

# **SPECIAL PURPOSE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 2023**

**SIGNATURE SMILES  
DENTAL CLINIC  
PRIVATE LIMITED**

**(CIN NO.: U85120MH2010PTC209682)**

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of Signature Smiles Dental Clinic Private Limited**  
**Report on the Audit of the Special Purpose Ind AS Financial Statements**

**1. Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of **Signature Smiles Dental Clinic Private Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2023, Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the Special Purpose Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information and disclosure (collectively referred to as the "Special Purpose Ind AS Financial Statements"). The Special Purpose Ind AS Financial Statements have been prepared by the Management of the Company and approved by the Board of Directors of the Company in accordance with the basis and purpose set out in Note 1 to the Special Purpose Ind AS Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Ind AS Financial Statements of the Company for the year ended March 31, 2023, are prepared in all material aspects, in accordance with the basis set out in Note 1.2 to the Special Purpose Ind AS Financial Statements.

**2. Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities section of our report for the audit of the Special Purpose Ind AS Financial Statements. We are independent of the Company in accordance with the







Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements, 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.

### **3. Responsibilities of Management and Those charged with Governance for Special Purpose Ind AS Financial Statements**

Management is responsible for the preparation and presentation of these Special Purpose Ind AS Financial Statements in accordance with the basis stated in Note 1.2 to the Special Purpose Ind AS Financial Statements for the purpose set out in paragraph above, and this includes design, implementation, and maintenance of such internal controls as management determines necessary to enable the preparation of these Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Company's financial reporting process.





#### **4. Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS 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 Special Purpose Ind AS 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 Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing our opinion on whether the Company has internal financial controls with reference to Special Purpose Ind AS Financial Statements in place and the operating effectiveness of such controls.





**Registered Office:**

A 103, Shaheen Chambers, Dawood  
Baugh, J.P. Road, Near P.K. Jewellers,  
Andheri West, Mumbai, MH 400 058

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- 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 Special Purpose Ind AS 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 Special Purpose Ind AS Financial Statements, including the disclosures, and whether the Special Purpose Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

#### 5. Other Matters

- i. The Statutory Financial Statements of the Company prepared in accordance with the Accounting Standards specified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, were audited by another auditor Abhay Subhash & Associates whose report dated August 31, 2023, expressed an unmodified opinion.
- ii. As informed to us by the management of the Company, the predecessor auditor do not hold a valid peer review certificate as issued by the 'Peer Review Board' of the ICAI and have therefore, expressed their inability to perform any work on the Restated Financial information for the year ended March 31, 2023 to be included in Offer Documents. Accordingly, in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, and pursuant to SEBI Communication, we have audited the Special Purpose Ind AS Financial Statements of the Company for the year ended March 31, 2023.
- iii. Since we were not the statutory auditors of the Company for the year ended March 31, 2023, we had not participated in the physical verification of inventories that was carried out by the management as of the year end.





Accordingly, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit evidence Specific consideration for selected items" and have obtained sufficient appropriate evidence.

Our Opinion is not modified in respect of the above matters.

6. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
7. Without modifying our opinion, we draw attention to Note 1.2 to the Special Purpose Ind AS Financial Statements which describes the purpose and basis of preparation of the Special Purpose Ind AS Financial Statements. The Special Purpose Ind AS Financial Statements have been prepared by the Company solely for the purpose of preparation of the Restated Consolidated Financial Information of Laxmi Dental Limited (Formerly known as Laxmi Dental Export Private Limited) ("Parent Company") to be included in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus (collectively referred to "Offer Documents") in connection with its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Companies Act, 2013 and as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time (the "SEBI ICDR Regulations") and to comply with the SEBI Communication and the Guidance Note on Reports in Company Prospectuses (Revised 2019) ("the Guidance Note") issued by the ICAI. As a result, these Special Purpose Ind AS Financial Statements may not be suitable for any another purpose.



**Registered Office:**

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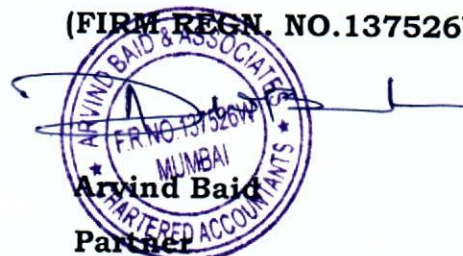
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Our report is addressed to the Board of Directors of the Company solely for the purpose as mentioned above. This should not be distributed to or used by any other parties. We shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For Arvind Baid & Associates**

**CHARTERED ACCOUNTANTS**

**(FIRM REGN. NO.137526W)**

  
**Arvind Baid**  
**Partner**

**Place: Mumbai**

**Dated: September 03, 2024.**

**UDIN: 24155532BKCPQ2479**

**M.No. 155532**



**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**SPECIAL PURPOSE BALANCE SHEET AS AT 31ST MARCH, 2023**

*(All amounts in INR Millions, unless otherwise stated)*

| PARTICULARS  | NOTES | AS AT<br>31.03.2023<br>(₹) |
|--|-------|----------------------------|
| <b>ASSETS</b>  |       |                            |
| <b>Non-current assets</b>                                |       |                            |
| Property, Plant and Equipment                            | 2(a)  | 3.67                       |
| Right of use Assets                                      | 2(b)  | 3.07                       |
| Deferred Tax Assets (Net)                                | 3     | 1.25                       |
| Financial Assets   |       |                            |
| - Other Non- Current Assets                              | 4     | 1.51                       |
| <b>Total non-current assets</b>                          |       | <b>9.51</b>                |
| <b>Current assets</b>                                    |       |                            |
| Inventories  | 5     | 4.58                       |
| Financial Assets   |       |                            |
| - Trade Receivables                                      | 6     | -                          |
| - Cash and Cash Equivalents                              | 7     | 0.04                       |
| - Loans  |       | -                          |
| Other Current Assets                                     | 8     | 0.12                       |
| <b>Total current assets</b>                              |       | <b>4.74</b>                |
| <b>Total assets</b>                                      |       | <b>14.25</b>               |
| <b>EQUITY &amp; LIABILITIES</b>                          |       |                            |
| <b>Equity</b>  |       |                            |
| Equity Share capital                                     | 9     | 1.80                       |
| Other Equity   | 10    | (8.97)                     |
| <b>Total equity</b>                                      |       | <b>(7.17)</b>              |
| <b>Liabilities</b>                                       |       |                            |
| <b>Non-current liabilities</b>                           |       |                            |
| Long term provision                                      | 11    | 0.24                       |
| Financial Liability                                      |       |                            |
| - Lease Liabilities                                      | 2(c)  | 0.93                       |
| <b>Total non-current liabilities</b>                     |       | <b>1.16</b>                |
| <b>Current Liabilities</b>                               |       |                            |
| Financial Liabilities                                    |       |                            |
| - Lease liabilities                                      |       | 2.32                       |
| - Borrowings   | 12    | 11.30                      |
| - Trade payables   | 13    |                            |
| i) total outstanding dues to micro and small enterprises |       | 0.06                       |
| ii) total outstanding dues other than (i) above          |       | 5.89                       |
| Other current liabilities                                | 14    | 0.67                       |
| Current Tax Liabilities (Net)                            | 15    | -                          |
| Short-term provisions                                    | 16    | 0.03                       |
| <b>Total current liabilities</b>                         |       | <b>20.26</b>               |
| <b>Total equity &amp; liabilities</b>                    |       | <b>14.25</b>               |
| Significant accounting policies, notes to accounts       | 1     |                            |

The above balance sheet should be read in conjunction with the accompanying notes.  
As per our Report of even date attached.

2-29

**For ARVIND BAID & ASSOCIATES**

Chartered Accountants

Firm Regd. No. 148526W



Arvind Baid

(Partner)

Membership No. 155532

UDIN : 24155532BKPCQ2479

Place:- Mumbai

Date: September 03, 2024

**For and on behalf of the board of directors of**

**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

  
Sameer K Merchant  
Director  
Designation  
DIN No.: -00679893

Place:- Mumbai

Date: September 03, 2024

  
Rajesh V Khakhar  
Director  
Designation  
DIN No.: -00679903

DIN No.: -00679903

Date: September 03, 2024



**SPECIAL PURPOSE PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023**

(All amounts in INR Millions, unless otherwise stated)

|     | PARTICULARS   | NOTES | FOR THE YEAR<br>ENDED<br>31.03.2023<br>(₹) |
|-----|---|-------|--|
|     | <b>Revenue</b>  |       |  |
| I   | Revenue from operations   | 17    | 57.45                                      |
| II  | Other income  | 18    | 0.19                                       |
| III | <b>Total revenue</b>  |       | <b>57.64</b>                               |
|     | <b>Expenses</b>   |       |  |
| IV  | Purchase of stock-in-trade  | 19    | 6.63                                       |
|     | Changes in inventory of consumables   | 20    | 0.16                                       |
|     | Employee benefits expenses  | 21    | 4.70                                       |
|     | Finance costs   | 22    | 2.08                                       |
|     | Depreciation and amortisation expenses  | 2     | 4.65                                       |
|     | Other expenses  | 23    | 39.67                                      |
|     | <b>Total Expenses</b>   |       | <b>57.89</b>                               |
| V   | <b>Profit/(Loss) Before Tax</b>   |       | <b>(0.25)</b>                              |
| X   | Tax Expense :   |       |  |
|     | 1) Current tax  | 15    | -  |
|     | 2) Deferred tax charge / (benefits)   |       | -  |
|     | <b>Total of tax expense</b>   |       | <b>-</b>                                   |
| XI  | <b>Profit/(Loss) For the Year</b>   |       | <b>(0.25)</b>                              |
|     | <b>Other comprehensive income</b>   |       |  |
|     | <b>Items that will not be reclassified subsequently to profit &amp; loss</b>                                |       |  |
|     | Remeasurements gain/(losses) on defined benefit obligations   |       | 0.01                                       |
|     | Income tax benefit/(expense) on net fair value gain/(loss) on investments in equity instruments through OCI |       | -  |
|     | <b>Other comprehensive income/(loss) for the year</b>   |       | <b>0.01</b>                                |
|     | <b>Total comprehensive income/(loss) for the year</b>   |       | <b>(0.24)</b>                              |
| XVI | <b>Earnings per equity share :</b>  |       |  |
|     | 1) Basic  | 24    | (1.34)                                     |
|     | 2) Diluted  |       | (1.34)                                     |
|     | Significant accounting policies, notes to accounts  | 1     |  |

The above balance sheet should be read in conjunction with the accompanying notes.

As per our Report of even date attached.

2-29

For ARVIND BAID &amp; ASSOCIATES

Chartered Accountants

Firm Regn. No.137526W

Arvind Baid  
(Partner)

Membership No.135532

UDIN : 24155532BKCPQ2479

Place:- Mumbai  
Date: September 03, 2024For and on behalf of the board of directors of  
SIGNATURE SMILES DENTAL CLINIC PVT. LTD.Sameer K Merchant  
Director  
Designation  
DIN No.:00679893Place:- Mumbai  
Date: September 03, 2024Rajesh V Khakhar  
Director  
Designation  
DIN No.:00679903Place:-Mumbai  
Date: September 03, 2024



**SPECIAL PURPOSE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023**

(All amounts in INR Millions, unless otherwise stated)

| Sr No | PARTICULARS  | For the year ended 31.03.2023<br>(₹) |
|-------|--|--------------------------------------|
| (A)   | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                         |                                      |
|       | Profit/(Loss) before tax   | (0.24)                               |
|       | Adjustments for:   |                                      |
|       | Depreciation for the year  | 4.65                                 |
|       | Interest paid  | 2.08                                 |
|       | Interest income on lease liabilities                               | (0.18)                               |
|       | Provision for gratuity   | 0.06                                 |
|       | <b>Operating Profits Before Changes In Working Capital</b>         | <b>6.37</b>                          |
|       | Adjustments for changes in assets and liabilities:                 |                                      |
|       | (Increase)/Decrease in Trade receivable                            | 0.02                                 |
|       | (Increase)/Decrease in Inventories                                 | 0.16                                 |
|       | (Increase)/Decrease in Other current assets                        | 4.44                                 |
|       | (Increase)/Decrease in Short term loans and advances               | -                                    |
|       | Increase/(Decrease) in other current liabilities                   | (0.37)                               |
|       | Increase/(Decrease) in Financial liabilities                       | -                                    |
|       | Increase/(Decrease) in Trade payable                               | 2.68                                 |
|       |  | <b>6.93</b>                          |
|       | <b>Cash generated from / (used in) operations</b>                  | <b>13.30</b>                         |
|       | Tax (paid)/ Refund   | -                                    |
|       | <b>Net cash generated from/(used in) operations activities (A)</b> | <b>13.30</b>                         |
| (B)   | <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>                        |                                      |
|       | Proceed / (purchase) of property, plant and equipments             | 0.14                                 |
|       | <b>Net cash generated from/(used in) investing activities (B)</b>  | <b>0.14</b>                          |
| (C)   | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                                      |
|       | Proceeds/(Repayment) of short term borrowing-Net                   | (8.09)                               |
|       | Interest paid  | (2.08)                               |
|       | Principal repayment of lease liabilities                           | (3.66)                               |
|       | <b>Net cash flow from / (used in) financing activities (C)</b>     | <b>(13.83)</b>                       |
|       | Net Increase/Decrease In Cash & Cash Equivalent (A+B+C)            | (0.39)                               |
|       | Cash & Cash Equivalent at beginning                                | 0.44                                 |
|       | <b>Cash &amp; cash equivalent as at closing</b>                    | <b>0.04</b>                          |

The above balance sheet should be read in conjunction with the accompanying notes.  
As per our Report of even date attached.

**Note:** The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows', as specified under section 133 of the companies Act, 2013.

**For ARVIND BAID & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 137526W

Arvind Baid

(Partner)

Membership No. 155542

UDIN : 2415553213KPCQ2479

Place:- Mumbai

Date: September 03, 2024

**For and on behalf of the board of directors of****SIGNATURE SMILES DENTAL CLINIC PVT. LTD**

Sameer K Merchant

Director

Designation

DIN No.: -00679893

Place:- Mumbai

Date: September 03, 2024

Rajesh V Khakhar

Director

Designation

DIN No.: -00679903

DIN No.: -00679903

Date: September 03, 2024

SIGNATURE SMILES DENTAL CLINIC PVT. LTD.

SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

*(All amounts in INR Millions, unless otherwise stated)*

**A. EQUITY SHARE CAPITAL**

| Particulars                                     | As at<br>31st March, 2023 |
|---|---------------------------|
| Balance at the beginning of the reporting year  | 1.80                      |
| Changes in Equity Share capital during the year | -                         |
| Balance at the end of the reporting year        | 1.80                      |

**B. OTHER EQUITY**

|   | Reserves and Surplus |                   |  | Total  |
|---|----------------------|-------------------|--|--------|
|   | Securities Premium   | Retained Earnings | Remeasurements<br>defined benefit<br>obligations |        |
| Balance as at 1st April, 2022           | 88.20                | (97.04)           | 0.11   | (8.73) |
| Profit for the year                     | -                    | (0.25)            | -  | (0.25) |
| Other comprehensive income for the year | -                    | -                 | 0.01   | 0.01   |
| Total comprehensive income for the year | -                    | (0.25)            | 0.01   | (0.24) |
| Balance as at 31st March, 2023          | 88.20                | (97.29)           | 0.12   | (8.97) |

The above balance sheet should be read in conjunction with the accompanying notes.  
As per our Report of even date

**For ARVIND BAID & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 137526W

Arvind Baid

(Partner)

Membership No. 155532

UDIN : 24155532 BK C PC Q 2479

Place:- Mumbai

Date: September 03, 2024

**For and on behalf of the board of directors of  
SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

Sameer K Merchant

Director

Designation

DIN No.:-00679893

Place:- Mumbai

Date: September 03, 2024

Rajesh V Khakhar

Director

Designation

DIN No.:-00679903

DIN No.:-00679903

Date: September 03, 2024



**SIGNATURE SMILE DENTAL CLINIC PVT. LTD.**

**Notes forming part of the Special Purpose Financial Statements**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 1:**

**1 Corporate Information**

Signature Smiles Dental Clinic Private Limited ('the Company'), a private limited company is incorporated under provisions of the Companies Act applicable in India. The Company is engaged in the business of running of dental clinics in India. The Company is headquartered in Mumbai, India. Its registered office is situated at B-201, Dhruv Apartment, Gulmohar Road, Plot No.61-62, Juhu, Mumbai-400058.

**2 Material Accounting Policies**

**2.1 Basis of Preparation**

**(i) Statement of compliance**

The Special Purpose Financial Statements of the Company comprises the Special Purpose Balance Sheet as at 31 March 2023, the Special Purpose Statement of Profit and Loss including Other Comprehensive Income, the Special Purpose Statement of Cash Flows, the Special Purpose Statement of Changes in Equity and Notes forming part of the Special Purpose Financial Statements for the year ended 31 March 2023 and summary of material accounting policies and explanatory notes (collectively referred as the 'Special Purpose Financial Statements') that have been prepared by the management of the company for the purpose of preparation of the Special Purpose Financial Statements to be included in the Draft Red Herring Prospectus (the "DRHP") to be filed by the holding company Laxmi Dental Limited (formerly Laxmi Dental Export Private Limited) with the Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited and BSE Limited in connection with the proposed Initial Public Offer of equity shares ("IPO") by the holding Company.

The Special Purpose Financial Statements have been prepared by the management of the Company to comply with the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations");
- (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note"); and
- (d) Email dated 28 October 2021 from Securities and Exchange Board of India (SEBI) to Association of Investment Bankers of India ("SEBI Communication").

Pursuant to the Companies (Indian Accounting Standard) Second Amendment Rules, 2015, the Company voluntarily adopted 31 March 2024, as reporting date for first time adoption of Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), and consequently 1 April 2022 as the transition date for preparation of its statutory financial statements for the year ended 31 March 2024. Hence, the financial statements for the year ended 31 March 2022, were the first financials statements, prepared in accordance with Ind AS. Up to the financial year ended 31 March 2022, the Company had prepared its general purpose financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Companies (Accounting Standards) Rules, 2021 ("Indian GAAP" or "Previous GAAP"). Accordingly, this Special Purpose Financial Statements are prepared to comply with SEBI Communication. Further, these Special Purpose Financial Statements are not the statutory financial statements under the Act.

The Special purpose financial statements as at and for the year ended 31 March 2023 has been prepared after making suitable adjustments to the accounting heads from their Indian GAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS (01 April 2022) and as per the presentation, accounting policies and grouping/classifications including revised Schedule III disclosures followed as at and for the year ended 31 March 2024 pursuant to the SEBI Communication.

This Special Purpose Financial Statements have been prepared solely for the purpose of preparation of Special Purpose Financial Statements for inclusion in DRHP in relation to proposed IPO. Hence this Special Purpose Financial Statements are not suitable for any other purpose other than for the purpose of preparation of Special Purpose Financial Statements. Accordingly, no comparative figures are also presented in these financial statements.

All amounts disclosed in Special Purpose Financial Statements are reported in nearest lakhs of Indian Rupees and have been rounded off to the nearest lakhs, except per share data and unless stated otherwise.

The Special Purpose Financial Statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

**(ii) Basis of measurement**

These Financial Statements are prepared in accordance with Indian accounting standard (Ind AS) under the historical cost convention on accrual basis, except for the following:

- certain financial assets and liabilities which are measured at fair value or amortised cost;
- Net defined benefit(asset)/ liability - Fair value of plan assets less present value of defined benefit obligation;

**(iii) Current versus non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**(iv) Going concern**

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

**(v) Use of Estimates**

The preparation of the Financial Information requires management to make judgments, 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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about

each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Special Purpose Financial Statements.

**Critical accounting estimates:**

**a) Estimated useful life and residual value of property, plant and equipment**

The Company depreciates property, plant and equipment on written down value basis over estimated useful lives of the assets, except some asset which have been depreciated on straight line basis. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

**b) Impairment assessment of property plant and equipment**

The Company periodically reviews the impairment indicators and assesses whether there is any indication that an asset may be impaired. In assessing recoverable amount, the Company has used independent valuer to determine fair value of the assets and then compared it with the carrying value of the fixed assets. The estimation of fair value involves significant judgements and estimates.





# SIGNATURE SMILE DENTAL CLINIC PVT. LTD.

## Notes forming part of the Special Purpose Financial Statements

(All amounts in INR Millions, unless otherwise stated)

### c) Expected credit losses on trade receivables

The impairment provision of trade receivables is based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### d) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate.

## 2.2 Revenue Recognition

### (a) Revenue from sale of goods

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. All the revenue is point in time.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

### (b) Income from services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

### (c) Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

## 2.3 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on First-in-First out method (i.e. FIFO).

## 2.4 Property, Plant & Equipment

### i. Recognition and measurement

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when discarded/scrapped. All other repairs and maintenance costs are charged to profit and loss in the reporting period in which they occur.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### iii. Depreciation

DIN No.:00679903

Depreciation on items of property, plant and equipment is provided as per written down value basis, except for few item which have been as per useful life of the assets estimated by the management, which is equal to the useful life prescribed under Schedule II of the Companies Act, 2013 except in the case of certain asset, depreciation on which is provided as per the straight line method basis and the life is based on technical evaluation and assessment.

Depreciation on additions/ (disposals) is provided on a pro-rata basis i.e. from / (upto) the date on which asset is ready for use/ (disposed of). Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Item 6: Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

| Assets                 | Management estimate of Useful economic life<br>(in Years) | Companies Act Useful economic life (in Years) |
|------------------------|---|---|
| Furniture and fixtures | 5 to 10   | 10  |
| Office Equipments      | 5   | 5   |
| Computers              | 3 to 6  | 3   |
| Vehicle                | 8 to 10   | 10  |
| Plant & machinery      | 13 to 15  | 15  |

## 2.5 Goodwill and other intangible assets

### i. Goodwill

For measurement of goodwill that arises on a business combination measured at fair value. Any goodwill that arises is tested annually for impairment. Subsequent measurement is at cost less any accumulated impairment losses.

### ii. Other intangible assets

Other intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, other intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.



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**SIGNATURE SMILE DENTAL CLINIC PVT. LTD.**

**Notes forming part of the Special Purpose Financial Statements**

*(All amounts in INR Millions, unless otherwise stated)*

**Amortization**

Amortization is calculated to write off the cost of other intangible assets over their estimated useful lives using the straight-line method, and is included in amortization expense in profit or loss.

Amortization method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

The intangibles recognised by the Company and their useful economic lives are as follows:

**2.6 Impairment**

**(a) Impairment of financial assets**

The Company recognizes loss allowances for expected credit loss on financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of active market for a security because of financial difficulties.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

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

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

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

**Measurement of expected credit losses**

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

**Presentation of allowance for expected credit losses in the balance sheet**

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

**Write-off**

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

**(b) Impairment of non-financial assets**

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

Assets that do not generate independent cash flows are grouped together into cash generating units (CGU).

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**2.7 Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Determining whether a contract contains lease**

At inception of a contract, the Company determines whether the contract is, or contains, a lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset or assets for a period of time in exchange for consideration, even if that right is not explicitly specified in a contract.

At inception or on reassessment of a contract that contains lease component and one or more additional lease or non-lease components, the Company separates payments and other consideration required by the contract into those for each lease component on the basis of their relative stand-alone price and those for non-lease components on the basis of their relative aggregate stand-alone price. If the Company concludes that it is impracticable to separate the payments reliably, then ROU asset and Lease liability are recognised at an amount equal to the present value of future lease payments; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

**Company as a lessee**

At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on an identified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of that asset. The Company has elected to separate lease and non-lease components of contracts, wherever possible.

**Right-of-use assets**

The Company recognizes a right of use (ROU) asset and a lease liability at the transition date lease commencement date. The ROU is initially measured based on the present value of future lease payments, plus initial direct costs, and cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date, less any incentives received. The ROU is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU is subject to testing for impairment if there is an indicator for impairment.



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**Notes forming part of the Special Purpose Financial Statements**

*(All amounts in INR Millions, unless otherwise stated)*

**Lease liabilities**

At the commencement date, the Company measures the lease liability at the present value of the future lease payments that are not yet paid at that date discounted using interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases**

The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for leases of low value assets. The payments for such leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

**2.8 Financial Instruments**

**(A) Financial Assets**

(i) Initial recognition: The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input). In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset. However, trade receivables that do not contain a significant financing component are measured at the transaction price.

**(ii) Subsequent measurement:**

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both:

- (a) the entity's business model for managing the financial assets, and
- (b) the contractual cash flow characteristics of the financial assets.

(a) Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any, is recognised in the Statement of Profit and Loss. This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

(b) Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any, are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss. Further, the Company, through an irrevocable election at initial recognition, has measured investments in equity instruments at FVTOCI. The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss. On derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

(c) Measured at fair value through profit or loss: A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI. This is a residual category applied to all other investments of the Company excluding investments in subsidiary. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

**(iii) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**(iv) Impairment of Financial Assets**

Expected credit losses are recognized for all financial assets subsequent to initial recognition.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

**(B) Financial Liabilities:**

**(i) Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value. Transaction costs that are directly attributable to the financial liabilities (other than financial liability at fair value through profit or loss) are deducted from the fair value measured on initial recognition of financial liability.

**Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**(ii) Derecognition**

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired. The Company also derecognises financial liabilities when their terms are modified and the cash flows of the modified liabilities are substantially different, in which case new financial liabilities based on the modified terms are recognized at fair value.



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Notes forming part of the Special Purpose Financial Statements

(All amounts in INR Millions, unless otherwise stated)

**2.9 Fair value measurement:**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities

(Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the Special Purpose Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**3 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents include cash on hand, cash in bank and short-term deposits net of bank overdraft.

**3.1 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year/period are adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**3.2 Provisions and expenses**

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

Costs and expenses are recognised when incurred and have been classified according to their nature.

**3.3 Employee benefits****(a) Defined contribution plans**

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a Government administered fund and charged as an expense to the statement of profit and loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**(b) Defined benefit plan**

Employees are entitled to a defined benefit retirement plan (i.e. Gratuity) covering eligible employees of the Company. The plan provides for a lump-sum payment to eligible employees, at retirement, death, and incapacitation or on termination of employment, of an amount based on the respective employees' salary and tenure of employment. Vesting occurs upon completion of five years of service.

Gratuity liabilities are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. The Company recognises the obligation of a defined benefit plan in its balance sheet as a liability in accordance with Ind-AS 19 – "Employee Benefits." The discount rate is based on the government securities yield. Re-measurements, comprising actuarial gains and losses are recorded in other comprehensive income in the period in which they arise. Re-measurements recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of Profit and Loss in the period of plan amendment.

Costs comprising service cost (including current and past service cost and gains and losses on curtailments and settlements) and net interest expense or income is recognised in profit or loss.

**(c) Other Short-term benefits**

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement.

**3.4 Income taxes**

Income tax comprises of current tax and deferred tax.

**a. Current Tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profit for the period. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

**b. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

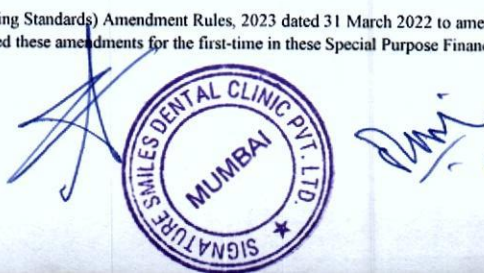
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The Company recognises deferred tax liabilities for all taxable temporary differences except those associated with the investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**4 Recent accounting pronouncements:**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2022 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company has applied these amendments for the first-time in these Special Purpose Financial Statements.





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**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

| <b>Note 2(a): Property Plant &amp; Equipment</b> |                                 |                          |                              |                 |                        |                  |              |
|--|---------------------------------|--------------------------|------------------------------|-----------------|------------------------|------------------|--------------|
| <b>Particulars</b>                               | <b>Furniture &amp; Fixtures</b> | <b>Office Equipments</b> | <b>Plant &amp; Machinery</b> | <b>Vehicles</b> | <b>Air Conditioner</b> | <b>Computers</b> | <b>Total</b> |
| <b>Gross Block</b>                               |                                 |                          |                              |                 |                        |                  |              |
| Deemed Cost at 1 April 2021                      | 1.86                            | 0.08                     | 3.19                         | 0.84            | 0.05                   | 0.08             | 6.11         |
| Additions  | -                               | 0.03                     | 0.06                         | -               | -                      | -                | 0.09         |
| (Deductions) / (Disposals)                       | -                               | (0.05)                   | (0.69)                       | -               | (0.00)                 | (0.06)           | (0.80)       |
| <b>Balance as at 31 March 2022</b>               | <b>1.86</b>                     | <b>0.06</b>              | <b>2.55</b>                  | <b>0.84</b>     | <b>0.05</b>            | <b>0.03</b>      | <b>5.39</b>  |
| Additions  | -                               | -                        | -                            | -               | -                      | -                | -            |
| (Deductions) / (Disposals)                       | -                               | (0.00)                   | (0.13)                       | -               | -                      | (0.01)           | (0.14)       |
| <b>Balance as at 31 March 2023</b>               | <b>1.86</b>                     | <b>0.06</b>              | <b>2.42</b>                  | <b>0.84</b>     | <b>0.05</b>            | <b>0.02</b>      | <b>5.25</b>  |
| Additions  | -                               | 0.04                     | 0.70                         | -               | -                      | 0.01             | 0.74         |
| (Deductions) / (Disposals)                       | -                               | -                        | -                            | -               | -                      | -                | -            |
| <b>Balance as at 31 March 2024</b>               | <b>1.86</b>                     | <b>0.10</b>              | <b>3.12</b>                  | <b>0.84</b>     | <b>0.05</b>            | <b>0.02</b>      | <b>5.99</b>  |
| <b>Accumulated Depreciation</b>                  |                                 |                          |                              |                 |                        |                  |              |
| Depreciation for the year                        | 0.28                            | 0.02                     | 0.41                         | 0.13            | 0.00                   | -                | 0.85         |
| Disposals/Adjustments                            | -                               | -                        | -                            | -               | -                      | -                | -            |
| <b>Balance as at 31 March 2022</b>               | <b>0.28</b>                     | <b>0.02</b>              | <b>0.41</b>                  | <b>0.13</b>     | <b>0.00</b>            | <b>-</b>         | <b>0.85</b>  |
| Depreciation for the year                        | 0.29                            | 0.01                     | 0.29                         | 0.13            | 0.00                   | -                | 0.73         |
| Disposals/Adjustments                            | -                               | -                        | -                            | -               | -                      | -                | -            |
| <b>Balance as at 31 March 2023</b>               | <b>0.57</b>                     | <b>0.03</b>              | <b>0.70</b>                  | <b>0.27</b>     | <b>0.01</b>            | <b>-</b>         | <b>1.58</b>  |
| Depreciation for the year                        | 0.28                            | 0.01                     | 0.27                         | 0.11            | 0.00                   | 0.00             | 0.67         |
| Disposals/Adjustments                            | -                               | -                        | -                            | -               | -                      | -                | -            |
| <b>Balance as at 31 March 2023</b>               | <b>0.85</b>                     | <b>0.04</b>              | <b>0.97</b>                  | <b>0.37</b>     | <b>0.01</b>            | <b>0.00</b>      | <b>2.25</b>  |
| <b>Net block</b>                                 |                                 |                          |                              |                 |                        |                  |              |
| <b>Balance as at 31 March 2023</b>               | <b>1.29</b>                     | <b>0.03</b>              | <b>1.72</b>                  | <b>0.57</b>     | <b>0.04</b>            | <b>0.02</b>      | <b>3.67</b>  |



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**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 2(b): Right-of-use assets**

Set out below are the carrying amounts of Right-of-use assets and the movement during the year:

| Particulars                           | As at<br>31 March 2023 |
|---------------------------------------|------------------------|
| Balance at the beginning of the year  | 7.00                   |
| Additions                             | -                      |
| Disposals/ Adjustments                | -                      |
| Depreciation charge for the year      | (3.93)                 |
| <b>Balance at the end of the year</b> | <b>3.07</b>            |

**Note 2(c)(i): Lease Liabilities**

Set out below are the carrying amounts of lease liabilities and the movement during the year/period:

| Particulars                                   | As at<br>31 March 2023 |
|---|------------------------|
| Balance at the beginning of the year / period | 6.90                   |
| Cash outflows:                                |                        |
| Principal payment of lease liabilities        | (3.66)                 |
| Interest payment on lease liabilities         | (0.69)                 |
| <b>Non-cash adjustments:</b>                  |                        |
| Additions during the year/period              | -                      |
| Interest accrued                              | 0.69                   |
| <b>Balance at the end of the year/period</b>  | <b>3.24</b>            |

**Note 2(c)(ii):** The following is the break-up of Lease Liability as at reporting date:

| Particulars  | As at<br>31 March 2023 |
|--------------|------------------------|
| Current      | 2.32                   |
| Non-current  | 0.93                   |
| <b>Total</b> | <b>3.24</b>            |

**Note 2(c)(iii):** The Undiscounted lease liabilities of continuing operations by maturity are as follows

| Particulars                | As at<br>31 March 2023 |
|----------------------------|------------------------|
| Less than one year         | 2.57                   |
| Between one and five years | 0.97                   |
| After five years           | -                      |
| <b>Total</b>               | <b>3.54</b>            |

**Note 2(c)(iv):** Lease Expenses recognised in statement of Profit and Loss not included in the measurement of lease liabilities :

| Particulars  | As at<br>31 March 2023 |
|--|------------------------|
| Expense relating to short-term leases (included in other expenses) | -                      |
| <b>Total</b>   | <b>-</b>               |



## SIGNATURE SMILES DENTAL CLINIC PVT. LTD.

## NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

(All amounts in INR Millions, unless otherwise stated)

## Note 3: Deferred Tax Assets

| Particulars   | As at 31.03.2023<br>(₹) |
|---|-------------------------|
| <b>Deferred Tax Assets</b>  |                         |
| Deferred tax assets   |                         |
| Difference between tax depreciation and depreciation/ amortization charged as per books | 1.12                    |
| Provision for gratuity  | 0.13                    |
| <b>Total</b>  | <b>1.25</b>             |

## Note:

The Company has not created deferred tax during the year, but the Company estimates profit in future hence the deferred tax of opening balance carried forward to current year.

## Note 4: Other Non-current Assets

| Particulars       | As at 31.03.2023<br>(₹) |
|-------------------|-------------------------|
| Security deposits | 1.51                    |
| <b>Total</b>      | <b>1.51</b>             |

## Note 5: Inventories

(valued at cost or NRV whichever is lower)

| Particulars          | As at 31.03.2023<br>(₹) |
|----------------------|-------------------------|
| Stock of consumables | 4.58                    |
| <b>Total</b>         | <b>4.58</b>             |

## Note 6: Trade receivables

| Particulars  | As at 31.03.2023<br>(₹) |
|--|-------------------------|
| <b>Outstanding for a period exceeding six months from the date they were due for payment</b> |                         |
| Unsecured, considered good   | -                       |
| <b>Other receivables</b>   |                         |
| Unsecured, considered good   | -                       |
| Less: Provision for Doubtful Debts   | -                       |
| <b>Total</b>   | <b>-</b>                |

## Note 7: Cash and cash equivalents

| Particulars          | As at 31.03.2023<br>(₹) |
|----------------------|-------------------------|
| Cash on hand         | 0.02                    |
| Balance with Banks   |                         |
| In Current A/c       | 0.02                    |
| Others (Credit Card) | -                       |
| <b>Total</b>         | <b>0.04</b>             |

## Note 8: Other current Assets

| Particulars                                  | As at 31.03.2023<br>(₹) |
|--|-------------------------|
| Security Deposits (Term less than 12 months) | -                       |
| Advance to suppliers                         | -                       |
| Prepaid Expenses                             | 0.12                    |
| SEIS Script                                  | -                       |
| <b>Total</b>                                 | <b>0.12</b>             |





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note: 9**

**Equity Share Capital**

| Particulars                                       | As at 31.03.2023 |       |
|---|------------------|-------|
|   | Number of shares | ( ₹ ) |
| (a) Authorised                                    |                  |       |
| Equity shares of Rs. 10/- each with voting rights | 200000           | 2.00  |
| (b) Issued, Subscribed & Fully paid up            |                  |       |
| Equity shares of Rs.10/- each with voting rights  | 180010           | 1.80  |

**(A) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars                             | Opening Balance | Issued During the Year | Closing Balance |
|---|-----------------|------------------------|-----------------|
| <b>Equity shares with voting rights</b> |                 |                        |                 |
| Year ended 31 March, 2024               |                 |                        |                 |
| - Number of shares                      | 180010          | -                      | 180010          |
| - Amount                                | 1.80            | -                      | 1.80            |
| Year ended 31 March, 2023               |                 |                        |                 |
| - Number of shares                      | 180010          | -                      | 180010          |
| - Amount                                | 1.80            | -                      | 1.80            |
| Year ended 31 March, 2022               |                 |                        |                 |
| - Number of shares                      | 180010          | -                      | 180010          |
| - Amount                                | 2               | -                      | 2               |

**(B) Rights, preferences and restrictions attached to equity shares:**

**Equity Shares:**

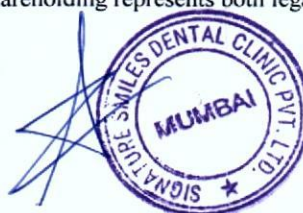
The Company has a single class of equity shares having par value of 10 Rs per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**(C) Details of shareholders holding more than 5% shares in the company**

| Particulars                         | As at 31.03.2023 |                |
|-------------------------------------|------------------|----------------|
|                                     | No. of Shares    | % of Holding   |
| Laxmi Dental Export Private Limited | 160000           | 88.88%         |
| Bennet Coleman & Co.                | 20010            | 11.12%         |
| <b>TOTAL</b>                        | <b>180010</b>    | <b>100.00%</b> |

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



*[Handwritten signature]*



**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 10: Other Equity**

Refer Statement of Changes in Equity for detailed movement in Other Equity balance.

| Particulars   | As at 31.03.2023<br>(₹) |
|---|-------------------------|
| <b>A. Summary of Other Equity balance.</b>                    |                         |
| Securities premium account                                    | 88.20                   |
| Retained Earnings   | (97.29)                 |
| Items of Other Comprehensive Income                           |                         |
| - Remeasurements gain/(losses) on defined benefit obligations | 0.12                    |
| - Fair value of Equity Instruments through OCI                | -                       |
| <b>Total</b>  | <b>(8.97)</b>           |

**B. Nature and purpose of reserves**

- a) Securities Premium Account: Securities premium account is used to record the premium on issue of shares. This account is utilised in accordance with the provisions of the Act.
- b) Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- c) Equity Instruments through Other Comprehensive Income: This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option.

**Note 11: Long Term Provision**

| Particulars                        | As at 31.03.2023<br>(₹) |
|------------------------------------|-------------------------|
| Provision for Gratuity (unfunded)  | 0.20                    |
| Provision for compensated absences | 0.04                    |
| <b>Total</b>                       | <b>0.24</b>             |

**Note 12: Borrowings**

| Particulars                             | As at 31.03.2023<br>(₹) |
|---|-------------------------|
| Bank Overdraft**                        | 7.05                    |
| ICICI Bank ECLGS Loan-102805002473      | 0.32                    |
| Loan From Laxmi Dental Export Pvt. Ltd. | 3.93                    |
| <b>Total</b>                            | <b>11.30</b>            |

\*\* (Secured against hypothecation of the company's entire stock of raw materials, semi-finished and finished goods, consumable stores and such other movables including book-debts and receivables in favour of the Bank) Unconditional and irrevocable personal guarantee of Mr. Rajesh Khakhar and Mr Sameer Merchant (KMPs))

**Note 14: Other Current Liabilities**

| Particulars                    | As at 31.03.2023<br>(₹) |
|--------------------------------|-------------------------|
| (a) Statutory dues payable     |                         |
| Provident Fund & Other Funds   | 0.02                    |
| Professional Tax               | 0.03                    |
| Tax Deducted at Source         | 0.26                    |
| (b) Other payable to Employees | 0.26                    |
| (c) Provision for Expenses     | 0.10                    |
| <b>Total</b>                   | <b>0.67</b>             |

**Note 16: Short-term provisions**

| Particulars                        | As at 31.03.2023<br>(₹) |
|------------------------------------|-------------------------|
| Provision for Gratuity (unfunded)  | 0.02                    |
| Provision for compensated absences | 0.01                    |
| <b>Total</b>                       | <b>0.03</b>             |





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 13: Trade Payables**

| Particulars   | As at       |
|---|-------------|
|   | 31.03.2023  |
| Total outstanding dues to micro and small enterprises         | 0.06        |
| Total outstanding dues other than micro and small enterprises | 5.89        |
| <b>Total</b>  | <b>5.94</b> |

**Note:** Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

**Trade Payable aging schedule**

| Particulars                | Outstanding for following period from due date of payment# |             |           |                   | Total |
|----------------------------|--|-------------|-----------|-------------------|-------|
|                            | Current  | Non Current |           |                   |       |
|                            | Less than a year   | 1-2 years   | 2-3 years | More than 3 years |       |
| (i) Undisputed-MSME        | 0.06   | -           | -         | -                 | 0.06  |
| (ii) Undisputed -Others    | 5.89   | -           | -         | -                 | 5.89  |
| (iii) Disputed dues- MSME  | -  | -           | -         | -                 | -     |
| (iv) Disputed dues- Others | -  | -           | -         | -                 | -     |
| Total                      | 5.94   | -           | -         | -                 | 5.94  |

# If no due date of payment is specified in that case disclosure shall be from the date of the transaction.





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 15: Current tax liabilities**

**A. The major components of income tax expense for the year are as under**

| Particulars  | For the year ended<br>31.03.2023 |
|--|----------------------------------|
| <b>I. Income Tax Expenses recognised in the Statement of Profit and Loss</b>   |                                  |
| <b>Current tax</b>   |                                  |
| In respect of Current year   | -                                |
| Adjustments/(credits) related to previous years - (net)                        | -                                |
| <b>Deferred tax</b>  |                                  |
| In respect of current year   | -                                |
| <b>Income Tax Expenses recognised in the Statement of Profit and Loss</b>      | -                                |
| <b>II. Tax on Other Comprehensive Income</b>                                   |                                  |
| <b>Deferred tax</b>  |                                  |
| On net fair value gain/(loss) on investments in equity instruments through OCI | -                                |
|  | -                                |

**B. Reconciliation Of Effective Tax Rate**

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

| Particulars  | For the year ended<br>31.03.2023 |
|--|----------------------------------|
| <b>Statutory income tax rate</b>                                     | 27.82%                           |
| <b>Profit before tax</b>   | (0.25)                           |
| <b>Income tax as per above rate</b>                                  | -                                |
| <b>Adjustments:</b>  |                                  |
| Interest Income on a/c of measurement of lease deposit at fair value | -                                |
| Rental Expense on a/c of measurement of lease deposits at fair value | -                                |
| <b>Income tax as per statement of profit and loss</b>                | -                                |
| <b>Adjustments in respect of current income tax of previous year</b> | -                                |
| <b>Income tax as per statement of profit and loss</b>                | -                                |





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 17: Revenue from operations**

| Particulars                           | For the year ended<br>31.03.2023 |
|---------------------------------------|----------------------------------|
| <u>Income from services</u>           |                                  |
| Income from patient dental treatments | 57.45                            |
| <b>Total</b>                          | <b>57.45</b>                     |

**Note 18: Other Income**

| Particulars                   | For the year ended<br>31.03.2023 |
|-------------------------------|----------------------------------|
| <u>Other Income</u>           |                                  |
| SEIS credit script received   | -                                |
| Interest on Loans to Staff    | 0.00                             |
| Interest on income tax refund | -                                |
| Interest on Security Deposits | 0.18                             |
| <b>Total</b>                  | <b>0.19</b>                      |

**Note 19: Purchase of stock-in-trade**

| Particulars  | For the year ended<br>31.03.2023 |
|--------------|----------------------------------|
| Purchases    | 6.63                             |
| <b>Total</b> | <b>6.63</b>                      |

**Note 20: Changes in inventory of consumables**

| Particulars                            | For the year ended<br>31.03.2023 |
|--|----------------------------------|
| <u>Changes in inventory</u>            |                                  |
| Inventory at the beginning of the year | 4.74                             |
| Less: Inventory at the end of the year | 4.58                             |
| <b>Total</b>                           | <b>0.16</b>                      |

**Note 21: Employee benefits expense (refer note 21(a))**

| Particulars                                | For the year ended<br>31.03.2023 |
|--|----------------------------------|
| <u>Salaries and wages</u>                  |                                  |
| Salary to Staff                            | 4.26                             |
| Contributions to Provident and other funds | 0.20                             |
| Staff welfare expenses                     | 0.24                             |
| <b>Total</b>                               | <b>4.70</b>                      |

**Note 22: Finance costs**

| Particulars                       | For the year ended<br>31.03.2023 |
|-----------------------------------|----------------------------------|
| Interest expense on:              |                                  |
| <u>Borrowed Funds:</u>            |                                  |
| Interest on Bank Overdraft & WCDL | 0.63                             |
| Interest on Loan - Others         | 0.60                             |
| Interest On ECL Finance Ltd Loan  | 0.17                             |
| Interest on Lease Liability       | 0.69                             |
| <b>Total</b>                      | <b>2.08</b>                      |





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 21(a): Employee Benefits Obligations**

**(I) Defined contributions plans -Provident fund and others**

The Company makes contribution towards employees' Provident Fund and other defined contribution plans. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to these defined contribution schemes.

**a) During the year the Company has recognized the following amounts in the Statement of profit and loss:**

| Particulars         | For the year ended 31 March 2023 |
|---------------------|----------------------------------|
| Provident Fund      | 0.12                             |
| Labour Welfare Fund | -                                |
| <b>Total</b>        | <b>0.12</b>                      |

**(II) Defined Benefit plans**

**(A) Gratuity**

The Company provides for gratuity benefit under a defined benefit retirement scheme (the "Gratuity Scheme") as laid out by the Payment of Gratuity (Amendment) Act, 2018 of India covering eligible employees i.e. an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. Liabilities with regard to the Gratuity Scheme are determined by actuarial valuation carried out using the Projected Unit Credit Method by an independent actuary.

The scheme is neither funded with an insurance Company in the form of qualifying insurance policy, nor any assets have been created.

**a) Statement of Assets and Liabilities:**

| Particulars  | As at 31 March 2023 |
|--|---------------------|
| <b>Changes in the Present Value of Obligation</b>              |                     |
| Present value of obligation as at the beginning of the year    | 0.19                |
| Current service cost   | 0.04                |
| Interest cost  | 0.01                |
| Past service cost  | -                   |
| Benefits paid  | -                   |
| Re-measurement (or actuarial) (gain) / loss arising from:      | -                   |
| - change in demographic assumptions                            | -                   |
| - change in financial assumptions                              | (0.00)              |
| - experience variance (i.e. actual experiences vs assumptions) | (0.02)              |
| <b>Present value of obligation as at the end of the year</b>   | <b>0.22</b>         |





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Bifurcation of present value of obligation at the end of the year**

| Particulars  | As at<br>31 March 2023 |
|--|------------------------|
| <b>Classification of provisions</b>                                  |                        |
| Current  | 0.02                   |
| Non current  | 0.20                   |
| <b>Amounts recognized in the Statement of Assets and Liabilities</b> | <b>0.22</b>            |

**b) Statement of Profit and Loss:**

| Particulars  | For the year ended 31<br>March 2023 |
|--|-------------------------------------|
| <b>Expenses recognised in the Statement of Profit and Loss</b>                               |                                     |
| Current service cost   | 0.04                                |
| Net interest cost  | 0.01                                |
| <b>Total expenses recognised in the Statement of Profit and Loss</b>                         | <b>0.05</b>                         |
| <b>(Gain)/Loss recognised in the Other Comprehensive Income</b>                              |                                     |
| Re-measurement (or actuarial) (gain) / loss arising from:                                    |                                     |
| - change in demographic assumptions  | -                                   |
| - change in financial assumptions  | (0.00)                              |
| - experience variance (i.e. actual experiences vs assumptions)                               | (0.02)                              |
| <b>Components of defined benefit costs/(income) recognised in Other Comprehensive Income</b> | <b>(0.02)</b>                       |

**c) The principal assumptions used in determining gratuity for the Company's plans are shown below:**

| Salary growth rate                                      | For the year ended 31<br>March 2023 |
|---|-------------------------------------|
| Discount rate   | 7.31%                               |
| Salary growth rate                                      | 7.00%                               |
| Age of retirement                                       | 58 years                            |
| Attrition / Withdrawal rates, based on age: (per annum) | 10.00%                              |
| Mortality (table)                                       | IALM (2012-14)<br>Ultimate          |

The discount rate assumed for current and previous year, is determined by reference to market yield at the Balance sheet date on government bonds. The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority,

**d) Maturity Profile of Defined Benefit Obligation**

| Particulars   | For the year ended 31<br>March 2023 |
|---|-------------------------------------|
| <b>Projected benefits payable in future years from the d DIN No.: -00679903</b> |                                     |
| 1st Following Year  | 0.02                                |
| 2nd Following Year  | 0.02                                |
| 3rd Following Year  | 0.02                                |
| 4th Following Year  | 0.02                                |
| 5th Following Year  | 0.02                                |
| Sum of 6 to 10 years  | 0.09                                |
| More than 10 years  | -                                   |

e: September





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**e) Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation (DBO) are discount rate, salary growth rate,

| Particulars        | Sensitivity Level     | For the year ended 31 March 2023 |          |
|--------------------|-----------------------|----------------------------------|----------|
|                    |                       | Decrease                         | Increase |
| Discount rate      | 1% Increase/ Decrease | (0.18)                           | 0.02     |
| Salary growth rate | 1% Increase/ Decrease | (0.02)                           | 0.02     |
| Withdrwal rate     | 1% Increase/ Decrease | -                                | -        |
| Attrition rate     | 1% Increase/ Decrease | -                                | -        |

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheeThe sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**(B) Compensated absences**

The obligation for compensated absences as at period/year end amounts to INR 0.04 lakhs ( 31 March 2023: INR 0.04 lakhs)



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**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 23: Other expenses**

| Particulars                        | For the year ended<br>31.03.2023 |
|------------------------------------|----------------------------------|
| <b>D Other Expenses</b>            |                                  |
| Advertisement expenses             | 16.08                            |
| Admin Charges                      | 0.77                             |
| Bank charges                       | 0.20                             |
| Business Development Expenses      | 1.49                             |
| Custom Duty                        | -                                |
| Conveyance expenses                | 0.30                             |
| Credit card processing charges     | 1.21                             |
| Dentist Professional - Contractual | 8.24                             |
| Dental Laboratory Cost             | 7.79                             |
| Electricity expenses               | 0.31                             |
| Housekeeping charges               | 0.21                             |
| Insurance charges                  | 0.12                             |
| Internet charges                   | 0.04                             |
| Printing and stationery            | 0.24                             |
| Rates and taxes                    | -                                |
| Professional Fees                  | 0.12                             |
| Rent Charges                       | -                                |
| Repairs and maintenance            | 0.32                             |
| Software charges                   | 0.14                             |
| Payment to Auditors                | 0.06                             |
| Professional Fees - External       | 1.53                             |
| Fixed Assets Written Off           | 0.14                             |
| Sundry expenses                    | 0.15                             |
| Brokerage & Commission             | -                                |
| Subscription & License fees        | -                                |
| Telephone charges                  | 0.20                             |
| <b>Total</b>                       | <b>39.67</b>                     |

**Note on Payment to Auditors**

| Particulars                               | For the year ended<br>31.03.2023 |
|---|----------------------------------|
| <b>Payments to the auditors comprises</b> |                                  |
| As auditors - statutory audit             | 0.04                             |
| For taxation matters                      | 0.03                             |
| <b>Total</b>                              | <b>0.06</b>                      |

**Note 24: Earnings Per Share**

| Particulars   | For the year ended<br>31.03.2023 |
|---|----------------------------------|
| Net Profit/(Loss) after Tax                                 | (0.24)                           |
| Weighted Average No. of Shares and Warrants for Basic EPS   | 180010                           |
| Weighted Average No. of Shares and Warrants for Diluted EPS | 180010                           |
| Basic EPS   | (1.34)                           |
| Diluted EPS   | (1.34)                           |









**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 25: First-Time Adoption Of Ind As**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2022 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain mandatory exceptions under Ind AS 101 and certain optional exemptions permitted under Ind AS 101 availed by the Company as detailed below:

**Exemptions Availed On First Time Adoption Of Ind As**

For financial instruments, wherein fair market values are not available (viz. interest free and below market rate security deposits or loans) the Company has elected to adopt fair value recognition prospectively to transactions entered after the date of transition.

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

**Classification and measurement of financial assets**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

**Transition to Ind AS - Reconciliations**

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

Previous GAAP figures have been reclassified/regrouped, wherever necessary, to conform with financial statements prepared under Ind

**(i) Reconciliation of total equity as at 31 March 2023**

| Particulars  | Note | As at 31st March 2023 |
|--|------|-----------------------|
| <b>Total equity (shareholder's funds) as per Indian GAAP</b> |      | (6.83)                |
| <b>Adjustments</b>   |      |                       |
| Reversal of Rent Charges                                     | (i)  | 10.10                 |
| Depreciation charged on ROU Assets                           | (i)  | (9.30)                |
| Interest on leases   | (i)  | (1.56)                |
| Interest income on deposit                                   | (iv) | 0.43                  |
| <b>Total equity (shareholder's funds) as per Ind AS</b>      |      | <b>(7.17)</b>         |





(ii) Reconciliation of total comprehensive income for the year ended 31 March 2023

| Particulars  | Note  | For the Year ended 31 March 22 |
|--|-------|--------------------------------|
| <b>Profit After Tax As Per Indian GAAP</b>                   |       | (0.15)                         |
| <b>Adjustments</b>   |       |                                |
| Reversal of Rent Charges                                     | (i)   | 4.34                           |
| Depreciation charged on ROU Assets                           | (i)   | (3.93)                         |
| Interest on leases   | (i)   | (0.69)                         |
| Interest income on deposit                                   | (iv)  | 0.18                           |
| Remeasurements gain/(losses) on defined benefit obligations  | (iii) | (0.01)                         |
| <b>Total Adjustments</b>                                     |       | (0.10)                         |
| <b>Profit After Tax As Per Ind AS</b>                        |       | (0.25)                         |
| <b>Other Comprehensive Income Balance As Per Indian GAAP</b> |       | -                              |
| <b>Adjustments:</b>  |       |                                |
| Remeasurements gain/(losses) on defined benefit obligations  | (iii) | 0.01                           |
| Income tax effect on above                                   |       | -                              |
| <b>Other Comprehensive Income as per Ind AS</b>              |       | 0.01                           |
| <b>Total Comprehensive Income as per Ind AS</b>              |       | (0.24)                         |

(iii) Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2023

| Particulars   | Previous GAAP | Adjustment on Transition to Ind AS | Ind AS        |
|---|---------------|------------------------------------|---------------|
| Net cash flow from operating activities                     | 8.95          | 4.34                               | 13.30         |
| Net cash flow used in investing activities                  | 0.14          | -                                  | 0.14          |
| Net cash flow used in financing activities                  | (9.49)        | (4.34)                             | (13.83)       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>(0.39)</b> | <b>-</b>                           | <b>(0.39)</b> |
| <b>Cash and cash equivalents as at 31 March 2022</b>        | <b>0.44</b>   | <b>-</b>                           | <b>0.44</b>   |
| <b>Cash and cash equivalents as at 31 March 2023</b>        | <b>0.04</b>   | <b>(0.00)</b>                      | <b>0.04</b>   |

**Notes To First-Time Adoption:**

(i) Impact of Leases due to adoption of Ind AS 116

Under Previous GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS 116, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Company applied the modified retrospective approach and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities.

**Septemb Deemed cost of property, plant and equipment and intangible assets**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2022 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date

(iii) Remeasurement of gratuity recognised in other comprehensive income

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset and are recognised in other comprehensive income. Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss.

(iv) Fair valuation of security deposits

Under the previous GAAP, the Company had accounted for security deposits at the undiscounted value. In contrast, Ind AS requires that where the effect of time value of money is material, the amount of security deposits should be the present value of the amount expected to be received. The difference arising out of such discounting as at the date of transition has been adjusted against retained earnings.





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 26: Financial Instruments**

**Accounting Classifications And Fair Values**

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

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

|  | <b><u>Carrying value /Fair value</u></b> |
|--|--|
|  | <b>As at</b>                             |
|  | <b>31.03.2023</b>                        |
|  | <b>Amt (Rs.)</b>                         |
| <b>FINANCIAL ASSETS</b>  |  |
| <b>Financial assets measured at amortised cost/carrying amount</b>       |  |
| Cash and Cash equivalents  | 0.04                                     |
| Trade receivable   | -  |
|  | <b>0.04</b>                              |
| <b>FINANCIAL LIABILITIES</b>   |  |
| <b>Financial Liabilities measured at amortised cost/ carrying amount</b> |  |
| Borrowings   | 11.30                                    |
| Lease liabilities  | 2.32                                     |
| Trade payable  | 5.94                                     |
|  | <b>19.56</b>                             |



**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS***(All amounts in INR Millions, unless otherwise stated)***Note 27****A Related Party Disclosure**

(with whom transactions entered into during the financial year)

**Relationships : Holding Company**

- Laxmi Dental Export Pvt. Ltd.

**Relationships : Associate of Holding Company**

- ECGplus Technologies Pvt. Ltd.

**Relationships : Sister Concern**

- Bizdent Device Pvt. Ltd.
- Rich Smile Design

**Relationships: Key Management Personnel and their Relatives:**

- Rajesh Khakhar
- Sameer Marchant
- Bhavi Marchant

**B Transactions with the related parties**

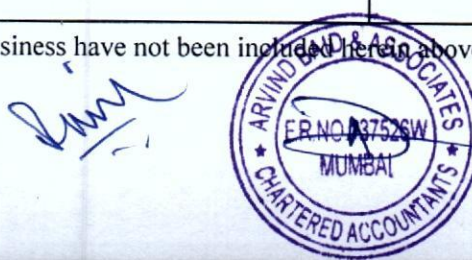
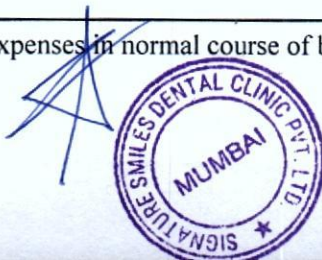
(does not include the transactions entered with the parties after they ceased to be related)

| Particulars  | For Period Ended<br>on |
|--|------------------------|
|  | 31st March 2023        |
| <b><u>Dental Laboratory Cost</u></b>                               |                        |
| Laxmi Dental Export Pvt. Ltd.(Division Illusion Dental Laboratory) | 4.99                   |
| Bizdent Device Pvt. Ltd.   | 0.87                   |
| Rich Smile Design  | 2.26                   |
| <b><u>Professional Fees</u></b>                                    |                        |
| ECGplus Technologies Pvt. Ltd.                                     | 0.04                   |
| <b><u>Software Charges</u></b>                                     |                        |
| ECGplus Technologies Pvt. Ltd.                                     | -                      |
| <b><u>Repayment of Unsecured Loan</u></b>                          |                        |
| Laxmi Dental Export Pvt. Ltd.                                      | 9.60                   |
| <b><u>Unsecured Loan received</u></b>                              |                        |
| Laxmi Dental Export Pvt. Ltd.                                      | 1.60                   |
| <b><u>Interest Paid</u></b>  |                        |
| Laxmi Dental Export Pvt. Ltd.                                      | 0.60                   |
| <b><u>Remuneration</u></b>   |                        |
| Bhavi Marchant   | 0.59                   |

**C Outstanding Balance Paybles**

| Particulars  | For Period Ended<br>on |
|--|------------------------|
|  | 31st March 2023        |
| Laxmi Dental Export Pvt. Ltd.(Division Illusion Dental Laboratory) | 0.25                   |
| Bizdent Device Pvt. Ltd.   | 0.03                   |
| Rich Smile Design  | 0.20                   |
| <b><u>Unsecured Loan</u></b>                                       |                        |
| Laxmi Dental Export Pvt. Ltd.                                      | 3.93                   |
| <b><u>Salary Payable</u></b>                                       |                        |
| Bhavi Marchant   | 0.03                   |

Note : Reimbursement of expenses in normal course of business have not been included here in above





**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 28: Financial Ratio**

| Ratio                            | Numerator                                       | Denominator   | F.Y. 2022-2023 | F.Y. 2021-2022 | Variance |
|----------------------------------|---|---|----------------|----------------|----------|
| Current Ratio                    | Current Assets                                  | Current Liabilities   | 0.23           | 0.36           | -34.33%  |
| Debt-equity ratio                | Total Debt                                      | Shareholders Equity   | (1.58)         | (2.80)         | -43.69%  |
| Debt Service Coverage Ratio      | Earning available for Debt services             | Debt Services   | 0.72           | 1.26           | -43.18%  |
| Return on Equity Ratio           | Net Profit After Tax                            | Average Equity Shareholder's funds  | 0.03           | 1.34           | -97.44%  |
| Inventory Turnover Ratio         | Cost of Goods sold or Sales                     | Average Inventory   | 1.46           | 0.63           | 131.09%  |
| Trade Receivables Turnover Ratio | Not Applicable as there are no Trade Receivable |   | NA             | NA             | NA       |
| Trade payables turnover ratio    | Purchases of services and other expenses        | Average Trade Payable   | 1.44           | 0.86           | 66.45%   |
| Net capital turnover ratio       | Net Sales                                       | Average Working Capital   | (3.47)         | (1.46)         | 136.91%  |
| Net Profit Ratio                 | Net Profit After Tax                            | Total Income  | (0.00)         | (0.21)         | -98.03%  |
| Return on capital employed       | Profit before interest and taxes                | Capital Employed (Average Equity Funds + Average total debt for the period) | 0.14           | (0.47)         | -129.87% |
| Return on investment             | Not Applicable as there are no Investment       |   | NA             | NA             | NA       |




**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

*(All amounts in INR Millions, unless otherwise stated)*

**Note 29(i): Additional information**

**i. Title deeds of Immovable Properties not held in name of the Company**

There are no immovable property held by the company.

**ii. Utilisation of Borrowed funds**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**iii. Revaluation of property, plant and equipment (including right-of-use assets) and intangible assets**

The Company has not revalued its property, Plant and Equipment (including Right of use Assets), thus valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 is not applicable.

The Company does not have any Intangible Assets, thus, disclosures relating to revaluation of Intangible Assets is not applicable.

**iv. Details of benami property held**

The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

**v. Wilful Defaulter**

The Company has not defaulted nor been declared wilful defaulter by any bank or financial institution or other lender.

**vi. Relationship with struck off companies**

The Company does not have any transactions with the Companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

**vii. Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**viii. Compliance with approved Scheme(s) of Arrangements**

The Company has not entered into any scheme of arrangements as approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013, thus, the disclosures relating to compliance with approved scheme of arrangements is not applicable to the Company.

**ix. Undisclosed income**

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961.

**x. Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**Note 29(ii): Subsequent Event**

There are no subsequent events.

**Note 29(iii): Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS and as required by Schedule III of the Act.**

The above balance sheet should be read in conjunction with the accompanying notes.

As per our Report of even date attached

**For ARVIND BAID & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 137526W

Arvind Baid

Partner

Membership No. 155532

UDIN: 24155532BKPCQ2479

Place:- Mumbai

Date: September 03, 2024

**For and on behalf of the board of directors of**

**SIGNATURE SMILES DENTAL CLINIC PVT. LTD.**

**Sameer K Merchant**

Director

Designation

DIN No.: -00679893

Place:- Mumbai

Date: September 03, 2024

**Rajesh V Khakhar**

Director

Designation

DIN No.: -00679903

Place:- Mumbai

Date: September 03, 2024



