

Independent Auditors' Report

To the Members of Metropolis Histoxpert Digital Services Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metropolis Histoxpert Digital Services Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period beginning from 8 February 2018 to 31 March 2019 ("the period") and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other comprehensive income, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

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

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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.

Independent Auditors' Report (Continued)

Metropolis Histoxpert Digital Services Private Limited

Other Information (Continued)

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are 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 state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statements 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 and Board of Directors are 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.

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

Auditor's Responsibilities 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.

Independent Auditors' Report (*Continued*)

Metropolis Histoxpert Digital Services Private Limited

Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) As required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;

Independent Auditors' Report (*Continued*)

Metropolis Histoxpert Digital Services Private Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- e) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) the Company has been exempted from the requirements of its auditor reporting on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls (clause (i) of Section 143(3) of the Act.
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as at 31 March 2019 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; and
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us, no remuneration has been paid by the Company to its directors during the current year. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
8 May 2019

Akeel Master
Partner
Membership No. 046768

Metropolis Histoxpert Digital Services Private Limited

Balance sheet

as at 31 March 2019

(Currency : Indian Rupees)

| Particulars | Notes | 31-Mar-19 |
|--|-------|--------------------|
| ASSETS | | |
| <i>Non Current assets</i> | | |
| Property, Plant and Equipment | 3 | 1,44,192 |
| Other Intangible assets | 4 | 1,55,469 |
| Other Non current assets | 5 | 1,29,856 |
| Deferred tax assets | 6 | - |
| Total Non Current assets | | 4,29,517 |
| <i>Current assets</i> | | |
| Financial Assets | | |
| i) Trade Receivable | 7 | 4,45,494 |
| ii) Cash and cash equivalents | 8 | 1,01,57,404 |
| Other current assets | 9 | 3,03,000 |
| Total Current Assets | | 1,09,05,898 |
| Total Assets | | 1,13,35,415 |
| EQUITY & LIABILITIES | | |
| a) Equity share capital | 10 | 3,00,00,000 |
| b) Other Equity | 11 | (2,20,02,753) |
| Total equity | | 79,97,247 |
| LIABILITIES | | |
| <i>Current Liabilities</i> | | |
| Financial liabilities | | |
| i) Trade payables | | |
| Total outstanding due of micro and small enterprises | 12 | - |
| Total outstanding dues of creditors other than micro and small enterprises | 12 | 5,07,951 |
| ii) Other financial liabilities | 13 | 26,66,746 |
| Other current liabilities | 14 | 1,63,471 |
| Total Current Liabilities | | 33,38,168 |
| Total Equity and Liabilities | | 1,13,35,415 |

Significant accounting policies

1-2

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of
Metropolis Histoxpert Digital Services private Limited**

CIN : 85320MH2018PTC304941

Akeel Master

Partner

Membership No. 046768

Date: 8 May 2019

Vijendra Singh

Director

DIN: 07489284

Place: Mumbai

Date: 8 May 2019

Ameera Shah

Director

DIN: 00208095

Place: Mumbai

Date: 8 May 2019

Metropolis Histoxpert Digital Services Private Limited

Statement of Profit and Loss

for the period from 8 February 2018 to 31 March 2019

(Currency : Indian Rupees)

| Particulars | Notes | For the Period from 8 February 2018 to 31 March 2019 |
|--|-------|--|
| Income | | |
| Revenue from operation | 15 | 17,44,054 |
| Other Income | 16 | 44,323 |
| Total Income | | 17,88,377 |
| Expenses | | |
| Laboratory testing charges | 17 | 5,54,790 |
| Employee benefits expense | 18 | 1,61,35,590 |
| Depreciation and amortisation | 19 | 65,903 |
| Other expenses | 20 | 70,34,847 |
| Total Expenses | | 2,37,91,130 |
| (Loss) Before Tax | | (2,20,02,753) |
| Tax (Expenses) | 21 | - |
| Loss For The Period | | (2,20,02,753) |
| Other Comprehensive Income /(Loss) | | - |
| Total Comprehensive Loss For The Period | | (2,20,02,753) |
| Earnings per equity share (Face value of Rs. 10 each) | 22 | |
| (1) Basic earnings per share | | (9.77) |
| (2) Diluted earnings per share | | (9.77) |
| Significant accounting policies | 1-2 | |
| The accompanying notes form an integral part of these financial statements | | |

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Metropolis Histoxpert Digital Services private Limited

CIN : 85320MH2018PTC304941

Akeel Master

Partner

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Date: 8 May 2019

Vijendra Singh

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Place: Mumbai

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Ameera Shah

Director

DIN: 00208095

Place: Mumbai

Date: 8 May 2019

Metropolis Histoxpert Digital Services Private Limited

Statement of Cash flows

for the period from 8 February 2018 to 31 March 2019

(Currency : Indian Rupees)

| Particulars | 31 March 2019 |
|--|----------------------|
| A Cash Flow from Operating Activities | |
| (Loss) before tax | (2,20,02,753) |
| Adjustments for : | |
| Depreciation and amortisation expense | 65,903 |
| Operating profit before working capital changes | (2,19,36,850) |
| Adjustments: | |
| (Increase) in Trade receivables | (4,45,494) |
| (Increase) in Other current assets | (3,03,000) |
| Increase/ in Trade Payable | 5,07,951 |
| Increase in Other current financial liabilities | 26,66,746 |
| Increase in Other current liabilities | 1,63,471 |
| Cash generated from operating activities | (1,93,47,176) |
| Income tax paid (net) | (1,29,856) |
| Net cash (used in) operating activities (A) | (1,94,77,032) |
| B Cash flows from investing activities | |
| Purchase of property, plant and equipment including capital advances | (3,65,564) |
| Net cash (used in) investing activities (B) | (3,65,564) |
| C Cash Flow from Financing Activities | |
| Proceeds from issue of shares | 3,00,00,000 |
| Net cash generated from Financing activities (C) | 3,00,00,000 |
| Net Increase in cash and cash equivalents (A) + (B) + (C) | 1,01,57,404 |
| Cash and Cash Equivalents as at 8 February 2018 | - |
| Cash and Cash Equivalents at the end of the year | 1,01,57,404 |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Metropolis Histoxpert Digital Services private Limited

CIN : 85320MH2018PTC304941

Akeel Master

Partner

Membership No: 046768

Vijendra Singh

Director

DIN: 07489284

Place: Mumbai

Date: 8 May 2019

Ameera Shah

Director

DIN: 00208095

Place: Mumbai

Date: 8 May 2019

Metropolis Histoxpert Digital Services Private Limited

Statement of Changes in Equity ('SOCIE')

for the period from 8 February 2018 to 31 March 2019

(Currency : Indian Rupees)

(a) Equity share capital

| Equity shares of Rs 10 each | Number of shares | Amount |
|---|------------------|-------------|
| Balance as at 8 February 2018 (Date of Incorporation) | - | - |
| Equity share capital issued during the period | 30,00,000 | 3,00,00,000 |
| Balance as at 31 March 2019 | 30,00,000 | 3,00,00,000 |

(b) Other equity

| Particulars | Retained earnings |
|------------------------------------|----------------------|
| Opening balance | - |
| Loss for the period | (2,20,02,753) |
| Total comprehensive income | (2,20,02,753) |
| Balance as at 31 March 2019 | (2,20,02,753) |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of Metropolis Histoxpert Digital Services private Limited

CIN U85320MH2018PTC304941

Akeel Master

Partner

Membership No. 046768

Date: 8 May 2019

Vijendra Singh

Director

DIN: 07489284

Place: Mumbai

Date: 8 May 2019

Ameera Shah

Director

DIN: 00208095

Place: Mumbai

Date: 8 May 2019

Metropolis HistoXpert Digital Services

Notes to the financial statements

for the period from 8 February 2018 to 31 March 2019

(Currency : In Indian Rupees)

1 Background of the Company and nature of operation

Metropolis HistoXpert Digital Service Private Limited was incorporated on 8 February, 2018 (the 'Company') was incorporated under Companies Act 2013, (the "Act") and is engaged in the business of providing healthcare facilities. The principal activities of the Company consist of providing one stop solution to Tissue Diagnostic work delivering end-to-end automated processing & digitization solutions with competitive TATs', conclusive reporting through Reflex testing model and reporting done by highly reputed sub-speciality histopathologist.

2 Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

a Statement of compliance:

The Balance Sheet of the Company as at 31 March 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended 31 March 2019 and summary of significant accounting policies and other financial information (together referred as 'financial statements') has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standard) amendment Rules, 2018.

The financial statements were authorised for issue by the Company Board of Directors on 8 May 2019

b Current vs non-current classification:

All the assets and liabilities have been classified into current and non current.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Operating Cycle:

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

c Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value

d Key estimates and assumptions

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.

The areas involving critical estimates or judgements are :

- i. Determination of useful lives of property, plant and equipment and intangibles; (Note 2.2(a))
- ii. Impairment test of non-financial assets (Note 2.2(b))
- iii. Recognition of deferred tax assets; (Note 2.2(i))
- iv. Recognition and measurement of provisions and contingencies; (Note 2.2(e))
- v. Fair value of financial instruments (Note 2.2(c))
- vi. Impairment of financial assets (Note 2.2(c))

Metropolis HistoXpert Digital Services

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In Indian Rupees)

2 Basis of preparation, measurement and significant accounting policies (Continued)

2.1 Basis of preparation and measurement (Continued)

e Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values (including Level 3 fair values). The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

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).

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 the following notes - Financial Instruments (Note 23)

2.2 Significant accounting policies

a) Property plant and equipment

Recognition and measurement:

Items of property, plant and equipment, other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, (after deducting trade discounts and rebates), any directly attributable costs of bringing the asset to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on derecognition of an item of property, plant and equipment is included in statement of profit and loss when the item is derecognized.

Subsequent expenditure:

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Depreciation:

Depreciation on property, plant and equipment, other than leasehold improvements, is provided under the written down value method in the manner prescribed under Schedule II of the Act, except in the following case where the life is different than as indicated in Schedule II of the Act which is based on the technical evaluation of useful life carried out by the management:

| Particulars | Management's estimate of useful life | Useful life as per Schedule II |
|------------------------|--------------------------------------|--------------------------------|
| Computers | 6 years | 3 years |
| Furniture and Fixtures | 15 years | 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Metropolis HistoXpert Digital Services

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In Indian Rupees)

2 Basis of preparation, measurement and significant accounting policies (Continued)

2.2 Significant accounting policies (Continued)

b) Impairment of non-financial assets

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

The recoverable amount of an individual asset (or where applicable, that of cash generating unit (CGU) to which the asset belongs) 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 asset (or CGU).

c) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts, futures and currency options.

1 Financial assets

Initial recognition and measurement

Financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

- Amortized cost,
- Fair value through profit (FVTPL)

Amortized cost :

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

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Fair value through profit and loss ('FVTPL'):

All financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss with all changes recognized in the Statement of Profit and Loss. Interest (basis EIR method) income from financial assets at fair value through profit or loss is recognised in the statement of profit and loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.

Derecognition:

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

The contractual rights to receive cash flows from the financial asset have expired, or

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

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all equity instruments (measured at FVTPL). are recognized in the Statement of Profit and Loss.

Metropolis Histoxtper Digital Services

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In Indian Rupees)

2 Basis of preparation, measurement and significant accounting policies (Continued)

2.2 Significant accounting policies (Continued)

c) Financial Instruments (Continued)

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

2 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL):

A financial liability is classified as Fair Value through Profit or Loss (FVTPL) if it is classified as held-for trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss

Derecognition

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

Offsetting of financial instruments

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

d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet and cash flow statement includes cash at bank and on hand, deposits held at call with banks, with original maturities less than three months which are readily convertible into cash and which are subject to insignificant risk of changes in value.

Metropolis Histoxpert Digital Services

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In Indian Rupees)

2 Basis of preparation, measurement and significant accounting policies (Continued)

2.2 Significant accounting policies (Continued)

e) **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at the balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognized till the realization of the income is virtually certain. However the same are disclosed in the financial statements where an inflow of economic benefit is probable.

f) **Revenue Recognition**

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of Indirect taxes, returns and discounts.

Revenue comprise of revenue from providing healthcare services related to tissue diagnostic work.

Revenue is recognised once the testing samples are processed for requisitioned test, to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

g) **Other Income:**

h) **Employee Benefits**

Liabilities for wages and salaries, bonus, compensated absences and ex gratia including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are classified as short term employee benefits and are recognized as an expense in the Statement of Profit and Loss as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

i) **Income-tax**

Income tax expense /income comprises current tax expense income and deferred tax expense income. It is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income. In which case, the tax is also recognized directly in equity or other comprehensive income, respectively.

Current Tax

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of the reporting period.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Metropolis HistoXpert Digital Services

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In Indian Rupees)

2 Basis of preparation, measurement and significant accounting policies (Continued)

2.2 Significant accounting policies (Continued)

i) Income-tax (Continued)

Deferred Taxes:

Deferred Income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities 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 only if:

- i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.
- iii) Deferred tax asset / liabilities in respect of temporary differences which originate and reverse during the tax holiday period are not recognized. Deferred tax assets / liabilities in respect of temporary differences that originate during the tax holiday period but reverse after the tax holiday period are recognized.

j) Earnings per share:

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

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

k) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) as defined in Ind AS-108 'Operating Segments' for allocating resources and assessing performance.

l) Recent IND AS Amendments:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the company has not applied as they are effective from 1 April 2019:

Ind AS 116 - Leases

Ministry of Corporate Affairs (MCA) has notified Ind AS 116 'Leases' which is effective from 1 April, 2019.

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Company is currently evaluating the effect of this accounting standard.

Metropolis HistoXpert Digital Services

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency : In Indian Rupees)

2 Basis of preparation, measurement and significant accounting policies (Continued)

2.2 Significant accounting policies (Continued)

1) Recent IND AS Amendments (Continued):

Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify 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. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (Continued)

as at 31 March 2019

(Currency : Indian Rupees)

3 Property , plant and equipment

| Particulars | Furniture & Fixture | Office Equipments | Computers | Total |
|--|---------------------|-------------------|-----------------|-----------------|
| Cost As at 8 February 2018 | - | - | - | - |
| Additions | 4,248 | 12,036 | 1,72,280 | 1,88,564 |
| Cost as at 31 March 2019 (A) | 4,248 | 12,036 | 1,72,280 | 1,88,564 |
| Accumulated Depreciation | | | | |
| As of 8 February 2018 | - | - | - | - |
| Charge for the period | 4,248 | 193 | 39,931 | 44,372 |
| Accumulated Depreciation 31 March 2019 (B) | 4,248 | 193 | 39,931 | 44,372 |
| Net carrying amount as at 31 March 2019 (A-B) | - | 11,843 | 1,32,349 | 1,44,192 |

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (*Continued*)

as at 31 March 2019

(Currency : Indian Rupees)

4 Other Intangible Assets

| Particulars | Software | Total |
|---|----------|----------|
| Cost As at 8 February 2018 | - | - |
| Additions | 1,77,000 | 1,77,000 |
| Cost as at 31 March 2019 (A) | 1,77,000 | 1,77,000 |
| Accumulated Amortisation | | |
| As of 8 February 2018 | - | - |
| Charge for the period | 21,531 | 21,531 |
| Accumulated Amortisation 31 March 2019 (B) | 21,531 | 21,531 |
| Net carrying amount as at 31 March 2019 (A-B) | 1,55,469 | 1,55,469 |

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (*Continued*)

as at 31 March 2019

(Currency : Indian Rupees)

31 March 2019

5 Non current tax assets

| | |
|----------------|-----------------|
| TDS receivable | <u>1,29,856</u> |
|----------------|-----------------|

6 Deferred tax assets (net)

Deferred tax asset arising on account of :

| | |
|-------------------------------------|--------|
| Provision for employee benefits (A) | 21,883 |
|-------------------------------------|--------|

Deferred tax liability arising on account of :

| | |
|--|--------|
| Difference between book base and tax base of property, plant and equipment and intangible assets (B) | 21,883 |
|--|--------|

Net Deferred Tax (A-B)

| |
|-----------------|
| <u><u>-</u></u> |
|-----------------|

Deferred Tax Asset are recognised only to the extent of Deferred Tax Liability, as this amount is considered to be reasonable certain of realisation. The Deferred Tax Asset is not recognised, as they are not considered to be reasonably certain of realisation.

7 Trade Receivable

| | |
|---|-----------------|
| Unsecured Considered good | 4,45,494 |
| Unsecured - significant increase in credit risk | - |
| Unsecured - credit impaired | - |
| | <u>4,45,494</u> |

8 Cash and Bank Balances

| | |
|-----------------------|--------------------|
| Balances with Bank | |
| - in current accounts | 1,01,57,404 |
| | <u>1,01,57,404</u> |

9 Other Current Assets

| | |
|----------------|-----------------|
| Other Advances | 3,03,000 |
| | <u>3,03,000</u> |

10 Equity share capital

Details of authorised, issued and subscribed share capital and reconciliation of Number of Shares at the beginning and at the end of the period

10.1 Authorised equity share capital

| | No. of shares | Amount |
|-------------------------------|---------------|-------------|
| Equity shares of Rs 10/- each | | |
| As at 8 February 2019 | - | - |
| As at 31 March 2019 | 50,00,000 | 5,00,00,000 |

10.2 Issued equity capital

| | No. of shares | Amount |
|-------------------------------|---------------|-------------|
| Equity shares of Rs 10/- each | | |
| As at 8 February 2019 | - | - |
| As at 31 March 2019 | 30,00,000 | 3,00,00,000 |

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (Continued)

as at 31 March 2019

(Currency : Indian Rupees)

10 Equity share capital (Continued)

a. Terms and Rights attached to equity holders

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if proposed by the Board of Directors, will be paid in Indian Rupees and will be subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Shares held by joint venture partners:

| Share holding structure | No of shares |
|---|--------------|
| a. Metropolis Healthcare Limited | 19,49,999 |
| b. Koninklijke Philips N.V. | 10,50,000 |
| c. Ms. Ameera Sushil Shah (as a nominee of Metropolis Healthcare Limited) | 1 |

c. Shareholders holding more than 5% of equity shares in the company as at Balance sheet date:

| Shareholders | 31 March 2019 | |
|----------------------------------|--------------------|----------------|
| | Number | % shareholding |
| a. Metropolis Healthcare Limited | 1,95,00,000 | 65% |
| b. Koninklijke Philips N.V. | 1,05,00,000 | 35% |
| Total | 3,00,00,000 | 100% |

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the date 31 March 2019

Being first year of operation, company has not issued any bonus shares nor there has been buy back of shares.

31 March, 2019

11 Other equity

Retained Earning / (loss)

Loss for the period (2,20,02,753)

11.1 Retained Earnings

Opening Balance as at 8 February 2019

-

Less : Loss for the period from 8 February 2018 to 31 March 2019

(2,20,02,753)

Closing Balance

(2,20,02,753)

12 Trade payables

Total outstanding due of micro and small enterprises (Refer note 26)

-

Total outstanding due of creditors other than micro and small enterprises*

5,07,951

5,07,951

* It includes amount due to related parties (Refer note 24)

13 Other financial liabilities

Capital creditors

12,036

Employee related dues

23,86,833

Accrued expenses

2,67,877

26,66,746

14 Other current Liabilities

Statutory payable*

1,63,471

1,63,471

* Statutory Dues payable include Tax Deducted at Source and others

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (Continued)

for the period from 8 February 2018 to 31 March 2019

(Currency : Indian Rupees)

| | 31 March 2019 |
|--|--------------------|
| 15 Revenue from Operation | |
| Service income | 17,44,054 |
| | <u>17,44,054</u> |
| 16 Other Income | |
| Miscellaneous income | 44,323 |
| | <u>44,323</u> |
| 17 Laboratory testing charges | |
| Laboratory testing charges | 5,54,790 |
| | <u>5,54,790</u> |
| 18 Employee benefits expense | |
| Salaries, wages and bonus | 1,57,62,523 |
| Staff welfare expenses | 3,73,067 |
| | <u>1,61,35,590</u> |
| 19 Depreciation and Amortisation | |
| Depreciation on property, plant and equipment (refer note 3) | 44,372 |
| Amortisation of intangible assets (refer note 4) | 21,531 |
| | <u>65,903</u> |
| 20 Other Expenses | |
| Electricity expenses | 9,979 |
| Repairs and maintenance | 1,34,764 |
| Rent | 4,91,129 |
| Rates and taxes | 5,000 |
| Payment to Auditors (refer note 24) | 1,18,000 |
| Legal and professional charges | 2,64,700 |
| Travelling and Conveyance | 7,57,458 |
| Printing and stationery | 49,705 |
| Communication expenses | 63,048 |
| Recruitment and training expenses | 31,73,441 |
| Business Promotion and entertainment | 17,27,283 |
| Bank charges | 944 |
| Miscellaneous expenses | 2,39,396 |
| | <u>70,34,847</u> |

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (Continued)

for the period from 8 February 2018 to 31 March 2019

(Currency : In Indian Rupees)

21 Income taxes

| Particulars | 31 March 2019 |
|---------------------------------|---------------|
| Current tax expense | |
| Current period | - |
| Tax expense for the year | - |

Based on Tax computation as per Income tax act 1961, no tax expenses are required to be provided.

22 Earnings per share (EPS)

Basic EPS calculated by dividing the profit or loss for the period attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit or loss attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

| Particulars | 31 March 2019 |
|--|----------------------|
| i. Profit / (Loss) attributable to equity holders | |
| (Loss) attributable to equity holders for basic and diluted EPS | (2,20,02,753) |
| | <u>(2,20,02,753)</u> |
| ii. Weighted average number of ordinary shares | 22,52,500 |
| iii. Basic earnings per share & Diluted earnings per share (Rs) | (9.77) |

Metropolis HistoXpert Digital Services Private Limited

Notes to the financial statements (Continued)

for the period from 8 February 2018 to 31 March 2019

(Currency : In Indian Rupees)

23 Financial instruments – Fair values

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | 31 March 2019 | | | | Fair value | | | |
|--|------------------------------------|---|--------------------|--------------------|------------|---------|---------|-------|
| | Carrying amount | | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | Fair value through profit and loss | Fair value through other comprehensive income | | | | | | |
| Current Financial assets | | | | | | | | |
| Trade receivables | - | - | 4,45,494 | 4,45,494 | - | - | - | - |
| Cash and cash equivalents | - | - | 1,01,57,404 | 1,01,57,404 | - | - | - | - |
| | - | - | 1,06,02,898 | 1,06,02,898 | - | - | - | - |
| Non Current Financial liabilities | | | | | | | | |
| Current Financial liabilities | | | | | | | | |
| Trade payables | - | - | 5,07,951 | 5,07,951 | - | - | - | - |
| Other current financial liabilities | - | - | 26,66,746 | 26,66,746 | - | - | - | - |
| | - | - | 31,74,697 | 31,74,697 | - | - | - | - |

B. Fair value heirarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 heirarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

Financial instruments measured at fair value

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---------------------------------|---|
| Non current financial assets and liabilities measured at amortized cost | Discounted cash flows: Under discounted cash flow method, future cash flows are discounted by using rates which reflect market risks. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate and credit risk. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value. | Not applicable | Not applicable |

Transfers between Levels

There have been no transfers between levels during the reporting years.

22 Financial instruments – Fair values (Continued)

B. Fair value hierarchy (Continued)

Financial risk management

The company's Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. Key roles and responsibilities are defined in line with risk management plan and are reviewed at regular interval. This self regulatory process and procedure ensures efficient conduct of business in micro and macro risk environment.

The Company has exposure to the following risks arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables and cash and cash equivalents. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

a. Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company does not have any significant concentration of credit risk. There are no customers which accounted for 10% or more of the total trade receivables as at the year end.

| | Gross carrying amount 31 March 2019 |
|---------------------------------|--|
| Future dues not impaired | |
| Not due | 4,45,494 |
| Past due 1–30 days | - |
| Past due 31–90 days | - |
| Past due 91–180 days | - |
| Past due 181–365 days | - |
| More than 365 days | - |
| | <u>4,45,494</u> |

b. Cash and cash equivalents and Other bank balances

The Company held cash and cash equivalents and other bank deposits as at 31 March 2019 Rs. 1,01,57,404 (31 March 2018: Rs. Nil). The cash and cash equivalents and other bank balances are held with bank with good credit ratings.

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. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. 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.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

| As at March 31, 2019 | Carrying amount | Contractual cash flows | | | | |
|---|------------------|------------------------|------------------|-----------|-----------|-------------------|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Trade payables | 10,15,902 | 5,07,951 | 5,07,951 | - | - | - |
| Other current financial liabilities | 53,33,492 | 26,66,746 | 26,66,746 | - | - | - |
| Total | 63,49,394 | 31,74,697 | 31,74,697 | - | - | - |

Market risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risk.

Capital Disclosure

The objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios to support its business and maximize shareholder value.

The Company has equity capital and other reserves attributable to the equity shareholders, as the only source of capital and the company does not have any interest bearing borrowings/ debts as on the reporting date. Hence, the Company is not subject to any externally imposed capital requirements.

Metropolis Histoxpert Digital Services Private Limited

Notes to the financial statements (Continued)

for the period from 8 February 2018 to 31 March 2019

(Currency : In Indian Rupees)

24 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and will be settled in cash.

A. Relationships –

Category I: Joint Venture Partner

Koninklijke Philips N.V.

Metropolis Healthcare Limited

Category II: Key Management Personnel (KMP)

Ms. Ameera Shah – Director

Mr. Vijender Singh - Director

Mr. Sanjog Mishra - Director

Mr. Sanjeev Nair - CEO

Metropolis Histoxpert Digital Services Private Limited**Notes to the financial statements (Continued)**

for the period from 8 February 2018 to 31 March 2019

(Currency : In Indian Rupees)

24 Related party disclosures (Continued) :**B) The transactions with the related parties are as follows:**

| Particulars | 31 March 2019 |
|---|---------------|
| 1) Receipts of services | |
| Metropolis Healthcare Limited | 7,34,790 |
| 2) Compensation paid to Key Management Personnel | |
| Short-term employee benefits | 76,46,777 |

C) The related party balances outstanding at year end are as follows:

| Particulars | 31 March 2019 |
|---|---------------|
| 1) Trade payable and other liabilities | |
| <i>Holding company</i> | |
| Metropolis Healthcare Limited | 6,72,803 |

31 March 2019

25 Auditors Remuneration (including GST)

| | |
|----------------------|----------|
| Statutory audit fees | 1,18,000 |
|----------------------|----------|

26 Micro and small enterprises

There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

| | 31 March 2019 |
|--|---------------|
| a. Principal and interest amount remaining unpaid | - |
| b. Interest due thereon remaining unpaid | - |
| c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day | - |
| d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006) | - |
| e. Interest accrued and remaining unpaid | - |
| f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - |

27(i) Employee benefits**Defined benefits plan**

The Company has employees less than 10 and hence the Payment of Gratuity act, 1972 is not applicable to the Company.

27(ii) Defined contribution plan

The Company has employees less than 20 and hence Employee's Provident Funds and Misellenous Provision Act, 1952 is not applicable to the Company.

28 Segment Reporting

The Company operates in a single segment i.e. "Histopathology". Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS-108) "Segment Reporting", no disclosures related to segments are presented in these financial statements.

29 Other Matters:

Information with regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the financial year ended 31 March 2019.

30 The Company was incorporate on 8 February 2018. As these are the first financial statement of the Company under the Act, prior period comparatives are not given.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of
Metropolis Histoxpert Digital Services private Limited**

CIN : 85320MH2018PTC304941

Akeel Master

Partner

Membership No. 046768

Place: Mumbai

Date: 8 May 2019

Vijendra Singh

Director

DIN: 07489284

Place: Mumbai

Date: 8 May 2019

Ameera Shah

Director

DIN: 00208095

Place: Mumbai

Date: 8 May 2019