

Walker Chandiook & Associates

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New Delhi 110001
India

Independent Auditor's Report

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To the Members of Regency Nephrocare Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Regency Nephrocare Private Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditor's Responsibility

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



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6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. 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 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 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India 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.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19 August 2016 as per Annexure B expressed an unqualified opinion; and



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- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Walker Chandiok & Associates

For **Walker Chandiok & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

Nitin Toshniwal

per **Nitin Toshniwal**

Partner

Membership No.: 507568



Place : New Delhi

Date : 19 August 2016

Walker Chandiook & Associates

Annexure to the Independent Auditor's Report of even date to the members of Regency Nephrocare Private Limited on the financial statements for the year ended 31 March 2016

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The Company does not hold any immovable property. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



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Annexure to the Independent Auditor's Report of even date to the members of Regency Nephrocare Private Limited on the financial statements for the year ended 31 March 2016 (Contd)

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the company since the company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) The Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiook & Associates

For **Walker Chandiook & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

Nitin Toshniwal

per **Nitin Toshniwal**

Partner

Membership No.: 507568



Place : New Delhi

Date : 19 August 2016

Walker Chandiook & Associates

Annexure B to the Independent Auditor's Report of even date to the members of Regency Nephrocare Private Limited, on the financial statements for the year ended 31 March 2016

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Regency Nephrocare Private Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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



Walker Chandiok & Associates

Annexure B to the Independent Auditor's Report of even date to the members of Regency Nephrocare Private Limited, on the financial statements for the year ended 31 March 2016

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Walker Chandiok & Associates
For **Walker Chandiok & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

Nitin Toshniwal

per **Nitin Toshniwal**
Partner

Membership No.: 507568



Place : New Delhi

Date : 19 August 2016

Regency Nephrocare Private Limited

Balance Sheet as at 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	2,90,00,000	2,90,00,000
Reserves and surplus	4	(1,37,01,892)	(1,25,30,282)
		<u>1,52,98,108</u>	<u>1,64,69,718</u>
Non-current liabilities			
Other long-term liabilities	5	30,32,085	18,12,511
Long-term provisions	6	77,886	1,62,474
		<u>31,09,971</u>	<u>19,74,985</u>
Current liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	7A	-	-
Total outstanding dues of creditors other than micro enterprise and small enterprises	7B	1,30,30,479	73,18,556
Other current liabilities	8	19,59,379	31,39,218
Short-term provisions	6	85,020	11,708
		<u>1,50,74,878</u>	<u>1,04,69,482</u>
TOTAL		<u><u>3,34,82,957</u></u>	<u><u>2,89,14,185</u></u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	1,44,18,939	1,71,96,498
Deferred tax asset (net)	10	-	23,26,175
Long-term loans and advances	11	13,55,928	17,76,823
		<u>1,57,74,867</u>	<u>2,12,99,496</u>
Current assets			
Inventories	12	21,32,920	13,75,892
Trade receivables	13	1,44,98,102	60,57,616
Cash and bank balances	14	9,25,433	25,032
Short-term loans and advances	15	1,51,635	1,56,149
		<u>1,77,08,090</u>	<u>76,14,689</u>
TOTAL		<u><u>3,34,82,957</u></u>	<u><u>2,89,14,185</u></u>

Summary of significant accounting policies

2

The accompanying notes form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date.

Walker Chandiook & Associates

For Walker Chandiook & Associates
Chartered Accountants

Nitin Toshniwal

per Nitin Toshniwal
Partner



Place: New Delhi

Date: 19 August 2016

For and on behalf of the Board of Directors of
Regency Nephrocare Private Limited

Jan Walter
Director
DIN: 07189614

Abhishek Kapoor
Director
DIN: 02414717

Place: Gurgaon
Date: 17/8/16

Place: Konapur
Date: 17/8/16

Regency Nephrocare Private Limited
Statement of Profit and Loss for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue			
Revenue from operations	16	4,11,67,164	3,29,17,046
Other Income	17	2,50,497	-
		4,14,17,661	3,29,17,046
Expenses			
Purchase of medical consumables		2,12,01,327	1,70,96,539
(Increase) in inventories of medical consumables	18	(7,57,028)	(5,99,291)
Employee benefit expense	19	56,06,627	45,15,628
Depreciation	9	29,09,609	20,38,722
Other expenses	20	1,13,02,561	97,79,525
		4,02,63,096	3,28,31,123
Profit before tax		11,54,565	85,923
Less: Tax expense			
Deferred tax reversal		-	16,39,415
Deferred tax charge - earlier years		(23,26,175)	(41,61,295)
Profit for the year		(11,71,610)	(24,35,957)
Earnings per share of face value of ₹10 each			
Basic and diluted	21	(0.40)	(0.84)

The accompanying notes form an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

Walker Chandio & Associates

For Walker Chandio & Associates
Chartered Accountants

[Signature]

per Nitin Toshniwal
Partner



Place: New Delhi

Date: 19 August 2016

For and on behalf of the Board of Directors of
Regency Nephrocare Private Limited

[Signature] *[Signature]*

Jan Walter

Director

DIN: 07189614

Abhishek Kapoor

Director

DIN: 02414717

Place: Gurgaon

Date: 17/8/16

Place - Kambur

Date - 17/8/16

Regency Nephrocare Private Limited
Cash Flow Statement for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A) Cash flow from operating activities		
Net profit before tax	11,54,565	85,923
Adjustments:		
Depreciation	29,09,609	20,38,722
Operating cash flow before working capital changes	<u>40,64,174</u>	<u>21,24,645</u>
Adjustments for changes in working capital :		
(Increase) in inventories	(7,57,028)	(5,99,291)
(Increase) in trade receivables	(84,40,486)	(35,27,974)
Decrease/(Increase) in loans and advances and current assets	4,514	(12,40,843)
Increase in trade payables	57,11,923	28,00,312
Increase in other liabilities	22,11,351	13,02,360
(Decrease)/Increase in provisions	(11,276)	1,24,103
Cash generated from operations	<u>27,83,172</u>	<u>9,83,312</u>
Less: Income tax paid	4,20,895	-
Net cash generated from operating activities	<u>A 32,04,067</u>	<u>9,83,312</u>
B) Cash flow from investing activities		
Purchase of fixed assets	(23,03,666)	(1,22,79,517)
Net cash used in investing activities	<u>B (23,03,666)</u>	<u>(1,22,79,517)</u>
Net increase/(decrease) in cash and cash equivalents	(A+B) 9,00,401	(1,12,96,205)
Cash and cash equivalents at the beginning of the year	25,032	1,13,21,237
Cash and cash equivalents at the end of the year	<u>9,25,433</u>	<u>25,032</u>
Cash and cash equivalents includes :		
Cash on hand	6,351	8,657
Balance with banks in current accounts	9,19,082	16,375
Cash and cash equivalents at the end of the year	<u>9,25,433</u>	<u>25,032</u>

This is the Cash flow Statement referred to in our report of even date.

Walker Chandniok & Associates
For Walker Chandniok & Associates
Chartered Accountants

Nitin Toshniwal
per Nitin Toshniwal
Partner



Place: New Delhi
Date: 19 August 2016

For and on behalf of the Board of Directors of
Regency Nephrocare Private Limited

Jan Walter
Jan Walter
Director
DIN: 07189614

Place: *Curgan*
Date: 17/8/16

Abhishek Kapoor
Abhishek Kapoor
Director
DIN: 02414717

Place - *Kanpur*
Date - 17/8/16

Regency Nephrocare Private Limited

**Summary of significant accounting policies and other explanatory information for the year ended
31 March 2016**

1. Background

Regency Nephrocare Private Limited, a private company incorporated on 19 July 2013 under Companies Act, 1956 is a subsidiary of Fresenius Medical Care India Private Limited. The Company is incorporated to hold, acquire, run, manage and maintain dialysis clinics for prevention, cure and treatment of all renal or nephrological diseases. It provides medical treatment to dialysis patients.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under section 133 of the Companies Act, 2013 (the 'Act'). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India. The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future period.

c) 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.

- i) Income from medical services at the clinic
Revenue is recognized when the dialysis treatment of patient is completed.

d) Fixed assets, capital work in progress and depreciation

Tangible assets

Fixed assets are stated at cost less accumulated depreciation and amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Capital work-in-progress represents amounts incurred for the acquisition/installation of capital assets in respect of the proposed clinics



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Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended
31 March 2016

Depreciation

Depreciation on fixed assets is provided on straight line method (SLM) over the estimated useful life of each asset determined by the management, based on management estimates of useful life as follows:

Asset category	Useful life (in years)
Medical equipments*	8
Furniture and fixtures*	5
Office equipments	5
Plant and machinery*	8
Computers and peripherals	3

* The useful life of these assets represents management estimate, based on technical evaluation. Hence, the useful lives for these assets are different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013

i) Cost of leasehold improvements are amortized over the period of the lease.

ii) Depreciation on assets costing ₹ 5,000 or below is charged @ 100% per annum in the year of purchase.

e) Inventories

Medical consumables are valued at the lower of cost and net realizable value. Cost of medical consumables comprises purchase costs and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on an item-by-item basis.

f) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits (Revised 2005).

(i) Gratuity

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the Statement of profit and loss in the year in which such gains or losses arise.

(ii) Compensated absences

Provision for compensated absences when determined to be short term benefit is made on the basis of Company policy as at the end of the year. Provision related to short term compensated absences of employees is provided on actual basis.



Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

g) Taxation

The tax expense comprises of current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

h) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, 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.

i) Contingent liabilities and provisions

The company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the group; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate of the obligation cannot be made.

The company does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.



Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended
31 March 2016

j) Earnings per share

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

For the purpose of calculating diluted earnings 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.

k) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank in current accounts, cash in hand and fixed deposits with banks with an original maturity of three months or less.

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Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Amount	No. of shares	Amount
3 Share capital				
a) <u>Authorised share capital</u>				
Equity shares of Rs. 10 each	29,00,000	2,90,00,000	29,00,000	2,90,00,000
<u>Issued, subscribed and paid up</u>				
Equity shares of Rs. 10 each	29,00,000	2,90,00,000	29,00,000	2,90,00,000
	29,00,000	2,90,00,000	29,00,000	2,90,00,000

b) There has been no change in the share capital issued during the current and previous year.

c) Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Shares held by Holding Company:

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
Presenius Medical Care India Private Limited	14,79,000	51%	14,79,000	51%

e) Shareholders holding more than 5% of the equity share capital of the company

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
Presenius Medical Care India Private Limited	14,79,000	51%	14,79,000	51%
Regency Hospital Limited	14,21,000	49%	14,21,000	49%

f) From the date of incorporation of the Company till 31 March 2016, no transactions pertaining to allotment of share without payment being received in cash was undertaken by the Company. Further, no bonus shares have been issued and no shares have been bought back by the Company.

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Regency Nephrocare Private Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016
(All amounts are in Indian Rupee, unless otherwise stated.)

	As at 31 March 2016	As at 31 March 2015
4 Reserves and Surplus		
Deficit in the Statement of Profit and Loss		
Balance at the beginning of the year	(1,25,30,282)	(1,00,94,325)
Loss) transferred from Statement of Profit and Loss	(11,71,610)	(24,35,957)
Balance at the end of the year	(1,37,01,892)	(1,25,30,282)
5 Other long-term liabilities		
Rent equalisation reserve	26,74,382	16,03,286
Security deposit	3,57,703	2,09,225
	30,32,085	18,12,511

	As at 31 March 2016		As at 31 March 2015	
	Non-Current	Current	Non-Current	Current
6 Provisions				
Provision for employee benefits				
Gratuity (refer note 26)	77,886	141	56,113	142
Compensated absences	-	84,879	1,06,361	11,566
	77,886	85,020	1,62,474	11,708

7 Trade payables

A. Total outstanding dues of Micro Enterprises and Small Enterprises

-	-
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Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act):

Particulars	As at 31 March, 2016	As at 31 March, 2015
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) 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.	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v) the amount of further interest remaining due and payable even in the succeeding year, 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.	-	-

The above information regarding dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 has been determined to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006.

B. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises

Due to others	1,30,30,479	73,18,556
	1,30,30,479	73,18,556

8 Other current liabilities

Salary payable to employees	4,57,190	3,37,906
Creditors for capital assets	7,669	21,79,285
Expenses payable	13,50,634	4,95,993
Statutory dues payable	1,43,886	1,26,034
	19,59,379	31,39,218

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Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

9 Tangible assets

Gross block	Leasehold improvements	Medical equipments	Office equipments	Plant and machinery	Computers	Furniture and fittings	Total
Balance as at 1 April 2014	4,34,343.00	40,44,331.00	-	2,40,999.00	1,00,340.00	72,000.00	48,92,013
Additions during the year	40,79,380	81,01,197	1,71,600	2,27,000	17,85,572	1,24,058	1,44,88,807
Balance as at 31 March 2015	45,13,723	1,21,45,528	1,71,600	4,67,999	18,85,912	1,96,058	1,93,80,820
Additions during the year	-	1,13,400	-	-	18,650	-	1,32,050
Balance as at 31 March 2016	45,13,723	1,22,58,928	1,71,600	4,67,999	19,04,562	1,96,058	1,95,12,870
Accumulated depreciation							
Balance as at 1 April 2014	36,080	95,455	-	1,733	11,819	513	1,45,600
Charge for the year	3,53,336	11,38,063	20,592	47,072	4,50,415	29,244	20,38,722
Balance as at 31 March 2015	3,89,416	12,33,518	20,592	48,805	4,62,234	29,757	21,84,322
Charge for the year	5,59,040	15,82,501	34,414	58,660	6,36,529	38,465	29,09,609
Balance as at 31 March 2016	9,48,456	28,16,019	55,006	1,07,465	10,98,763	68,222	50,93,931
Net block							
As at 31 March 2015	41,24,307	1,09,12,010	1,51,008	4,19,194	14,23,678	1,66,301	1,71,96,498
As at 31 March 2016	35,65,267	94,42,909	1,16,594	3,60,534	8,05,799	1,27,836	1,44,18,939



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Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
10 Deferred tax asset (net)		
Deferred tax liability:		
Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books	10,32,502	10,20,129
Deferred tax asset :		
Provision for employee benefits	50,338	57,590
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax	8,60,891	5,81,854
Unabsorbed losses and depreciation (refer note below)	1,21,273	27,06,860
	<u>-</u>	<u>23,26,175</u>
Note:		
(a) For the year ended 31st March 2016, in the absence of virtual certainty of sufficient future taxable income, Deferred Tax Asset has been restricted to the extent of Deferred Tax Liability		
11 Long-term loans and advances		
Tax deducted at source	8,30,928	12,51,823
Security deposits	5,25,000	5,25,000
	<u>13,55,928</u>	<u>17,76,823</u>
12 Inventories (valued at cost or net realisable value, whichever is lower)		
Medical consumables	21,32,920	13,75,892
	<u>21,32,920</u>	<u>13,75,892</u>
13 Trade receivables		
Outstanding for a period less than six months from the date they are due for payment		
-Unsecured, considered good	1,44,98,102	60,57,616
	<u>1,44,98,102</u>	<u>60,57,616</u>
14 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	6,351	8,657
Balances with banks in current accounts	9,19,082	16,375
	<u>9,25,433</u>	<u>25,032</u>
15 Short-term loans and advances (Unsecured considered good unless stated otherwise)		
Prepaid expenses	1,51,635	1,21,722
Other advances	-	34,427
	<u>1,51,635</u>	<u>1,56,149</u>



Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
16 Revenue from operations		
Income from medical services	4,11,67,164	3,29,17,046
	<u>4,11,67,164</u>	<u>3,29,17,046</u>
17 Other Income		
Interest on income tax refund	79,084	-
Miscellaneous income	1,71,413	-
	<u>2,50,497</u>	<u>-</u>
18 (Increase) in inventories of medical consumables		
Closing stock	21,32,920	13,75,892
Opening stock	13,75,892	7,76,601
(Increase) in inventories of medical consumables	<u>(7,57,028)</u>	<u>(5,99,291)</u>
19 Employee benefit expense		
Salaries, wages and bonus	51,37,642	41,30,156
Contribution to provident and other funds	4,68,985	3,85,472
	<u>56,06,627</u>	<u>45,15,628</u>
20 Other expenses		
Rent	86,05,536	81,58,377
Communication expense	2,27,529	1,68,486
Legal and professional expense	35,236	42,979
Rates and taxes	71,857	18,634
Repair and maintenance	11,87,076	9,02,991
Auditor's remuneration (refer note 23)	4,16,242	3,62,359
Printing and stationery	14,684	22,299
Miscellaneous expenses	4,71,659	1,03,400
Amounts written off	2,72,742	-
	<u>1,13,02,561</u>	<u>97,79,525</u>
21 Earning per share		
(Loss) attributable to equity shareholders	(11,71,610)	(24,35,957)
Weighted average number of equity shares (nos)	29,00,000	29,00,000
Nominal value of equity shares	10	10
Basic and diluted earnings/ (loss) per share	(0.40)	(0.84)
22 Auditor's remuneration		
As auditor		
- Statutory audit fees	3,45,000	2,80,900
- Tax audit	57,500	56,180
- Out of pocket expenses	13,742	25,279
	<u>4,16,242</u>	<u>3,62,359</u>

* inclusive of service tax



Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

23. Accounting Standard 17 "Segment Reporting requires the Company to disclose certain information about operating segments. The Company is a single operating unit that primarily provides sale of medical services only and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.
24. In the opinion of the Board of Directors current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.

25. Operating lease :

- a) The Company's leasing arrangements are in respect of operating leases for premises for the clinic. These leasing arrangements in respect of premises are non-cancellable for the period in the range of one to three years and are usually renewable by mutual consent thereafter. The aggregate lease rental amounting to ₹ 8,605,536 (previous year- ₹ 8,158,377) charged as expense in the Statement of Profit and Loss.

The Company has taken leased facilities under non-cancellable operating leases. The future lease payments in respect of these leases as at 31 March 2016 are:

Particulars	As at 31 March 2016	As at 31 March 2015
Up to one year	3,616,288	5,228,148
More than one year but less than five years	320,640	3,936,928
	<u>3,936,928</u>	<u>9,165,706</u>

26. Employee benefits

A) Defined benefit plan

i) Gratuity

(a) Amount recognised as expenses in the Statement of Profit and Loss is determined as under:

Description	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	43,337	41,917
Interest cost	4,500	1,227
Actuarial gain recognized during the year	(26,065)	(1,323)
Amount recognised in the Statement of Profit and Loss	21,772	41,821

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Regency Nephrocare Private Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

(b) Movement in the liability recognised in the balance sheet is as under:

Description	As at 31 March 2016	As at 31 March 2015
Present value of defined benefit obligation as at the beginning of the period	56,255	14,434
Current service cost	43,337	41,917
Interest cost	4,500	1,227
Actuarial gain recognized during the year	(26,065)	(1,323)
Benefits paid	-	-
Present value of defined benefit obligation as at the end of the year	78,027	56,255

(c) Amounts recognised in current year and previous four years

Particulars	Year ended 31 March 2012*	Year ended 31 March 2013*	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016
Defined benefit obligation at end of the period	-	-	14,434	56,255	78,027
Actuarial gain recognized during the year	-	-	-	(1,323)	(26,065)

* There are no reportable figures as company was incorporated in year 2013.

(d) Break up of present value of defined benefit obligation as at the end of the year:

Particulars	As at 31 March 2016	As at 31 March 2015
Current liability	141	142
Non-current liability	77,886	56,113

(e) For determination of the gratuity liability of the company, the following actuarial assumptions were used:

Description	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	6.00%	6.00%

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Regency Nephrocare Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

27. Related party transactions

In accordance with the requirements of Accounting Standard (AS)-18 on “Related Party Disclosures”, the names of related parties where control exist and/or with whom transactions have taken place during the period and description of relationship, as identified and certified by the management, are:

	Name of related party	Relationship
(a)	Fresenius Medical Care AG & Co. KGaA	Ultimate Holding Company
(b)	Fresenius Medical Care India Private Limited	Holding Company
(c)	Regency Hospital Limited	Joint venture partner

Particulars	For the year 31 March 2016	For the year 31 March 2015
<u>Regency Hospital Limited</u>		
Transaction during the year		
Revenue for medical services	4,11,67,164	3,29,17,046
Lease rent – medical equipment	13,52,654	21,63,024
Lease rent – premises	37,65,146	35,35,919
	As at 31 March 2016	As at 31 March 2015
Outstanding balance		
Trade receivables	14,498,101	60,57,616
Trade payables	1,803,478.	8,96,616

28. Previous year’s figures have been regrouped/ re-casted wherever considered necessary.

This is the summary of significant accounting policies and other explanatory information referred to in our audit report of even date.

Walker Chandniok & Associates
For **Walker Chandniok & Associates**
Chartered Accountants

Nitin Toshniwal
per **Nitin Toshniwal**
Partner



Place : New Delhi
Date : 19 August 2016

For and on behalf of the board of directors
Regency Nephrocare Private Limited

Jan Walter
per **Jan Walter**
Director
DIN: 07189614

Place - Gurgaon
Date - 17/8/16

Abhishek Kapoor
per **Abhishek Kapoor**
Director
DIN: 02414717

Place - Kanpur
Date - 17/8/16