the financial statements

24.8 Corporate social responsibility

As per the provision of section 135 of the Companies Act, 2013 the Company has to incur at least 2% of average net profit of the preceding three financial years toward corporate social responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activity as per schedule VII of the Companies Act, 2013. The Company has contributed a sum of Rs. 25 lakhs (March 31, 2017 : Rs. 15 lakhs) toward this cause and debited the same to the statement of profit and loss.

Details of CSR expenditure:

	(Rs in Lakhs)	
	For the year end March 31, 2018	For the year end March 31, 2017
Details of CSR expenditure :		
(a) Gross amount required to be spent by the Company during the year	27	16

(b) Amount spent during the year ended March 31, 2018

	(Rs in Lakhs)			
	Paid in cash		Yet to be paid in cash	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(i) Construction/acquisition of any	-	-	-	-
(ii) On purpose other than (i) above	25	15	2	1
Total	25	15	2	1

[This space has been intentionally left blank]

ALPS Hospital Limited
Notes forming part of the financial Statements

24.9 The figures have been rounded off to the nearest Lacs of rupees up to two decimal places. The figure 0.00 wherever stated represents value less than Rs. 50,000/-.

24.10 Notes No.1 to 24 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
Alps Hospital Limited

Sd/-

Sd/-

Sd/-

per Atul Seksaria
Partner
Membership Number: 086370

Gaurav Khurana
(Whole Time Director)
DIN:07890683

Yogesh Kumar Sareen
(Director)
DIN:00884252

Sd/-

Sd/-

Umang Jaiswal
(Head - Finance)

Parul Rastogi
(Company Secretary)
Membership Number:ACS-34981

Place : Gurugram
Date : May 05, 2018

Place : Gurugram
Date : May 05, 2018