

INDEPENDENT AUDITOR'S REPORT

To the Members of Lalitha Healthcare Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Lalitha Healthcare Private Limited ('the Company') which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the companies Act, 1956 read with General Circular 8/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Emphasis of Matter

We draw attention to Note 2 of notes to the financial statements. As at March 31, 2014, the Company has accumulated losses of Rs.163,708,720 against equity of Rs 8,115,680, and also net current liabilities of Rs 183,221,272. These conditions indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern, which is dependent on establishing profitable operations and obtaining continuing financial support from its shareholders. These mitigating factors have been more fully discussed in Note 2 of notes to the accompanying financial statements, in view of which the accompanying financial statements have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the companies Act, 1956 read with General Circular 8/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs ;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

NA

per Navin Agrawal

Partner

Membership No.:56102



Place: Bangalore

Date: May 27, 2014

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

Re: Lalitha Healthcare Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company is covered as part of the internal audit function operated by its parent company. *During the year, no internal audit was carried out and, accordingly, we are unable to comment on the internal audit system.*

- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth and the Company has incurred cash losses in the current and immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that funds amounting to Rs.160,147,526 raised on short term basis in the form of term loan from banks and others have been used for long-term investment representing repayment of long-term loan and funding of losses.*



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- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E


per Navin Agrawal
Partner
Membership No.:56102



Place: Bangalore

Date: May 27, 2014

Lalitha Healthcare Private Limited
Balance sheet as at March 31, 2014

		Amounts in ₹	
	Notes	As at March 31, 2014	As at March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	8,115,680	8,115,680
Reserves and surplus	4	(68,894,170)	(33,635,518)
		(60,778,490)	(25,519,838)
Non-current liabilities			
Long-term borrowings	5	40,016,960	63,055,203
Long-term provisions	6	964,000	902,000
		40,980,960	63,957,203
Current liabilities			
Short-term borrowings	7	105,168,350	68,490,642
Trade payables	8	70,300,190	59,977,900
Other current liabilities	8	34,397,777	30,880,379
Short-term provisions	6	999,000	1,058,000
		210,865,317	160,406,921
TOTAL		191,067,787	198,844,286
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	148,549,383	155,452,300
Intangible assets	10	855,658	604,726
Non-current investments	11	25,001	25,001
Loans and advances	12	13,605,767	8,001,034
Other non-current assets	13	387,933	721,106
		163,423,742	164,804,167
Current assets			
Inventories	14	4,450,459	6,176,362
Trade receivables	15	18,308,498	19,969,262
Cash and bank balances	16	825,241	4,192,514
Loans and advances	12	1,645,272	2,066,828
Other current assets	13	2,414,575	1,635,153
		27,644,045	34,040,119
TOTAL		191,067,787	198,844,286
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E

Chartered Accountants

Navin Agrawal
 per Navin Agrawal
 Partner
 Membership No: 56102



Place: Bangalore

Date: May 27, 2014

For and on behalf of the board of directors of
 Lalitha Healthcare Private Limited

K. Raghav
 Karthik Raghav
 Director

Dr. Mohan Keshavamurthy
 Dr. Mohan Keshavamurthy
 Director

Place: Bangalore

Date: May 27, 2014

Place: Bangalore

Date: May 27, 2014



Lalitha Healthcare Private Limited
Statement of profit and loss for the year ended March 31, 2014

			Amounts in ₹
	Notes	March 31, 2014	March 31, 2013
Revenue from operations	17	187,000,322	205,315,563
Other income	18	2,978,308	12,490,378
Total revenue (I)		189,978,630	217,805,941
Expenses			
Purchase of medical consumables and pharmacy		42,393,004	47,028,185
Changes in inventories of medical consumables and pharmacy	19	1,725,903	(2,373,336)
Employee benefits expense	20	31,779,642	30,987,160
Other expenses	23	120,838,693	127,968,778
Total (II)		196,737,242	203,610,787
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(6,758,612)	14,195,154
Depreciation and amortisation expense	21	8,610,035	8,262,943
Finance costs	22	19,890,005	17,372,992
Loss before tax		(35,258,652)	(11,440,781)
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Loss for the year		(35,258,652)	(11,440,781)
Loss per equity share [Nominal value of share ₹ 10/- each (March 31, 2013: ₹10)]			
Basic and diluted	28	(43.45)	(14.10)
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E

Chartered Accountants


per Navin Agrawal
Partner

Membership No: 56102




Place: Bangalore

Date: May 27, 2014

For and on behalf of the Board of Directors of
Lalitha Healthcare Private Limited


Kartik Rajagopal
Director


Dr. Mohan Keshavamurthy
Director

Place: Bangalore

Date: May 27, 2014

Place: Bangalore

Date: May 27, 2014



Lalitha Healthcare Private Limited
Cash flow statement for the year ended March 31, 2014

	Year Ended March 31, 2014 ₹	Year Ended March 31, 2013 ₹
Cash flow from operating activities		
Loss before tax from operations	(35,258,652)	(11,440,781)
Adjustment to reconcile loss before tax to net cash flows		
Depreciation / amortization	8,610,035	8,262,943
Loss on sale of fixed assets	172,544	-
Provision for doubtful advances	11,299	1,754,101
Provision for doubtful receivables	4,217,085	3,065,462
Bad debts written off	1,842,579	1,198,799
Loan arrangement fee written off	333,173	333,173
Unclaimed balances and excess provisions written back	(2,182,603)	(3,716,745)
Interest income	-	(7,915,146)
Interest expense	19,519,436	17,039,819
Operating profit before working capital changes	(2,735,103)	8,581,625
Movements in working capital :		
Increase in trade payables	10,322,290	11,298,757
Increase in other current liabilities	1,648,891	3,221,960
Decrease in short term provisions	(59,000)	(13,434)
Increase in long term provisions	62,000	(681,602)
Increase in trade receivables	(4,398,900)	(11,146,531)
Decrease / (increase) in inventories	1,725,903	(2,374,536)
Decrease / (increase) in short term loans and advances	421,557	(908,128)
Increase in long term loans and advances	(908,444)	(85,150)
Decrease / (increase) in other current assets	(779,422)	2,784,847
Decrease in non current assets	-	333,573
Cash generated from operations	5,299,770	11,011,381
Direct taxes paid	(4,715,086)	(2,427,275)
Net cash from operating activities (A)	584,684	8,584,106
Cash flows from investing activities		
Purchase of fixed assets	(2,057,143)	(11,626,228)
Proceeds from sale of fixed assets	38,341	-
Investments in bank deposits (having original maturity of more than three months)	-	459,431
Loans to bodies corporates	-	140,000,000
Advance received towards sale of assets	-	(140,000,000)
Interest received	-	8,605,646
Net cash used in investing activities (B)	(2,018,802)	(2,561,151)
Cash flows from financing activities		
Repayment of long - term borrowings	(23,055,155)	(23,026,732)
Repayment of short-term borrowings	(4,998,743)	(6,871,339)
Proceeds from short-term borrowings	41,676,449	39,509,706
Interest paid	(15,555,709)	(13,719,080)
Net cash used in financing activities (C)	(1,933,158)	(4,107,445)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(3,367,275)	1,915,510
Total cash and cash equivalents at the beginning of the year	4,192,515	2,277,004
Cash and cash equivalents at the end of the year	825,241	4,192,514



Lalitha Healthcare Private Limited**Cash flow statement for the year ended March 31, 2014****Components of cash and cash equivalents:**

Cash on hand	244,733	272,908
Cheques on hand	523,647	1,438,052
With banks - on current account	56,861	2,481,554
Total cash and cash equivalents (Note 16)	825,241	4,192,514
Summary of significant accounting policies	2.1	

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E

Chartered Accountants

*Navin*per Navin Agrawal
Partner

Membership No: 56102

Place: Bangalore

Date : May 27, 2014

For and on behalf of the Board of Directors of
Lalitha Healthcare Private Limited
Karthik Rajagopal
Director
Dr. Mohan Keshavamurthy
Director

Place: Bangalore

Date : May 27, 2014

Place: Bangalore

Date : May 27, 2014



1. Corporate information

Lalitha Healthcare Private Limited (or the 'Company') was incorporated on March 21, 2005. The Company is operating a multi speciality Hospital in Bangalore.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (India GAAP), to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

Going concern

During the year, the Company has incurred loss of ₹ 35,258,652 (March 31, 2013 - ₹ 11,440,781) for the year ended March 31, 2014. The Company's accumulated loss and net worth are ₹ 163,708,720 (March 31, 2013 - ₹ 128,450,068) and ₹ (60,778,490) (March 31, 2013 - ₹ (25,519,838)), respectively, as of March 31, 2014. The management is confident that the Company will be able to generate sufficient profits and cash flows in the future years from its continued operations to meet its obligations in the foreseeable future. Further, the Company has continued financial support from its shareholders in order to support its business plans. Accordingly, the accompanying financial statements have been prepared by the management on the going concern assumption and consequently, no adjustments have been made to the carrying value or classification of assets or liabilities, if any, in these financial statements.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a the straight line method as per the useful lives of the assets estimated by the management which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. The Company has used the following rates to provide depreciation on its fixed assets.

	Rate (SLM)
Buildings	1.63%
Office equipments	7.07%
Medical equipments	7.07%
Plant and machinery	7.07%
Computers	16.21%
Furniture & Fittings	6.33%
Vehicles	7.07%

Assets individually costing ₹ 5,000 or less are fully depreciated in the year of purchase.

Pro-rata depreciation is provided from/upto the date of purchase or disposal, for assets purchased or sold during the year.

(d) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise computer software held for use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(e) Leases**Where the Company is lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(f) Impairment on tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

(g) Inventories

Medical consumables and pharmacy items are valued at lower of cost and net realisable value and cost is determined on first in first out basis.

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

(h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Income from pharmacy items are recognized net of returns, discounts and VAT wherever applicable.

Income from services

Revenue from services are recognized as and when the services are rendered, net of discounts and allowances.

Interest

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

(i) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity liability under the Payment of Gratuity Act is a defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gain and losses are recognized in full in the period in which they occur in the statement of profit and loss.

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.



(k) Income tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

(l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



(m) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(n) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(o) Contingent liabilities

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

(p) Foreign currency transaction

Initial recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion :

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences :

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and on hand and short-term investments with an original maturity of three months or less.

(r) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.



3 Share capital

	March 31, 2014 ₹	March 31, 2013 ₹
Authorised shares:		
2,000,000 (March 31, 2013: 2,000,000) equity shares of ₹10/- each	20,000,000	20,000,000
2,250,000 (March 31, 2013: 2,250,000) preference shares of ₹10/- each	22,500,000	22,500,000
	42,500,000	42,500,000
Issued, subscribed and fully paid-up shares.		
811,568 (March 31, 2013: 811,568) equity shares of ₹ 10/- each fully	8,115,680	8,115,680
Total issued, subscribed and fully paid-up share capital	8,115,680	8,115,680

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Equity Shares**

	March 31, 2014		March 31, 2013	
	In No's	₹	In No's	₹
At the beginning of the year	811,568	8,115,680	811,568	8,115,680
Issued during the year	-	-	-	-
Outstanding at the end of the year	811,568	8,115,680	811,568	8,115,680

Of the above :

545,624 equity shares are held by Fortis Health Management (South) Limited, (the ultimate holding company being Fortis Healthcare Holdings Private Limited).

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the 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 the shareholders.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	March 31, 2014 ₹	March 31, 2013 ₹
Fortis Health Management (South) Limited, the holding company		
545,624 (March 31, 2013: 545,624) equity shares of ₹10 each fully paid	5,456,240	5,456,240
Dr. Lakshmi Narayana Raju		
84,972 (March 31, 2013: 84,972) equity shares of ₹10 each fully paid	849,720	849,720
Dr Mohan Keshavamurthy		
68,972 (March 31, 2013: 68,972) equity shares of ₹10 each fully paid	689,720	689,720

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

Name of the Shareholder	March 31, 2014		March 31, 2013	
	Nos.	% of holding	Nos.	% of holding
Equity shares of ₹10 each fully paid				
Fortis Health Management (South) Limited, holding company	545,624	67.23%	545,624	67.23%
Dr. Lakshmi Narayana Raju	84,972	10.47%	84,972	10.47%
Dr Mohan Keshavamurthy	68,972	8.50%	68,972	8.50%



4 Reserves and surplus

	March 31, 2014 ₹	March 31, 2013 ₹
Securities premium account		
Balance as per the last financial statements	94,814,550	94,814,550
Add : Premium on shares issued	-	-
Less: Amounts utilized toward issue of shares	-	-
Closing Balance	94,814,550	94,814,550
 Surplus / (deficit) in statement of profit and loss		
Balance as per the last financial statements	(128,450,068)	(117,009,287)
Loss for the year	(35,258,652)	(11,440,781)
Net deficit in the statement of profit and loss	(163,708,720)	(128,450,068)
 Total reserves and surplus	(68,894,170)	(33,635,518)

5 Long term borrowings

	Non-current portion		Current portion	
	March 31, 2014 ₹	March 31, 2013 ₹	March 31, 2014 ₹	March 31, 2013 ₹
Term loan from bank (secured)	40,016,960	63,055,203	23,073,746	23,093,701
Total	40,016,960	63,055,203	23,073,746	23,093,701
The above amount includes				
Secured borrowings	40,016,960	63,055,203	23,073,746	23,093,701
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(23,073,746)	(23,093,701)
Net amount	40,016,960	63,055,203	-	-

Term loan from bank is secured against immovable properties, stocks and book debts of the Company. The loan is further guaranteed by Fortis Hospitals Limited. The loan is repayable over twenty quarterly instalments, commencing from November 20, 2011 amounting to ₹ 57.49 lacs per quarter (after adjustment of ₹ 350.75 lacs prepaid) and carries interest at the rate of bank base rate +200 bps (12.30% as on March 31, 2014).



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Lalitha Healthcare Private Limited
Notes to the financial statements for the year ended March 31, 2014

6 Provisions	Long-term		Short-term	
	March 31, 2014 ₹	March 31, 2013 ₹	March 31, 2014 ₹	March 31, 2013 ₹
Provision for employee benefits :				
Provision for gratuity (note 26)	964,000	902,000	124,000	62,000
Provision for compensated absences	-	-	875,000	996,000
	964,000	902,000	999,000	1,058,000

7 Short term borrowings

	March 31, 2014 ₹	March 31, 2013 ₹
Loan repayable on demand from bank (secured)*	18,796,164	13,554,117
11.50% loan from holding company (unsecured) (refer note 25)	86,569,409	50,135,005
Interest free loans from shareholders (unsecured) (refer note 25)	(197,223)	4,801,520
	105,168,350	68,490,642
The above amount includes		
Secured borrowings	18,796,164	13,554,117
Unsecured borrowings	86,372,186	54,936,525
	105,168,350	68,490,642

*Secured against immovable property, stocks and book debts of the Company. The facility is further guaranteed by Fortis Hospitals Limited. The loan carries interest @ 12.80%

8 Other current liabilities

	March 31, 2014 ₹	March 31, 2013 ₹
Trade payables		
- Total outstanding dues of micro and small enterprises (refer note 27)	13,492	28,211
- Other creditors	70,286,698	59,949,689
	70,300,190	59,977,900
Other liabilities		
Current maturities of long-term borrowings (note 5)	23,073,746	23,093,701
Capital creditors	392,889	285,551
Interest accrued but not due on borrowings	7,903,820	3,940,093
Others		
TDS payable	1,913,526	1,708,430
Service tax payable	102,534	122,670
Other statutory dues	312,429	302,987
Interest free security deposits*	150,000	150,000
Advances from patients	548,833	1,276,947
	34,397,777	30,880,379
	104,697,967	90,858,279

* Interest free security deposit are repayable on demand.



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Tangible Assets		All amounts in ₹						
Particulars	Freehold Land	Building	Office Equipments	Medical Equipments	Plant and Machinery	Computers	Furniture & Fittings	Vehicles
Cost								
At April 1, 2012	19,329,148	82,160,356	4,714,629	60,817,923	14,152,823	3,047,237	5,456,150	1,083,128
Additions	-	1,872,356	371,316	3,198,649	896,024	428,508	112,884	162,376
Disposals	-	-	-	-	-	-	-	-
At March 31, 2013	19,329,148	84,032,712	5,085,945	64,016,572	15,048,847	3,475,745	5,569,034	1,245,504
Additions	-	-	70,188	1,129,629	411,695	61,700	32,632	-
Disposals	-	-	13,433	24,033	43,296	26,414	270,952	-
At March 31, 2014	19,329,148	84,032,712	5,142,700	65,122,168	15,417,246	3,511,031	5,330,714	1,245,504
Depreciation								
At April 1, 2012	-	6,265,648	171,086	20,471,890	4,509,782	1,833,833	775,939	301,063
Charge for the year	-	2,739,090	1,586,371	1,225,958	901,949	366,892	1,151,689	50,017
Disposals	-	-	-	-	-	-	-	-
At March 31, 2013	-	9,004,738	1,757,457	21,697,848	5,411,731	2,200,725	1,927,628	351,080
Charge for the year	-	1,369,732	362,119	4,561,325	1,097,469	566,957	352,221	88,058
Disposals	-	-	5,408	10,410	10,098	23,294	118,037	-
At March 31, 2014	-	10,374,470	2,114,168	26,248,763	6,499,102	2,744,388	2,161,812	439,138
Net Block								
At March 31, 2013	19,329,148	75,027,974	3,328,488	42,318,724	9,637,116	1,275,020	3,641,406	894,424
At March 31, 2014	19,329,148	73,658,242	3,028,532	38,873,405	8,918,144	766,643	3,168,902	806,366

Tangible assets given as security:

Tangible assets, i.e immovable property with a carrying amount of ₹ 92,987,390 (March 31, 2013: ₹ 94,357,122) are subject to first charge to secure the Company's short term borrowings.



Lalitha Healthcare Private Limited

Notes to the financial statements for the year ended March 31, 2014

10 Intangible Assets	All amounts in ₹	
	Software	Total
Particulars		
Cost		
At April 1, 2012	-	-
Additions	845,703	845,703
Disposals	-	-
At March 31, 2013	845,703	845,703
Additions	463,086	463,086
Disposals	-	-
At March 31, 2014	1,308,789	1,308,789
Amortisation		
At April 1, 2012	-	-
Charge for the year	240,977	240,977
At March 31, 2013	240,977	240,977
Charge for the year	212,154	212,154
Disposals	-	-
At March 31, 2014	453,131	453,131
Net Block		
At March 31, 2013	604,726	604,726
At March 31, 2014	855,658	855,658



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11 Non current investments

	March 31, 2014	March 31, 2013
	₹	₹
Non-trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
a) Investment in equity instrument (5,000 shares of ₹10 each fully paid up) of RMCRS Health Management Private Limited	50,001	50,001
b) Investments in government or trust securities - National savings certificates	25,000	25,000
	75,001	75,001
Less: Provision for diminution in value of investments	50,000	50,000
Aggregated amount of unquoted investments	25,001	25,001

12 Loans and advances

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	₹	₹	₹	₹
Capital advances				
Unsecured, considered good	97,070	78,273	-	-
(A)	97,070	78,273	-	-
Security deposit				
Unsecured, considered good	2,210,835	1,339,985	185,150	900,000
(B)	2,210,835	1,339,985	185,150	900,000
Loan and advances to related parties (refer note 25)				
Unsecured, considered doubtful*	4,034,831	4,034,831	-	-
	4,034,831	4,034,831	-	-
Less: Provision for doubtful debts	4,034,831	4,034,831	-	-
(C)	-	-	-	-
Other loans and advances				
Unsecured, considered good (Unless stated otherwise)				
Advance tax and tax deducted at source	11,297,862	6,582,776	-	-
Advances to employees	-	-	-	11,338
Advances to suppliers	-	-	11,514	11,442
Prepaid expenses	-	-	514,146	508,813
Export benefit entitlement	-	-	934,462	635,235
(D)	11,297,862	6,582,776	1,460,122	1,166,828
Total (A+B+C+D)	13,605,767	8,001,034	1,645,272	2,066,828

13 Other non current assets

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	₹	₹	₹	₹
Unamortized expenditure				
Ancillary cost of arranging the borrowings	387,933	721,106	333,173	333,173
Others				
Accrued operating income	-	-	2,081,402	1,301,980
	387,933	721,106	2,414,575	1,635,153

14 Inventories (valued at lower of cost and net realizable value)

	March 31, 2014	March 31, 2013
	₹	₹
Medical consumables	3,041,362	4,604,861
Pharmacy	1,409,097	1,571,501
	4,450,459	6,176,362



Lalitha Healthcare Private Limited

Notes to the financial statements for the year ended March 31, 2014

15 Trade receivables

	March 31, 2014 ₹	March 31, 2013 ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	6,071,318	5,931,121
Doubtful	11,895,306	7,678,221
	17,966,624	13,609,342
Less: Provision for doubtful receivables	11,895,306	7,678,221
(A) 6,071,318	5,931,121	
Other receivables		
Unsecured, considered good	12,237,180	14,038,141
Doubtful	-	-
	12,237,180	14,038,141
Less: Provision for doubtful receivables	-	-
(B) 12,237,180	14,038,141	
Total (A+B)	18,308,498	19,969,262

16 Cash and bank balances

	March 31, 2014 ₹	March 31, 2013 ₹
Cash and cash equivalents		
Balances with banks		
- On current accounts	56,861	2,481,554
Cash on hand	244,733	272,908
Cheques / drafts on hand	523,647	1,438,052
	825,241	4,192,514



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17 Revenue from operations

	March 31, 2014 ₹	March 31, 2013 ₹
Revenue from operations		
Sale of services		
Inpatient	156,312,466	176,057,334
Outpatient	21,654,995	21,285,017
	177,967,461	197,342,351
Less: Discounts	728,512	2,567,293
	177,238,949	194,775,058
Sale of products		
Pharmacy	9,462,146	10,271,433
	9,462,146	10,271,433
Other operating income		
Duty credit entitlement	299,227	269,072
	299,227	269,072
Revenue from operations (net)	187,000,322	205,315,563

Details of product sold

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Traded goods sold		
Pharmacy	9,462,146	10,271,433
	9,462,146	10,271,433

18 Other income

	March 31, 2014 ₹	March 31, 2013 ₹
Interest income on		
Bank deposits	-	8,000
Others	-	7,907,146
	-	7,915,146
Other non operating income:		
Rental income from operating lease	313,100	255,095
Unclaimed balances and excess provisions written back	2,182,603	3,716,745
Miscellaneous income	482,605	603,392
	2,978,308	4,575,232
	2,978,308	12,490,378



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19 (Increase)/ decrease in inventories

	March 31, 2014 ₹	March 31, 2013 ₹
Inventories at the end of the year		
Pharmacy	4,450,459	6,176,362
	4,450,459	6,176,362
Inventories at the beginning of the year		
Pharmacy	6,176,362	3,803,026
	6,176,362	3,803,026
	1,725,903	(2,373,336)

Details of inventory

	March 31, 2014 ₹	March 31, 2013 ₹
Pharmacy	4,450,459	6,176,362
	4,450,459	6,176,362

20 Employee benefits expense

	March 31, 2014 ₹	March 31, 2013 ₹
Salaries, wages and bonus	28,067,551	27,260,552
Contribution to provident and other funds	2,270,160	2,321,377
Gratuity expense (refer note 26)	320,000	336,000
Staff welfare expenses	1,121,931	1,069,231
	31,779,642	30,987,160

21 Depreciation and amortization expense

	March 31, 2014 ₹	March 31, 2013 ₹
Depreciation of tangible assets (note 9)	8,397,881	8,021,966
Amortization of intangible assets (note 10)	212,154	240,977
	8,610,035	8,262,943

22 Finance costs

	March 31, 2014 ₹	March 31, 2013 ₹
Bank charges	37,396	10,557
Interest expense		
- On term loan	9,192,367	12,027,607
- On loans from holding company	8,542,330	4,038,324
- On working capital	1,784,739	963,331
Amortisation of ancillary borrowing costs	333,173	333,173
	19,890,005	17,372,992



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23 Other expenses

	March 31, 2014	March 31, 2013
	₹	₹
Contractual manpower	1,238,455	1,082,636
Power, fuel and water charges	5,080,635	5,900,348
Housekeeping expenses including consumables	7,922,697	6,828,215
Patient food	3,825,180	4,248,582
Pathology laboratory expenses	16,184,117	17,559,202
Management fees	13,310,793	14,487,598
Consultation fees to doctors	45,207,458	46,366,736
Repairs and maintenance		
- Plant & Machinery	1,913,460	2,661,513
- Building	544,605	526,153
- Others	2,314,881	2,597,305
Rent	2,460,113	2,009,864
Printing and stationary	1,539,083	1,241,364
Legal and professional fees	1,523,933	1,567,860
Payment to auditor (Refer details below)	730,340	730,340
Travel and conveyance	790,809	967,867
Rates and taxes	480,122	430,800
Communication expenses	1,203,303	674,772
Insurance	150,641	123,991
Marketing and business promotion	8,119,845	11,871,652
Loss on sale of fixed assets (net)	172,544	-
Bad debts and sundry balances written off	1,842,579	1,198,799
Provision for doubtful debts and advances	4,228,384	4,819,563
Donations	15,500	22,000
Miscellaneous expenses	39,216	51,618
	120,838,693	127,968,778

Payment to auditor:

	March 31, 2014	March 31, 2013
	₹	₹
As auditor:		
Audit fee	617,980	617,980
Tax audit fee	112,360	112,360
	730,340	730,340

24 Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

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25 Related Party Disclosures

Name of Related parties where control exist irrespective of whether transactions have occurred or not.

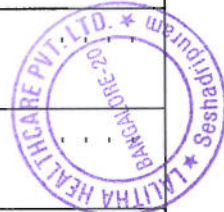
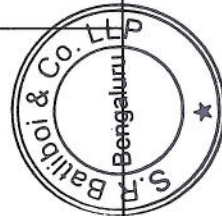
Relationship	Name of the related party
Holding company	: Fortis Health Management (South) Limited
Immediate holding company	: Fortis Hospitals Limited
Ultimate holding company	: Fortis Healthcare Limited

Related parties with whom transactions have taken place during the year

Relationship	Name of the related party
Key management personnel ('KMP')	: Mr. Karthik Rajagopal : Dr. Lakshmi Narayana Raju : Dr. Mohan Keshavamurthy
Relatives of key management personnel	: Dr. Seetha Belavadi : Ms. Nagarathna : Mr. Venkatakrishna Raju
Enterprises which are under common control with reporting enterprise.	: Fortis Health Management (North) Limited : Super Religare Laboratories Limited : Fortis Emergency Services Limited : Fortis Health Management Limited : International Hospital Limited
Enterprises owned or significantly influenced by key management personnel or their relatives	: Balaji School of Nursing : Indra Priyadarshini School of Nursing : Ranibennur College of Nursing : RMCRS Health Management : RM Educational Trust : Sreenivasa Educational Society : Fortis RM Pharma



Transactions with related parties Particulars	Ultimate holding company		Immediate holding company		Holding company		Enterprises which are under common control with reporting enterprise		Key management personnel (KMP)		Relatives of key management personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
for transfer of assets of LHPL onal Hospital Limited	-	-	-	-	-	-	-	140,000,000	-	-	-	-	-	-
ken during the year alth Management (South) Limited	-	-	-	-	36,300,000	39,505,006	-	-	-	-	-	-	-	-
spaid during the year alth Management (South) Limited	-	-	-	-	3,500,000	-	-	-	2,956,123	-	-	-	-	-
imi Narayana Raju	-	-	-	-	-	-	-	-	542,620	-	-	-	-	-
an Keshavamurthy	-	-	-	-	-	-	-	-	-	-	134,865	-	-	-
ia Belavadi	-	-	-	-	-	-	-	-	-	-	500,000	-	-	-
arathan	-	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-
atakrisna Raju	-	-	-	-	-	-	-	-	-	-	-	-	-	-
for transfer of assets of LHPL - Refunded alth Management Limited	-	-	-	-	-	-	-	140,000,000	-	-	-	-	-	-
ment fees ospitals Limited	-	-	13,310,793	14,488,000	-	-	-	-	-	-	-	-	-	-
Medical Services ospitals Limited	-	-	1,853,837	2,828,315	-	-	-	86,000	-	-	-	-	-	-
althcare Limited	-	-	-	-	-	-	-	7,000	-	-	-	-	-	-
onal Hospital Limited	-	-	-	-	-	-	-	144,000	-	-	-	-	-	-
mergency Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense alth Management (South) Limited	-	-	-	-	8,527,056	4,038,000	-	-	-	-	-	-	-	-
Income alth Management Limited	-	-	-	-	-	-	-	7,748,000	-	-	-	-	-	-
ty laboratory expenses ligare Laboratories Limited	-	-	-	-	-	-	11,568,854	11,541,513	-	-	-	-	-	-
onal charges to Doctors alth Management (North) Limited	-	-	-	-	-	-	2,289,000	3,779,000	-	-	-	-	-	-
an Keshavamurthy	-	-	-	-	-	-	-	-	2,640,000	-	-	-	2,282,025	2,652,416
MI Pharma	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e of pharmacy ospitals Limited	-	-	159,279	365,685	-	-	-	-	-	-	-	-	-	-
pharmacy ospitals Limited	-	-	6,196,825	7,000,400	-	-	-	330,000	-	-	-	-	-	-
onal Hospital Limited	-	-	-	-	-	-	7,502	-	-	-	-	-	-	-
alth Management Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
an Keshavamurthy	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Laittha Healthcare Private Limited
to the financial statements for the year ended March 31, 2014

at the year end

Particulars	Ultimate holding company		Immediate holding company		Holding		Enterprises which are under common control with reporting enterprise.		Key management personnel (KMP)		Relatives of key management personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Term Borrowings														
Health Management (South) Limited	-	-	-	-	86,569,409	50,135,006	-	-	-	-	-	-	-	-
Shri Keshavanurthy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shri Narayana Raju	-	-	-	-	-	-	-	-	210,532	-	-	-	-	-
Shri Belavadi	-	-	-	-	-	-	-	-	2,956,123	-	-	-	-	-
Shri Nagarathna	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shri Venkatesh Krishna Raju	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest accrued but not due														
Health Management (South) Limited	-	-	-	-	7,674,350	3,634,403	-	-	-	-	-	-	-	-
Payables														
Religare Laboratories Limited	-	-	-	-	-	-	2,354,375	1,799,000	-	-	-	-	176,752	518,000
RM Pharma	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National Hospital Limited	-	-	-	-	-	-	10,980	-	-	-	-	-	-	-
Healthcare Limited	-	-	-	-	-	-	96,000	123,000	-	-	-	-	-	-
Health Management (North) Limited	-	-	-	-	-	-	3,390,782	1,330,682	-	-	-	-	-	-
Emergency Services Limited	-	-	-	-	-	-	-	69,776	-	-	-	-	-	-
Shri Narayanaraju	-	-	-	-	-	-	-	-	218,698	-	-	-	-	-
Shri Keshavanurthy	-	-	-	-	-	-	-	-	198,000	-	-	-	-	-
Hospitals Limited	-	-	45,268,169	32,609,040	-	-	-	-	-	-	-	-	-	-
Term Loans and Advances														
School of Nursing	-	-	-	-	-	-	-	-	-	-	-	-	43,750	43,750
Priyadarshini School of Nursing	-	-	-	-	-	-	-	-	-	-	-	-	1,009,535	1,009,535
Annur College of Nursing	-	-	-	-	-	-	-	-	-	-	-	-	105,000	105,000
KS Health Management	-	-	-	-	-	-	-	-	-	-	-	-	2,440,573	2,440,573
Educational Trust	-	-	-	-	-	-	-	-	-	-	-	-	200,217	200,217
vasa Educational Society	-	-	-	-	-	-	-	-	-	-	-	-	235,756	235,756



26 Gratuity and other post employment benefit plans

The Company operates two defined plans, viz., provident fund and gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the unfunded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss**Net employee benefit expense recognized in the employee cost**

	Gratuity	
	March 31, 2014 ₹	March 31, 2013 ₹
Current service cost	365,000	325,000
Interest cost	69,000	55,000
Actuarial gain recognised in the period/year	(114,000)	(44,000)
Net benefit expenses	320,000	336,000

Balance Sheet**Benefit liability**

	March 31, 2014 ₹	March 31, 2013 ₹
Present value of defined benefit obligation	(1,088,000)	(964,000)
Fair value of plan assets	-	-
Plan liability	(1,088,000)	(964,000)

Changes in present value of the defined benefit obligation are as follows:

	March 31, 2014 ₹	March 31, 2013 ₹
Opening defined benefit obligation	964,000	685,000
Current service cost	365,000	325,000
Interest cost on benefit obligation	69,000	55,000
Benefits paid	(196,000)	(44,000)
Actuarial gain recognised	(114,000)	(57,000)
Closing defined benefit obligation	1,088,000	964,000

The Principal assumptions used in determining gratuity obligation for the company's plan are shown below:

	March 31, 2014	March 31, 2013
Discount rate	9.25%	8.00%
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a. thereafter	10.00% p.a for first 3 years and 8.00% p.a. thereafter
Attrition rate	10% at younger ages and reducing to 2% at older ages	10% at younger ages and reducing to 2% at older ages

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous three years are as follows:

	March 31, 2014 ₹	March 31, 2013 ₹	March 31, 2012 ₹	March 31, 2011 ₹
Defined Benefit Obligation	1,088,000	964,000	685,000	460,000
Surplus \ (Deficit)	(1,088,000)	(964,000)	(685,000)	(460,000)
Experience adjustments on plan liabilities	13,000	83,000	(41,000)	(16,000)
Actuarial Gain \ (Loss) on plan liabilities	101,000	(39,000)	-	-



27 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	March 31, 2014 ₹	March 31, 2013 ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	13,492	28,000
Interest due on above	-	-
	<u>13,492</u>	<u>28,000</u>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	55	-
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 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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 section 23 of the MSMED Act 2006.	-	-

28 Earnings per share :

The following reflects the loss and details of shares used in the basic and diluted EPS computations.

	March 31, 2014 ₹	March 31, 2013 ₹
Loss for calculation of basic EPS and diluted EPS		
Loss after tax	(35,258,652)	(11,440,781)
Loss for calculation of basic EPS and diluted EPS	<u>(35,258,652)</u>	<u>(11,440,781)</u>
Weighted average number of equity shares in calculating basic and diluted EPS	811,568	811,568
Weighted average number of equity shares in calculating basic and diluted EPS	<u>811,568</u>	<u>811,568</u>



(This space has been intentionally left blank)



29 Earnings in Foreign currency (accrual basis):

	March 31, 2014 ₹	March 31, 2013 ₹
Income from Medical Services	2,992,270	2,690,722
	<u>2,992,270</u>	<u>2,690,722</u>

30 Contingent liabilities:

The Company is subject to a variety of claims, suits, and investigations that arise from time to time in the ordinary conduct of its business. While the Company currently believes that such claims, individually or in aggregate, will not have a material adverse impact on its financial position, cash flows, or results of operations, the litigation and other claims are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavorable final outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on the Company's business, reputation, financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable.

31 Deferred tax assets has not been recognized on carried forward losses and unabsorbed depreciation losses in the absence of evidence supporting virtual certainty of future taxable income when such losses would be set off and deferred tax assets be realised.

32 The figures of previous year were audited by a firm of chartered accountants other than S.R Batliboi & Co. LLP. Previous year figures have been reclassified where necessary, to confirm with current year's presentation.

As per our report of even date

For S.R Batliboi & Co. LLP

Firm registration number: 301003E

Chartered Accountants

Navin Agrawal

per Navin Agrawal
Partner

Membership No: 56102



Place: Bangalore

Date: May 27, 2014

For and on behalf of the board of directors of
Lalitha Healthcare Private Limited

Karthik Rajagopal
Karthik Rajagopal
Director

Dr. Mohan Keshavamurthy
Dr. Mohan Keshavamurthy
Director

Place : Bangalore

Date : May 27, 2014

Place : Bangalore

Date : May 27, 2014

