

INDEPENDENT AUDITOR'S REPORT

To The Members of Meridian Medical Research & Hospital Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Meridian Medical Research & Hospital Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the

Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows 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 financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No. 203685)

Bengaluru, May 24, 2019
VB/EKP/NM/2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting 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 **Meridian Medical Research & Hospital Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external 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, to the best of our information and according to the explanations given to us, 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, 2019, based on the criteria for internal financial control over financial reporting established by 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No. 203685)

Bengaluru, May 24, 2019
VB/EKP/NM/2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of freehold land and building, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of services rendered. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax,

Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) There are no unpaid dues of Income-tax, Goods and Service Tax and Customs Duty as on March 31, 2019 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of this Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors / directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No. 203685)

Bengaluru, May 24, 2019
VB/EKP/NM/2019

Meridian Medical Research & Hospital Limited
Balance sheet

(₹ in Lakhs)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,958.82	9,072.62
Capital work-in-progress	4	14.73	31.15
Intangible assets	4	-	2.68
Financial assets			
Loans	5(a)	136.34	61.31
Other financial assets	6(a)	0.59	3.78
Deferred tax assets	29	405.54	802.86
Other non-current assets	7(a)	1,142.13	799.10
Total non-current assets		10,658.15	10,773.50
Current assets			
Inventories	8	332.95	308.18
Financial assets			
Trade receivables	9	1,903.21	1,337.08
Cash and cash equivalents	10(a)	268.06	34.34
Bank balances other than above	10(b)	18.39	14.28
Loans	5(b)	14.85	86.29
Other financial assets	6(b)	57.45	86.84
Other current assets	7(b)	79.94	79.32
Total current assets		2,674.85	1,946.33
TOTAL ASSETS		13,333.00	12,719.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	2,902.13	2,902.13
Other equity	12	1,683.02	1,217.50
Total equity		4,585.15	4,119.63
Liabilities			
Financial liabilities			
Borrowings	13(a)	3,747.55	4,206.31
Provisions	14(a)	20.04	29.17
Total non-current liabilities		3,767.59	4,235.48
Current Liabilities			
Financial liabilities			
Borrowings	13(b)	344.04	414.54
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		56.72	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,880.24	2,552.02
Other financial liabilities	16	1,309.31	1,090.64
Provisions	14(b)	107.72	99.00
Income tax liabilities (net)	17	-	4.33
Other current liabilities	18	282.23	204.19
Total current liabilities		4,980.26	4,364.72
TOTAL EQUITY AND LIABILITIES		13,333.00	12,719.83

Significant accounting policies

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

As per our report of even date attached
for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Meridian Medical Research & Hospital Limited

V. Balaji
Partner

Viren Shetty
Director
DIN: 02144586
Place: Bengaluru
Date: 24 May 2019

Dr.Emmanuel Rupert
Director
DIN: 07010883
Place: Bengaluru
Date: 24 May 2019

Rakesh Verma
Chief Executive Officer
Place: Kolkata
Date: 24 May 2019

Place: Bengaluru
Date: 24 May 2019

Diviya Johri
Chief Financial Officer
Place: Kolkata
Date: 24 May 2019

Hrishikesh V Murthy
Company Secretary
Place: Bengaluru
Date: 24 May 2019

Meridian Medical Research & Hospital Limited
Statement of profit and loss

(₹ in Lakhs)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	19	16,550.61	13,943.80
Other income	20	33.09	42.30
Total income (A)		16,583.70	13,986.10
Expenses			
Purchase of medical consumables, drugs and surgical instruments		3,562.10	2,682.30
Changes in inventories of medical consumables, drugs and surgical instruments	21	(24.77)	(49.50)
Employee benefit expenses	22	2,440.20	2,090.37
Professional fees to doctors		4,480.99	3,968.42
Other expenses	23	3,945.93	3,798.61
Expenses before finance cost, depreciation and amortisation (B)		14,404.45	12,490.20
Earnings before finance costs, depreciation and amortisation and tax (A-B)		2,179.25	1,495.90
Finance costs (C)	24	431.57	481.38
Depreciation and amortisation expense (D)	25	822.36	777.59
Total expenses (E) = (B+C+D)		15,658.38	13,749.17
Profit before tax (F) =(A-E)		925.32	236.93
Tax expenses	29		
Current Tax		-	-
Add: Mat Credit Entitlement relating to prior years		(46.32)	-
Short provision for tax relating to prior years		83.94	-
Deferred tax charge / (credit)		441.47	(801.27)
Total tax expense (G)		479.09	(801.27)
Profit for the year H=(F-G)		446.23	1,038.20
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		7.81	(4.68)
Income tax effect		(2.17)	1.59
Other comprehensive income / (loss) for the year, net of tax		5.64	(3.09)
Total comprehensive income for the year		451.87	1,035.11
Earnings per share	31		
Basic & Diluted		1.54	3.63

Significant accounting policies

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

As per our report of even date attached
for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Meridian Medical Research & Hospital Limited

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Partner

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Hrishikesh V Murthy
Company Secretary
Place: Bengaluru
Date: 24 May 2019

Meridian Medical Research & Hospital Limited
Statement of cash flows

(₹ in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities		
Profit before tax	925.32	236.93
Adjustments :		
Provision for loss allowance	96.87	13.48
Bad debts written off	-	8.81
Provision of inventories for write-down to net realisable value	3.45	5.69
Depreciation and amortisation	822.36	777.59
Interest income	(0.94)	(0.91)
Finance costs	431.57	481.38
Expense on employee stock option scheme	13.65	-
Loss on sale of fixed assets	0.75	1.32
Operating cash flow before working capital changes	2,293.03	1,524.29
Changes in trade receivables	(663.00)	(580.65)
Changes in inventories	(28.22)	(55.19)
Changes in loans, other financial assets and other assets	34.76	(90.47)
Changes in trade payables and other financial liabilities	462.98	412.18
Changes in provision	7.40	2.21
Cash generated from operations	2,106.95	1,212.37
Income taxes paid (net of refund)	(440.88)	(149.14)
Net cash generated from operating activities (A)	1,666.07	1,063.23
Cash flow from investing activities		
Acquisition of property, plant and equipment	(589.17)	(485.98)
Investment in / proceeds from bank deposits	(0.92)	(0.90)
Proceeds from sale of property, plant and equipment	0.63	0.41
Interest received	0.94	0.91
Net cash (used in) investing activities (B)	(588.52)	(485.56)
Cash flow from financing activities		
Proceeds from long-term borrowings	657.24	338.01
Repayment of long-term borrowings	(999.00)	(845.00)
Proceeds from issue of equity shares	-	453.52
Interest and other borrowing costs	(431.57)	(481.38)
Net cash (used in) financing activities (C)	(773.33)	(534.85)
Net increase in cash and cash equivalents (A+B+C)	304.22	42.82
Cash and cash equivalents at the beginning of the year (refer note 10)*	(380.20)	(423.02)
Cash and cash equivalents at the end of the year (refer note 10)	(75.98)	(380.20)

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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

As per our report of even date attached
for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Meridian Medical Research & Hospital Limited

V. Balaji
Partner

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Director
DIN: 02144586
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Chief Financial Officer
Place: Kolkata
Date: 24 May 2019

Hrishikesh V Murthy
Company Secretary
Place: Bengaluru
Date: 24 May 2019

Meridian Medical Research & Hospital Limited
Statement of changes in equity for the year ended 31 March 2019

(a) Equity share capital		(₹ in Lakhs)	
Particulars	No. of Shares	Amount	
Equity shares of ₹ 10 each issued, subscribed and fully paid up			
Balance as at 31 March 2017	2,79,95,000	2,799.50	
Changes in equity share capital during the year			
Issue of equity shares (refer note 11)	10,26,300	102.63	
Balance as at 31 March 2018	2,90,21,300	2,902.13	
Changes in equity share capital during the year			
Issue of equity shares (refer note 11)	-	-	
Balance as at 31 March 2019	2,90,21,300	2,902.13	

(b) Other equity					(₹ in Lakhs)
	Surplus			Items of OCI	Total other equity
	Securities Premium	Deemed Capital Contribution	Retained earnings	Remeasurements of the net defined benefit Plans	
Balance as at 1 April, 2017	3,091.11	-	(3,195.85)	(63.76)	(168.50)
Profit for the year	-	-	1,038.20	-	1,038.20
Other comprehensive income (OCI) (net of tax)	-	-	-	(3.09)	(3.09)
Total comprehensive income for the year	-	-	1,038.20	(3.09)	1,035.11
Transactions recorded directly in equity					
Premium on issue of equity shares	350.89	-	-	-	350.89
Balance as at 31 March 2018	3,442.00	-	(2,157.65)	(66.85)	1,217.50
Profit for the year	-	-	446.23	-	446.23
Other comprehensive income (OCI) (net of tax)	-	-	-	5.64	5.64
Total comprehensive income for the year	-	-	446.23	5.64	451.87
Employee stock option expense during the year	-	13.65	-	-	13.65
Balance as at 31 March 2019	3,442.00	13.65	(1,711.42)	(61.21)	1,683.02

As per our report of even date attached
for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Meridian Medical Research & Hospital Limited

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Place: Kolkata
Date: 24 May 2019

Place: Bengaluru
Date: 24 May 2019

Diviya Johri
Chief Financial Officer
Place: Kolkata
Date: 24 May 2019

Hrishikesh V Murthy
Company Secretary
Place: Bengaluru
Date: 24 May 2019

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019

1. Company overview

Meridian Medical Research & Hospital Limited('the Company') was incorporated on 08 May 1995 under the Companies Act, 1956. The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centers, nursing home in all disciplines of medicine and without limitation to run and administer healthcare schemes.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 and relevant amendment rules issued thereafter, which are prescribed under Section 133 of the Companies Act 2013 (the "Act").

The financial statements were authorized for issue by the Company's Board of Directors on 24 May 2019.

Details of the accounting policies are included in Note 3.

2.2. Going concern

The Financial statements have been drawn up on a going concern basis in view of the support letter received from Narayana Hrudayalaya Limited, the Holding Company confirming their continued financial support to the Company to enable it to continue its operations and settle its obligations as and when they become due over the next twelve month period.

2.3. Functional and presentation currency

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

2.4. Basis of measurement

The financial statements have been prepared on the accrual basis under the historical cost convention except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period except for the following items:

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

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

2.5. Use of estimates and judgements

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

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

Judgements

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

- Note 28 – leases and lease classification;
- Note 35 – financial instruments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 29 – recognition of tax expense
- Note 33 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 26 – recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 5, 6, 9, 10, 35 – recognition of impairment of financial assets and
- Note 4 – useful life of property, plant and equipment and intangible assets

2.6. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 35 – financial instruments.

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

3. Significant accounting policies

3.1. Financial instruments

a. Recognition and initial measurement

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

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

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

d. Offsetting

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

3.2. Inventories

The inventories of medical consumables, drugs and surgical instruments are valued at lower of cost or net realisable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realisable value is the selling price. The comparison of cost and net realisable is made on an item by item basis. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for value added tax wherever applicable, applying the first in first out method.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

3.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.5. Revenue recognition

Revenue from operations

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

Revenue is recognised net of discounts given to the patients.

Revenue from sale of medical consumables and drugs within the hospital premises is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

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

Revenue from nursing school

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

Revenue from nursing school is recognised when the related services are rendered and the consideration is received.

Other medical and health care services

Revenue from other medical and health care services are recognized as and when the services are rendered in accordance with the terms of the agreements.

Interest

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

3.6. Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

Depreciation and amortisation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Block of assets	Useful life
Building	60 years
Electrical installation	10 years
Medical equipment	13years
Office equipment	5 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	5 years

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted appropriately.

The Company believes that the useful life as given above best represent the useful life of the assets based on the internal technical assessment and these useful life are as prescribed under Part C of Schedule II of the Companies Act, 2013 except vehicles where useful life considered by management is lower.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

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

3.7. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years

Amortisation method

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

3.8. Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving services are classified as short-term employee benefits. These benefits include salary and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by the employees.

Post-employment benefits

Defined contribution plans

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value. The calculation of Company's obligation under the plan is performed periodically by an independent qualified actuary using the projected unit credit method.

The gratuity scheme is managed by a third party administrator.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. The Company recognizes gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on any leave accumulated in excess of sixty days or on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

3.9. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.10. Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

3.11. Earnings per share

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

The Company does not have potential dilutive equity shares outstanding during the year.

3.12. Income tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternative tax

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT') paid over and above the normal Income tax in a subject year is eligible for carry forward for fifteen succeeding assessment year for set-off against normal Income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

3.13. Impairment

a. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

b. Impairment of non-financial assets

The Company's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

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

3.14. Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

3.15. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

3.16. New Standards and interpretation not yet adopted

The standards issued, but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

(i) Ind AS 116 Leases:-

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

There is no impact of the said standard on its financial statements of the Company.

(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax treatments

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

- a) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- b) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

Meridian Medical Research & Hospital Limited

Notes to the financial statements for the year ended 31 March 2019(continued)

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April 2019.

The Company is currently assessing the impact on adoption of this standard on the Company's financial statements

(iii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1 April 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

(iv) Amendment to Ind AS 12 Income Taxes

On 30 March 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Meridian Medical Research & Hospital Limited
Notes to the financial statements for the year ended 31 March 2019 (continued)

4 (ii) Property, plant and equipment, capital work-in-progress and intangible assets

(₹ in Lakhs)

Particulars	Gross block				Accumulated depreciation/amortisation				Net block	
	As at 1 April 2017	Additions/ adjustments	Deletions/ adjustments	As at 31 March 2018	As at 1 April 2017	Depreciation/ Amortisation for the year	Depreciation Amortisation on disposals	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
(A) Tangible assets (owned)										
Freehold land	88.82	-	-	88.82	-	-	-	-	88.82	88.82
Building	6,320.27	26.29	-	6,346.56	1,208.90	243.98	-	1,452.88	4,893.68	5,111.37
Electrical installation	341.37	39.55	-	380.92	183.67	29.15	-	212.82	168.10	157.70
Medical equipment	4,298.31	439.01	15.32	4,722.00	1,717.70	306.19	13.59	2,010.30	2,711.70	2,580.61
Office equipment	22.43	1.68	-	24.11	8.24	5.03	-	13.27	10.84	14.19
Other equipment including air conditioners	1,415.61	53.12	-	1,468.73	410.45	98.97	-	509.42	959.31	1,005.16
Furniture and fixtures	427.84	43.72	-	471.56	190.55	67.06	-	257.61	213.95	237.29
Computers	152.48	5.31	-	157.79	117.33	20.78	-	138.11	19.68	35.15
Vehicles	42.28	-	-	42.28	33.22	2.52	-	35.74	6.54	9.06
Total tangible assets (A)	13,109.41	608.68	15.32	13,702.77	3,870.06	773.68	13.59	4,630.15	9,072.62	9,239.35
(B) Capital work-in-progress *	146.13	153.56	268.54	31.15	-	-	-	-	31.15	146.13
(C) Intangible assets										
Computer software	19.26	-	-	19.26	12.67	3.91	-	16.58	2.68	6.59
Total intangible assets (C)	19.26	-	-	19.26	12.67	3.91	-	16.58	2.68	6.59
Grand total (A+B+C)	13,274.80	762.24	283.86	13,753.18	3,882.73	777.59	13.59	4,646.73	9,106.45	9,392.07

* The additions to tangible assets (owned) includes movement from capital work-in-progress.

5 Loans

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured, considered good unless otherwise stated)		
(a) Non-current		
To parties other than related parties		
Security deposits	136.34	61.31
	136.34	61.31
(b) Current		
To parties other than related parties		
Security deposits	14.85	86.29
	14.85	86.29

6 Other financial assets

(a) Non-current		
To parties other than related parties		
Bank deposits (due to mature after 12 months from the reporting date)	0.59	3.78
	0.59	3.78
(b) Current		
To parties other than related parties		
Unbilled revenue	57.45	86.84
	57.45	86.84

7 Other assets

(a) Non-current		
To parties other than related parties		
Prepaid rent	174.99	185.43
Prepaid expenses	0.86	-
Advance income tax and tax deducted at source, net	966.28	613.67
	1,142.13	799.10
(b) Current		
To parties other than related parties		
Prepaid rent	10.40	10.40
Prepaid expenses	48.33	49.31
Advance to vendors	6.50	2.74
Other loans and advances	14.71	16.87
	79.94	79.32

8 Inventories

(Valued at lower of cost and net realisable value)		
Medical consumables, drugs and surgical instruments	348.01	319.79
Less: Provision for write-down to net realisable value	(15.06)	(11.61)
	332.95	308.18

9 Trade receivables

Unsecured, considered good	1,903.21	1,337.08
Unsecured, considered doubtful	169.43	72.56
	2,072.64	1,409.64
Loss allowance		
Unsecured, considered doubtful	(169.43)	(72.56)
	(169.43)	(72.56)
Net trade receivables	1,903.21	1,337.08

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 35
The receivables are hypothecated as security as part of working capital facility.

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every year end, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Category	Ageing		
	Within due date	Due date to 1 Year	More than 1 year from due date
ESI/CGHS/SCHEMES	2.10%	11.05%	59.87%
Others	0.90%	9.80%	54.53%

(₹ in lakhs)

10 Cash and bank balances

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Cash and cash equivalents		
Cash on hand	3.34	4.49
Cheques, drafts on hand	250.00	-
Balance with banks		
-On current accounts	14.72	29.85
	268.06	34.34
(b) Bank balances other than above		
-On deposit accounts (due to mature within 12 months of the reporting date)*	18.39	14.28
	18.39	14.28

* The above deposits are restrictive as they pertain to bank guarantee.

For the purpose of the statement of cash flows, cash and cash equivalent comprise the followings:

Cash on hand	3.34	4.49
Cheques, drafts on hand	250.00	-
Balances with banks		
-On current accounts	14.72	29.85
	268.06	34.34
Less: Bank overdraft used for cash management purposes(refer note 13(b))	344.04	414.54
Cash and cash equivalents in the statement of cash flows	(75.98)	(380.20)

11 Equity share capital

Authorised		
35,000,000 equity shares (31 March 2018: 35,000,000 equity shares) of ₹ 10 each, with voting rights.	3,500.00	3,500.00
Issued, subscribed and paid up		
29,021,300 equity shares (31 March 2018: 29,021,300 of ₹ 10 each, fully paid up ,with voting rights.	2,902.13	2,902.13
	2,902.13	2,902.13

Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	2,90,21,300	2,902.13	2,79,95,000	2,799.50
Issued during the year	-	-	10,26,300	102.63
At the end of the year	2,90,21,300	2,902.13	2,90,21,300	2,902.13

Rights, preference and restrictions attached to equity shares:

The Company has a single class of equity shares referred to as equity shares having a par value of ₹ 10 each. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the then ensuing Annual General Meeting.

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 shareholders.

Shares held by holding company

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10 each fully paid up held by - Narayana Hrudayalaya Limited	2,87,66,947	2,876.69	2,87,66,947	2,876.69

Particulars of shareholders holding more than 5% equity shares:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited	2,87,66,947	99.12%	2,87,66,947	99.12%

The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date.

12 Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
Reserves and surplus		
Securities premium		
At the commencement of the year	3,442.00	3,091.11
Add: Securities premium on issue of equity shares during the year	-	350.89
At the end of the year	3,442.00	3,442.00
Deemed Capital Contribution		
At the commencement of the year	-	-
Add: Additions during the year	13.65	-
At the end of the year	13.65	-
Retained earnings		
At the commencement of the year	(2,157.65)	(3,195.85)
Add: Net profit after tax transferred from statement of profit and loss	446.23	1,038.20
At the end of the year	(1,711.42)	(2,157.65)
Other Comprehensive Income		
At the commencement of the year	(66.85)	(63.76)
Add: Addition during the year	5.64	(3.09)
At the end of the year	(61.21)	(66.85)
	1,683.02	1,217.50

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

Retained earnings

Retained earnings comprises of amounts that can be distributed by the company as dividend to its equity shareholders.

Other Comprehensive Income

Other Comprehensive Income represents actuarial gain or loss or re-measurement of defined benefits obligation.

Deemed Capital Contribution

Deemed capital contribution by Holding Company on account of employee stock options issued to employees.

13 Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Non-current		
(i) Secured		
Term loans		
From banks (refer note 1)	4,863.55	5,205.31
Less: Current maturity of long term debt (refer note 16)	(1,116.00)	(999.00)
Total non-current borrowings	3,747.55	4,206.31

(b) Current

(i) Secured

Loans repayable on demand		
Bank overdrafts (refer note II)	344.04	414.54
Total current borrowings	344.04	414.54

I Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from State Bank Of India: ₹ 795.94 lakhs (previous year: ₹ 1348.26 lakhs). It is repayable in 6 quarterly instalments from the reporting date, (previous year: 10 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year : Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a.)	Term loan from State Bank Of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (Lease valid till 2036) in the name of company and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Company including a first charge on inventories and trade receivables of the company ; and corporate guarantee of Narayana Hryudalaya Limited (Holding Company).
(ii)	Term loan from State Bank Of India: ₹ 197.91 lakhs (previous year: ₹ 339.00 lakhs). It is repayable in 6 quarterly instalments from the reporting date, (previous year: 10 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year: Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a.)	
(iii)	Term loan from State Bank Of India: ₹ 2144.39 lakhs (previous year: ₹ 2331.40 lakhs). It is repayable in 23 quarterly instalments from the reporting date i.e. 31 March 2019 (previous year: 27 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year: Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.15% p.a.)	
(iv)	Term loan from State Bank Of India: ₹ 728.07 lakhs (previous year: ₹ 848.12 lakhs) It is repayable in 22 quarterly instalments from the reporting date i.e. 31 March 2019 (previous year: 26 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year: Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a.)	
(v)	Term loan from State Bank Of India: ₹ 997.24 lakhs (previous year: ₹ 338.53 lakhs) It is repayable in 32 quarterly instalments from the reporting date i.e. 31 March 2019 (previous year: 11 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year: Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a.)	

II Overdraft facilities:

(i)	Overdraft from State Bank Of India: ₹ 344.04 lakhs (previous year: ₹ 414.54 lakhs). It is repayable on demand. Interest rate is @ 8.70%, (previous year :Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a.)	Overdraft from State Bank of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (lease valid till 2036) in the name of Company and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co-operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Company including a first charge on inventories and trade receivables of the company ; and corporate guarantee of Narayana Hryudalaya Limited (Holding Company).
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14 Provisions (refer note 33)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Non-current		
Provision for employee benefits		
Gratuity	20.04	29.17
	20.04	29.17
(b) Current		
Provision for employee benefits		
Compensated absences	107.72	99.00
	107.72	99.00

15 Trade payables

Total outstanding dues of micro enterprises and small enterprises (refer note 34)	48.73	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,880.24	2,552.02
	2,928.97	2,552.02
To related parties		
Total outstanding dues of micro enterprises and small enterprises (refer note 34)	7.99	-
	7.99	-

16 Other financial liabilities

Current		
To parties other than related parties		
Current maturities of long-term borrowings*	1,116.00	999.00
Creditors for capital goods	180.64	78.97
Others	12.67	12.67
	1,309.31	1,090.64

*Refer note 13(a) for secured term loans. The Company's exposure to liquidity risk are disclosed in note 35

17 Income tax liabilities (net)

Provision for tax (net)	-	4.33
	-	4.33

18 Other current liabilities

To parties other than related parties		
Advance from patients	88.80	22.40
Unearned revenue	87.31	91.69
Statutory/government dues	106.12	80.10
To related parties		
Related parties - Unearned revenue	-	10.00
	282.23	204.19

Notes to the financial statements for the year ended 31 March 2019 (continued)

(₹ in lakhs)

19 Revenue from operations

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Income from medical and healthcare services	15,861.39	13,481.98
Sale of medical consumables and drugs	556.22	343.98
Other operating revenue:		
Revenue from Nursing School	133.00	117.84
	16,550.61	13,943.80

20 Other income

Interest income on		
- Bank deposits	0.94	0.91
Miscellaneous income	32.15	41.39
	33.09	42.30

21 Changes in inventories of medical consumables, drugs and surgical instruments

Inventory at the beginning of the year	308.18	258.68
Inventory at the end of the year	332.95	308.18
	(24.77)	(49.50)

22 Employee benefits

Salaries, wages and bonus	2,187.81	1,872.91
Contribution to provident and other funds (refer note 33)	194.03	181.69
Expense on employee stock option scheme	13.65	-
Staff welfare expenses	44.71	35.77
	2,440.20	2,090.37

23 Other expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<i>Hospital operating expenses</i>		
Power and fuel	432.44	412.11
Hospital general expenses	735.31	625.52
House keeping expenses	458.28	446.98
Patient welfare expenses	245.34	239.36
Rent	38.46	38.46
Medical gas charges	52.70	47.62
Biomedical wastage expenses	6.03	4.74
Repairs and maintenance		
- Hospital equipments	245.14	376.58
- Buildings	95.07	53.74
- Others	120.34	137.35
	2,429.11	2,382.46
<i>Administrative expenses</i>		
Traveling and conveyance	32.90	47.68
Security charges	113.37	112.22
Printing and stationery	12.87	19.69
Rent	228.42	175.99
Advertisement and publicity	794.40	828.47
Legal and professional fees	40.43	42.40
Audit fees (refer note (i) below)	9.56	9.50
Business promotion	14.03	13.32
Telephone and communication	39.58	42.49
Bank charges	43.53	31.74
Insurance	41.73	35.79
Rates and taxes	20.04	25.43
Books and periodicals	25.90	3.77
Provision for loss allowances	96.87	13.48
Bad debts written off	-	8.81
Loss on sale of Property, plant and equipment	0.75	1.32
Foreign exchange loss, (net)	0.29	0.83
Miscellaneous expenses	2.15	3.22
	1,516.82	1,416.15
	3,945.93	3,798.61
(i) Payment to auditors*		
As an auditor		
Audit fee	9.00	9.00
In other capacity :		
Other services (certification fees)	0.50	-
Reimbursement of expenses	0.06	0.50
	9.56	9.50

*excluding goods and service tax

Notes to the financial statements for the year ended 31 March 2019 (continued)

(₹ in lakhs)

24 Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	416.26	463.52
- bank overdraft	15.31	17.86
	431.57	481.38

25 Depreciation and amortisation expense

Depreciation of property, plant and equipment (refer note 4)	819.68	773.68
Amortisation of intangible assets (refer note 4)	2.68	3.91
	822.36	777.59

Meridian Medical Research & Hospital Limited
Notes to the financial statements for the year ended 31 March 2019 (continued)

26 Contingent liabilities and commitments

(i) Contingent liabilities

The Company does not have any contingent liability as on 31st March, 2019 (previous year - NIL).

(ii) Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for amounts to ₹ 22.71 lakhs (previous year: ₹ 67.48 lakhs).

27 Segment information

Operating Segments

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

Geographical information

Geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets. Since, the Company has only one geographical location, i.e India, with respect to location of assets and location of customers, further details about geographical information is not applicable.

No single customer accounted for more than 10% of the revenue as of 31 March 2019 and 31 March 2018.

28 Leases

The Company has taken various medical equipment, hospital premises, office and residential premises under operating leases. The leases typically run for a term ranging from one to thirty three years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 0% to 5%.

(₹ in lakhs)		
(i) Amounts recognised in statement of profit and loss		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cancellable	266.88	214.45
	266.88	214.45

29. Income tax

(₹ in lakhs)		
(a) Amount recognised in statement of profit and loss	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax	-	-
Mat credit entitlement relating to prior years	(46.32)	-
Short provision for tax relating to prior years	83.94	-
Deferred tax liability / (asset)		
Origination and reversal of temporary differences	441.47	(801.27)
Deferred tax charge/ (credit)	441.47	(801.27)
Tax expense for the year	479.09	(801.27)

(₹ in lakhs)						
	For the year ended 31 March 2019			For the year ended 31 March 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Re-measurement on defined benefit plans	7.81	(2.17)	5.64	(4.68)	1.59	(3.09)
	7.81	(2.17)	5.64	(4.68)	1.59	(3.09)

(₹ in lakhs)		
(c) Reconciliation of effective tax rate	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit / (Loss) before tax	925.32	236.93
Tax using the Company's domestic tax rate (Current year 27.82% and Previous Year 33.99%)	257.42	80.53
Reduction in tax rate	145.74	-
Tax effect of:		
Expenses not deductible for tax purpose	38.31	(45.85)
Previously unrecognised tax losses	-	(34.68)
Deferred tax asset recognized on previously unrecognised tax losses and unabsorbed depreciation	-	801.27
	441.47	801.27

Deferred tax assets and liabilities are attributable to the following:

	(₹ in lakhs)			
	Recognised in profit and loss		Recognised in OCI	Balance as at
	Balance as at 1 April 2018	Movement	during 2018-19	31 March 2019
Deferred tax asset				
Provision for doubtful receivables	24.66	22.47	-	47.13
Provision for gratuity	60.90	(53.16)	(2.17)	5.57
Provision for compensated absences	33.65	(3.68)	-	29.97
Provision for slow moving and non moving inventory	-	4.19	-	4.19
On brought forward loss	1,630.14	(563.86)	-	1,066.28
Others	25.28	(3.48)	-	21.80
Total deferred tax asset	1,774.63	(597.52)	(2.17)	1,174.94
Deferred tax liability				
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(971.77)	156.05	-	(815.72)
Total deferred tax liability	(971.77)	156.05	-	(815.72)
Minimum alternative tax asset	-	46.32	-	46.32
Deferred tax asset (net)	802.86	(395.15)	(2.17)	405.54

30 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Hrudayalaya Limited (holding company)
Key Management Personnel (KMP)	Rakesh Verma - Chief Executive Officer Diviya Johri - Chief Financial Officer Hrishikesh V Murthy - Company Secretary (with effect from 11 April 2018)
Key Management Personnel (KMP) of the Holding Company	Dr. Devi Shetty - Chairman of the Holding Company Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (till 10 February 2019) Dr. Emmanuel Rupert - Managing Director of the Holding Company (with effect from 11 February 2019) Viren Shetty- Whole Time Director of the Holding Company Kesavan Venugopalan- Chief Financial Officer of the Holding Company Sridhar S- Company Secretary of the Holding Company
Fellow subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP) Narayana Hospitals Private Limited (NHPL) Narayana Health Institutions Private Limited (NHIPL) Narayana Cayman Holdings Ltd (NCHL) Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM) till 24 April 2018 Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) Narayana Holdings Private Limited (NHDPL) (Direct Subsidiary till 5 June 2018, Becomes Subsidiary of NCHL from 6 June 2018). Health City Cayman Islands (HCCI) (Subsidiary of NCHL) (with effect from 2 January 2018) NH Health Bangladesh private Limited (Subsidiary of NHDPL) (with effect from 22 July 2018)
Associate of enterprise having control	Trimedx India Private Limited
Enterprise under control / joint control of KMP and their relatives	Narayana Hrudalaya Foundation (with effect from 23 March 2018) Amaryllis Healthcare Private Limited

(b) Transactions with related party during the year

(₹ in lakhs)

Transactions	Enterprise having control over the Company	Fellow subsidiaries	Associate of enterprise having control	Enterprise under control / joint control of KMP and their relatives	Key Management Personnel (KMP)	Total
Purchase of medical consumables, drugs and surgical instruments Narayana Hrudalaya Limited	55.75 (2.21)	- (-)	- (-)	- (-)	- (-)	55.75 (2.21)
Purchase of medical consumables, drugs and surgical instruments Amaryllis Healthcare Private Limited	- (-)	- (-)	- (-)	61.32 (-)	- (-)	61.32 (-)
Purchase of assets Narayana Hrudalaya Limited	- (1.25)	- (-)	- (-)	- (-)	- (-)	- (1.25)
Issue of equity shares Narayana Hrudalaya Limited	- (453.52)	- (-)	- (-)	- (-)	- (-)	- (453.52)
Repairs and maintenance Trimedx India Private Limited	- (-)	- (-)	- (230.16)	- (-)	- (-)	- (230.16)
Rent Narayana Hrudalaya Foundation	- (-)	- (-)	- (-)	142.61 (118.54)	- (-)	142.61 (118.54)
Discount entitlement Narayana Hrudalaya Foundation	- (-)	- (-)	- (-)	60.00 (60.00)	- (-)	60.00 (60.00)
Interest Expense Narayana Hrudalaya Limited	- (0.09)	- (-)	- (-)	- (-)	- (-)	- (0.09)
Short-term employee benefits* Rakesh Verma	- (-)	- (-)	- (-)	- (-)	38.97 (38.26)	38.97 (38.26)
Short-term employee benefits* Diviya Johri	- (-)	- (-)	- (-)	- (-)	16.18 (13.07)	16.18 (13.07)
Short-term employee benefits* Hrishikesh V Murthy	- (-)	- (-)	- (-)	- (-)	8.05 (-)	8.05 (-)

* The remuneration to KMP does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

(c) The balances receivable from and payable to related parties

(₹ in lakhs)

Balances	Enterprise having control over the Company	Fellow subsidiaries	Associate of enterprise having control	Enterprise under control / joint control of KMP and their relatives	Key Management Personnel (KMP)	Total
Trade payables Amaryllis Healthcare Private Limited	- (-)	- (-)	- (-)	7.99 (-)	- (-)	7.99 (-)
Other Current Liabilities Narayana Hrudalaya Foundation	- (-)	- (-)	- (-)	- (10.00)	- (-)	- (10.00)
Corporate guarantee given by Narayana Hrudalaya Limited	6,807.00 (6,807.00)	- (-)	- (-)	- (-)	- (-)	6,807.00 (6,807.00)

Notes:

- (a) No amounts in respect of related parties have been written off / back or provided for during the year.
(b) Related party relationships have been identified by the Management and relied upon by the auditors
(c) Figures in brackets are for the previous year

31 Earnings/(Loss) per share

Basic and diluted earning / (loss) per share

The calculation of basic and diluted earning / (loss) per share for the year ended 31 March 2019 was based on earning / (loss) attributable to equity shareholders of ₹ 446.23 lakhs (previous year : ₹ 1038.20 lakhs) and weighted average number of equity shares outstanding 29,021,300 (previous year : 28,616,997).

(₹ in lakhs) except for share data		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit after tax	446.23	1,038.20
Weighted average number of equity shares (basic & diluted)		
Shares	As at 31 March 2019	As at 31 March 2018
Opening balances	2,90,21,300	2,79,95,000
Effect of shares issued during the year	-	6,21,997
Weighted average number of equity shares for the year	2,90,21,300	2,86,16,997
Basic and diluted loss per share (₹)	1.54	3.63

32 Capital management

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

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2019, 31 March 2018 was as follows:

(₹ in lakhs)		
Particulars	As at 31 March 2019	As at 31 March 2018
Total equity attributable to the equity shareholders of the Company	4,585.15	4,119.63
As a percentage of total capital	47%	42%
Long-term borrowings including current maturities	4,863.55	5,205.31
Short-term borrowings	344.04	414.54
Total borrowings	5,207.59	5,619.85
As a percentage of total capital	53%	58%
Total capital (Equity and Borrowings)	9,792.74	9,739.48

33 Employee benefits

Defined contribution plan

The Company makes contributions towards provident fund and employee state insurance to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance for the year aggregated to INR 175.45 lakhs (previous year: INR 164.47 lakhs)

Defined benefit plan

The Company operates a post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The gratuity fund is managed by Life Insurance Corporation of India.. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of other comprehensive income forming part of the statement profit and loss.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	(₹ in lakhs)	
	As at 31 March 2019	As at 31 March 2018
Defined benefit liability	202.47	179.17
Plan assets	<u>182.43</u>	<u>150.00</u>
Net defined benefit liability	20.04	29.17
Liability for Compensated absences	107.72	99.00
Total employee benefit liability	127.76	128.17
Non-current	20.04	29.17
Current	107.72	99.00

B. Reconciliation of net defined benefit (assets) liability

The following table presents a reconciliation of the opening balances to the closing balances for net defined benefit (asset) liability and its components

i) Reconciliation of present values of defined benefit obligations

Particulars	(₹ in Lakhs)	
	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation at the beginning of the year	179.17	152.79
Benefits paid	(9.17)	(8.08)
Current service cost	19.57	16.59
Past service cost	-	0.89
Interest cost	9.06	7.11
Actuarial (gains) losses recognised in other comprehensive income		
-changes in demographic assumptions	(0.98)	1.10
-changes in financial assumptions	0.28	1.29
-experience adjustments	4.54	7.48
- due to other reason	-	-
Defined benefit obligations at the end of the year	202.47	179.17

ii) Reconciliation of fair value of plan assets

Particulars	(₹ in Lakhs)	
	As at 31 March 2019	As at 31 March 2018
Plan assets at beginning of the year	150.00	117.85
Adjustment	(13.10)	(19.88)
Contributions paid into the plan	23.83	47.55
Expected return on plan assets	10.05	7.37
Benefits paid	-	(8.08)
Actuarial gain on plan assets	11.65	5.19
Plan assets at the end of the year	182.43	150.00
Net defined benefit liability	20.04	29.17

C. i) Expense recognised in Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	19.57	16.59
Past service cost	-	0.89
Interest cost	9.06	7.11
Interest income	(10.05)	(7.37)
	18.58	17.22

ii) Remeasurements recognised in other comprehensive income

Particulars	(₹ in Lakhs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Actuarial loss on defined benefit obligation	3.84	9.87
Actuarial gain on plan assets	(11.65)	(5.19)
	(7.81)	4.68

Meridian Medical Research & Hospital Limited
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D. Plan Assets

Plan assets comprises of the following:

(₹ in Lakhs)		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Government bonds	182.43	150.00
	182.43	150.00

The nature of assets allocation of plan assets is in government bond of high credit rating.

Defined Benefit obligations

i) Actuarial assumptions

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

Principal actuarial assumptions	As at 31 March 2019	As at 31 March 2018
Attrition rate	53.00%	50.00%
Discount rate	6.60%	6.70%
Expected rate of return on plan assets	6.70%	6.70%
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Future salary increases	First year 9% Thereafter 6%	First year 9% Thereafter 6%

Assumptions regarding future mortality are based on published statistics and mortality tables.

The expected contributions to the fund during the year ending 31 March 2020, will be approximately ₹ 106.74 lakhs (31 March 2019: ₹ 87.95 lakhs).

Maturity profile of defined benefit obligation

(₹ in Lakhs)	
Particulars	Amount
1st following year	106.74
2nd following year	56.35
3rd following year	29.65
4th following year	14.98
5th following year	7.68
Year 6 to 10	7.16
More than 10 years	-

ii) Sensitivity analysis

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

Particulars	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(1.34)	1.38	(1.34)	1.31
Future salary increases (0.5% movement)	1.37	(1.34)	1.33	(1.31)
Attrition rate (0.5% movement)	(0.15)	0.17	0.18	(0.17)
Mortality rate (10% movement)	0.01	0.01	0.01	(0.00)

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

34 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

(₹ in Lakhs)		
Particulars	As at 31 March 2019	As at 31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	56.59	-
-Interest	0.13	-
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.13	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

35 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in lakhs)

As at 31 March 2019	FVTPL	Amortised cost	Total
Financial assets			
Trade receivables	-	1,903.21	1,903.21
Cash and cash equivalents	-	268.06	268.06
Bank balances other than above	-	18.39	18.39
Loans	-	151.19	151.19
Other financial assets	-	58.04	58.04
	-	2,398.89	2,398.89
Financial liabilities			
Borrowings	-	4,091.59	4,091.59
Trade payables	-	2,936.96	2,936.96
Other financial liabilities	-	1,309.31	1,309.31
	-	8,337.86	8,337.86
As at 31 March 2018	FVTPL	Amortised cost	Total
Financial assets			
Trade receivables	-	1,337.08	1,337.08
Cash and cash equivalents	-	34.34	34.34
Bank balances other than above	-	14.28	14.28
Loans	-	147.60	147.60
Other financial assets	-	90.62	90.62
	-	1,623.92	1,623.92
Financial liabilities			
Borrowings	-	4,620.85	4,620.85
Trade payables	-	2,552.02	2,552.02
Other financial liabilities	-	1,090.64	1,090.64
	-	8,263.51	8,263.51

Measurement of fair values

The carrying value of all financial assets approximates the fair value; fair value of mutual funds are based on quoted price.

B. Financial risk management

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

(i) Risk management framework

The Company's risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Board supervises overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and use of financial instruments.

(ii) Credit risk

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

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables net of provision for doubtful receivables amounting to ₹ 1903.21 lakhs (31 March 2018: ₹ 1337.08 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(₹ in lakhs)	
Allowance for credit loss	As at 31 March 2019	As at 31 March 2018
Opening balance	72.56	59.08
Impairment loss (reversed) / recognised	96.87	13.48
Closing balance	169.43	72.56

No single customer accounted for more than 10% of the revenue as of 31 March 2019 and 31 March 2018. There is no significant concentration of credit risk.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	344.04	860.85	2,669.46	217.24	4,091.59
Trade payables	2,936.96	-	-	-	2,936.96
Other financial liabilities	1,309.31	-	-	-	1,309.31
Total	4,590.31	860.85	2,669.46	217.24	8,337.86

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

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	414.54	1,116.00	2,072.78	1,017.53	4,620.85
Trade payables	2,552.02	-	-	-	2,552.02
Other financial liabilities	1,090.64	-	-	-	1,090.64
Total	4,057.20	1,116.00	2,072.78	1,017.53	8,263.51

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. The company is exposed to foreign currency risk through its purchases from overseas suppliers in various foreign currency. The exchange rate between Rs. and foreign currency has changed in recent years and may fluctuate in the future. Consequently, the result of the Company's operations are affected as the Re. appreciates / depreciates against these currencies. As at the end of the reporting year, the company does not have any foreign currency denominated monetary liability.

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period with respect to long term borrowings with variable interest rates from banks are as follows:

Particulars	(₹ in lakhs)	
	As at 31 March 2019	As at 31 March 2018
Variable rate long term borrowings including current maturities	4,863.55	5,205.31
Total borrowings	4,863.55	5,205.31

(b) Sensitivity

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Sensitivity				
1% increase in base rate	(48.64)	(52.05)	(48.64)	(52.05)
1% decrease in base rate	48.64	52.05	48.64	52.05

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

36 Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

for and on behalf of the Board of Directors of
Meridian Medical Research & Hospital Limited

Dr. Emmanuel Rupert

Director
DIN: 07010883
Place: Bengaluru
Date: 24 May 2019

Viren Shetty

Director
DIN: 02144586
Place: Bengaluru
Date: 24 May 2019

Rakesh Verma

Chief Executive Officer
Place: Kolkata
Date: 24 May 2019

Diviya Johri

Chief Financial Officer
Place: Kolkata
Date: 24 May 2019

Hrishikesh V Murthy

Company Secretary
Place: Bengaluru
Date: 24 May 2019