**Independent Auditors' Report**

**To the Members of DM Med City Hospitals (India) Private Limited**

**Report on the Ind AS financial statements**

We have audited the accompanying Ind AS financial statements of DM Medcity Hospitals (India) Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss including other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

**Management's responsibility for the Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

**Auditors' responsibility (continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, its loss, the changes in equity and its cash flows and for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

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

(e) On the basis of the written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" ; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

  i) the Company did not have any pending litigations which would impact its financial position;

  ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and

  iii) there were no amounts, which are required to be transferred to the Investor Education and Protection Fund by the Company.

  iv) the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

*for* **B S R and Associates**
*Chartered Accountants*
Firm registration number: 128901W

-*sd*-

**Rushank Muthreja**
*Partner*
Membership number: 211386

Bangalore
20 May 2018

**DM Med City Hospitals (India) Private Limited**

**Annexure A to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In accordance with this programme, no discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a service company, engaged in the business of rendering healthcare services and yet to commence its operations. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus paragraphs 3(iii)(a) to (c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, based on the legal opinion obtained by the management, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to securities and guarantees given. The Company has not granted any loans and not made investments in companies, firms or other parties covered under section 185 and 186 of the Act.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public. Thus, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including income tax, provident fund, employees' state insurance and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of customs duty, excise duty, service tax, goods and services tax, value added tax, sales tax, and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, provident fund, employees' state insurance and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Thus, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has not paid any managerial remuneration to its Directors and hence the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with the related parties are in compliance with Section 188 of the Act, where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. The Company does not fall under the definition of a listed company or other class of companies, which is required to constitute audit committee under Section 177(4)(iv) of the Act and hence the said provision is not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

*for* **B S R and Associates**
*Chartered Accountants*
Firm’s registration number: 128901W

*-sd-*

**Rushank Muthreja**
*Partner*
Membership number: 211386

Bangalore
20 May 2018

**DM Med City Hospitals (India) Private Limited**

**Annexure B to the Independent Auditors' Report**

**Report on the internal financial controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls with reference to financial statements of DM Med City Hospitals (India) Private Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's responsibility for internal financial controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**DM Med City Hospitals (India) Private Limited**

**Annexure - B to the Independent Auditors' Report (continued)**

**Meaning of internal financial controls with reference to financial statements**

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

**Inherent limitations of internal financial controls with reference to financial statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

*for* **B S R and Associates**
*Chartered Accountants*

Firm registration number: 128901W

**Rushank Muthreja**
*Partner*

Membership number: 211386

Bangalore
20 May 2018

**DM Med City Hospitals (India) Private Limited**
**Balance sheet as at 31 March 2018**
(All amounts in Indian rupees thousands)

| | Note | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 1,121,190.93 | 1,109,795.67 |
| Intangible assets | 5 | 137.27 | - |
| Financial assets | | | |
| Other financial assets | 6 | 911.13 | 907.28 |
| Other non-current assets | 7 | 4,121.81 | 5,521.80 |
| Deferred tax assets | 22 | 6,506.02 | 3.56 |
| Income tax assets (net) | 22 | 299.47 | 152.44 |
| **Total non-current assets** | | **1,133,166.63** | **1,116,380.75** |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | 8 | 7,545.41 | - |
| Cash and cash equivalents | 9 | 752.41 | 182.40 |
| Other bank balances | 10 | 50.00 | - |
| Other current assets | 7 | 50.69 | 40.25 |
| **Total current assets** | | **8,398.51** | **222.65** |
| **Total assets** | | **1,141,565.14** | **1,116,603.40** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 11 | 100.00 | 100.00 |
| Other equity | | 676,004.26 | 677,255.39 |
| **Total equity** | | **676,104.26** | **677,355.39** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Other financial liabilities | 13 | 60,321.44 | 54,645.95 |
| Provisions | 14 | 281.66 | - |
| Deferred tax liabilities (net) | 22 | 209,723.28 | 213,011.16 |
| **Total non-current liabilities** | | **270,326.38** | **267,657.11** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 12 | 186,626.62 | 171,458.72 |
| Other financial liabilities | 13 | 1,696.60 | 78.75 |
| Other current liabilities | 15 | 308.82 | 53.43 |
| Income tax liabilities (net) | 22 | 6,502.46 | - |
| **Total current liabilities** | | **195,134.50** | **171,590.90** |
| **Total equity and liabilities** | | **1,141,565.14** | **1,116,603.40** |
| **Significant accounting policies** | 3 | | |

The accompanying notes form an integral part of the balance sheet

As per our report of even date attached

*for* **B S R and Associates**
*Chartered Accountants*
Firm registration number: 128901W

*for* and on behalf of the Board of Directors of
**DM Med City Hospitals (India) Private Limited**
CIN: U85110KL2009PTC024999

**Rushank Muthreja**
*Partner*
Membership No.: 211386

**Dr. Azad Moopen**
Director
DIN: 00159403

**Naseera Azad**
*Director*
DIN: 1880298

Banglore
20 May 2018

Dubai
20 May 2018

**DM Med City Hospitals (India) Private Limited**
**Statement of profit and loss for the year ended 31 March 2018**
(All amounts in Indian rupees thousands)

| | Note | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | **16** | 14,910.43 | - |
| Other income | **17** | 2,321.25 | 2,048.19 |
| **Total income** | | **17,231.68** | **2,048.19** |
| **Expenses** | | | |
| Employee benefits expense | **18** | 8,717.65 | - |
| Finance costs | **19** | 5,675.49 | 14,177.69 |
| Depreciation and amortisation | **20** | 2,813.81 | - |
| Other expenses | **21** | 4,563.74 | 475.50 |
| **Total expenses** | | **21,770.69** | **14,653.19** |
| **Loss before tax** | | **(4,539.01)** | **(12,605.00)** |
| Tax expense | | | |
| Current tax (including MAT) | **22** | 6,502.46 | 3.56 |
| Deferred tax (including MAT credit entitlement) | **22** | (9,790.34) | (3,937.77) |
| **Loss for the year** | | **(1,251.13)** | **(8,670.79)** |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive income for the year** | | **(1,251.13)** | **(8,670.79)** |
| **Loss per share** (equity share of face value of Rs.10 each) | **24** | | |
| Basic and diluted | | (125.11) | (867.08) |
| **Significant accounting policies** | **3** | | |

The accompanying notes form an integral part of the statement of profit and loss

As per our report of even date attached

for **B S R and Associates**
Chartered Accountants
Firm registration number: 128901W

*for* and on behalf of the Board of Directors of
**DM Med City Hospitals (India) Private Limited**
CIN: U85110KL2009PTC024999

**Rushank Muthreja**
Partner
Membership No.: 211386

Banglore
20 May 2018

**Dr. Azad Moopen**
Director
DIN: 00159403

**Naseera Azad**
*Director*
DIN: 1880298

Dubai
20 May 2018

**DM Med City Hospitals (India) Private Limited**
**Statement of changes in equity for the year ended 31 March 2018**
(All amounts in Indian rupees thousands)

**A. Equity share capital**

| | Note | Equity shares | Amount |
|---|---|---|---|
| **Equity shares of INR 10 each issued, subscribed and fully paid up** | | | |
| **As at 1 April 2016** | | **10** | **100** |
| Changes in equity share capital during the year | **11** | **-** | **-** |
| **As at 31 March 2017** | | **10** | **100** |
| Changes in equity share capital during the period | | **-** | |
| **As at 31 March 2018** | **11** | **10** | **100** |

**B. Other equity**

| Particulars | Reserves and Surplus<br>Retained earnings | Items of other comprehensive income | Total equity attributable to equity holders of the Company |
|---|---|---|---|
| **Balance as at 1 April 2016** | **685,926.18** | **-** | **685,926.18** |
| **Total comprehensive income for the year ended 31 March 2017** | | | |
| Loss for the year | (8,670.79) | - | (8,670.79) |
| Other comprehensive income | - | - | - |
| **Total comprehensive income** | **(8,670.79)** | **-** | **(8,670.79)** |
| **Balance as at 31 March 2017** | **677,255.39** | **-** | **677,255.39** |
| | | | |
| **Total comprehensive income for the year ended 31 March 2018** | | | |
| Loss for the year | (1,251.13) | - | **(1,251.13)** |
| Other comprehensive income | - | - | - |
| **Total comprehensive income** | **(1,251.13)** | **-** | **(1,251.13)** |
| **Balance as at 31 March 2018** | **676,004.26** | **-** | **676,004.26** |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

*for* **B S R and Associates**
*Chartered Accountants*
Firm registration number: 128901W

*for* and on behalf of the Board of Directors of
**DM Med City Hospitals (India) Private Limited**
CIN: U85110KL2009PTC024999

**Rushank Muthreja**
*Partner*
Membership No.: 211386

**Dr. Azad Moopen**
Director
DIN: 00159403

**Naseera Azad**
*Director*
DIN: 1880298

Banglore
20 May 2018

Dubai
20 May 2018

**DM Med City Hospitals (India) Private Limited**
**Cash flow statement for the year ended 31 March 2018**
(All amounts in Indian rupees thousands)

| | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss before tax** | **(4,539.01)** | **(12,605.00)** |
| *Adjustments for:* | | |
| Depreciation and amortisation | 2,813.81 | - |
| Interest income under the effective interest method on lease deposit | (34.48) | - |
| Interest income | (3.02) | - |
| Finance costs | 5,675.49 | 5,080.46 |
| **Operating profit / (loss) before working capital changes** | **3,912.79** | **(7,524.54)** |
| Increase in liabilities | 2,189.38 | 48.70 |
| (Increase) in trade recievables | (7,545.41) | - |
| (Increase) / decrease in other financial assets | 1,335.70 | (2,499.97) |
| **Net Cash (used in) operations** | **(107.54)** | **(9,975.81)** |
| Taxes paid, net of refund received | (147.03) | (174.74) |
| **Net cash (used in) operating activities (A)** | **(254.57)** | **(10,150.55)** |
| **Cash flows from investing activity** | | |
| Acquisition of property, plant and equipment | (14,346.34) | - |
| Interest received | 3.02 | - |
| **Net cash (used in) investing activities (B)** | **(14,343.32)** | **-** |
| **Cash flows from financing activity** | | |
| Borrowings availed | 15,167.90 | 10,274.25 |
| **Net cash generated from financing activities ( C )** | **15,167.90** | **10,274.25** |
| **Net increase in cash and cash equivalents (A+B+C)** | **570.01** | **123.70** |
| Cash and cash equivalents at the beginning of the year | 182.40 | 58.70 |
| **Cash and cash equivalents at the end of the year** | **752.41** | **182.40** |

(refer to note 10 - Cash and cash equivalents)

The accompanying notes form an integral part of the cash flow statement

As per our report of even date attached

*for* **B S R and Associates**
*Chartered Accountants*
Firm registration number: 128901W

*for* and on behalf of the Board of Directors of
**DM Med City Hospitals (India) Private Limited**
CIN: U85110KL2009PTC024999

**Rushank Muthreja**
*Partner*
Membership No.: 211386

**Dr. Azad Moopen**
Director
DIN: 00159403

**Naseera Azad**
*Director*
DIN: 1880298

Banglore
20 May 2018

Dubai
20 May 2018

## 1. Company overview

DM Medcity Hospitals (India) Private Limited ('the Company') was incorporated on 12 November 2009, as a private limited company. The registered office of the Company is located at Kuttisahib Road, Near Kothad bridge, South Chittoor PO, Cheranellor, Kochi 682 027, Kerala, India. The Company is primarily engaged in the business of running hospitals. The Company was formed for the purpose of acquiring land in connection with the Medcity project of DM Group. The company has started business process outsourcing with the brand name of "Aster Global Centre" operating in UL Cyber Park special economic zone at Kerala. The Company is a subsidiary of Aster DM Healthcare Limited (formerly known as Aster DM Healthcare Private Limited).

## 2. Basis of preparation

### A. Statement of compliance

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 (the 'Act'), as amended and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 20 May 2018.

Details of the Company's accounting policies are included in Note 3.

### B. Functional and presentation currency

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

### C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| **Items** | **Measurement basis** |
|---|---|
| Land | Fair Value |
| Net defined benefit liability | Present value of defined benefit obligations |

### D. Use of estimates and judgements

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

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

## 2. Basis of preparation (continued)

## D. Use of estimates and judgements (continued)

**Assumptions and estimation uncertainties**

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

Note 22 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Notes 23 – Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 27 – Measurement of defined benefit obligations: key actuarial assumptions

Note 29 – Financial instruments.

## E. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Company's board of directors.

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

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

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29: Financial instruments.

## 3. Significant accounting policies

### 3.1 Property, plant and equipment

#### i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are shown under long-term loans and advances. The cost of fixed assets not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

#### ii. Subsequent expenditure

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

#### iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognized in the profit or loss.

The estimated useful lives of items of property, plant and equipment for the current comparative periods are as follows:

| **Class of assets** | **Years** |
|---|---|
| Plant and machinery | 5 |
| Computer equipment | 3 |
| Furniture and fittings | 5 |
| Lease hold improvements* | 5 |

*Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

## 3. Significant accounting policies (continued)

### 3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use and is included in depreciation and amortization in profit and loss.

The estimated useful lives are as follows:

| Class of assets | Years |
|---|---|
| Software | 3 |

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

### 3.3 Employee benefits

*Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g, under short-term cash bonus, if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

*Post –employment benefits*

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company’s net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.
The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in other comprehensive income (OCI). The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

## 3. Significant accounting policies (continued)

### 3.3 Employee benefits (continued)

*Other long term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in other comprehensive income in the period in which they arise.

### 3.4 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

### 3.5 Revenue

The Company derives its revenue primarily from rendering business process management services and other support services to Aster DM Healthcare FZC, UAE.

Revenue from such services is recognized on a "cost plus" model as per the terms of the contract entered into with Aster DM Healthcare FZC.

### 3.6 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate prevailing on the dates of the respective transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate on the date of transaction.

### 3.7 Leases

**i. Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

## 3. Significant accounting policies (continued)

### 3.7 Leases (continued)

**ii.Assets held under leases**

Lease of property, plant and equipment that transfer to the company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Balance Sheet.

**iii. Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight- line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

### 3.8 Financial instruments

**i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) Classification and subsequent measurement**

*Financial assets*

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

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

## 3. Significant accounting policies (continued)

### 3.8 Financial instruments (continued)

#### ii) Classification and subsequent measurement (continued)

*Financial assets: Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

*Financial assets: Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss. |

## 3. Significant accounting policies (continued)

### 3.8 Financial instruments (continued)

#### ii) Classification and subsequent measurement (continued)

*Financial liabilities: Classification, subsequent measurement and gains and losses*

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

#### iii. Derecognition

*Financial assets*

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

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

*Financial liabilities*

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

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

#### iv. Offsetting

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

### 3.9 Impairment

#### i) Impairment of financial instruments

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

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

## 3. Significant accounting policies (continued)

### 3.9 Impairment (continued)

**i) Impairment of financial instruments (continued)**

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.

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.

*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 amortised 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.

**ii) 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 whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. 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 amortisation, if no impairment loss had been recognized.

## 3. Significant accounting policies (continued)

### 3.10 Recognition of dividend income, interest income or interest expense and rental income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Rental income is recognised as part of income from operations in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### 3.11 Income tax

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

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the profit or loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

## 3. Significant accounting policies (continued)

### 3.11 Income tax (continued)

**ii. Deferred tax (continued)**

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

### 3.12 Loss per share

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

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

### 3.13 Cash-flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

### 3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and financial institutions. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**DM Med City Hospitals (India) Private Limited**
**Notes to the financial statements (continued)**
(All amounts in Indian rupees thousands)

**4 Property, plant and equipment**

| Particulars | Land | Leasehold improvements | Plant & machinery | Furniture & fittings | Computers | Total |
|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | |
| Balance at 1 April 2016 | 1,109,795.67 | - | - | - | - | 1,109,795.67 |
| Additions | - | - | - | - | - | - |
| Deletions | - | - | - | - | - | - |
| **Balance at 31 March 2017** | **1,109,795.67** | **-** | **-** | **-** | **-** | **1,109,795.67** |
| Balance at 1 April 2017 | 1,109,795.67 | - | - | - | - | 1,109,795.67 |
| Additions | - | 3,906.19 | 2,538.88 | 2,123.86 | 5,594.10 | 14,163.03 |
| Deletions | - | - | - | | | - |
| **Balance at 31 March 2018** | **1,109,795.67** | **3,906.19** | **2,538.88** | **2,123.86** | **5,594.10** | **1,123,958.70** |
| **Accumulated depreciation** | | | | | | |
| Balance at 1 April 2016 | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - |
| Deletions | - | - | - | - | - | - |
| **Balance at 31 March 2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| Balance at 1 April 2017 | - | - | - | - | - | - |
| Depreciation | - | 620.71 | 411.31 | 337.49 | 1,398.26 | 2,767.77 |
| Deletions | - | - | - | - | - | - |
| **Balance at 31 March 2018** | **-** | **620.71** | **411.31** | **337.49** | **1,398.26** | **2,767.77** |
| **Carrying amounts (net)** | | | | | | |
| At 31 March 2018 | **1,109,795.67** | **3,285.48** | **2,127.57** | **1,786.37** | **4,195.84** | **1,121,190.93** |
| At 31 March 2017 | 1,109,795.67 | - | - | - | - | 1,109,795.67 |

Note : The above freehold land has been offered as security in favour of Federal Bank for the term loan sanctioned to Aster DM Healthcare Limited, the holding company

(All amounts in Indian rupees thousands)

## 5 Intangible assets

| | Software | Total |
|---|---|---|
| **Gross carrying value** | | |
| Balance at 1 April 2016 | - | - |
| Additions | - | - |
| Deletions | - | - |
| **Balance at 31 March 2017** | **-** | **-** |
| Balance at 1 April 2017 | | - |
| Additions | 183.31 | 183.31 |
| Deletions | | - |
| **Balance at 31 March 2018** | **183.31** | **183.31** |
| **Accumulated amortisation** | | |
| Balance at 1 April 2016 | - | - |
| Amortisation for the year | - | - |
| **Balance at 31 March 2017** | **-** | **-** |
| Balance at 1 April 2017 | | - |
| Amortisation for the year | 46.04 | 46.04 |
| **Balance at 31 March 2018** | **46.04** | **46.04** |
| **Carrying amounts (net)** | | |
| At 31 March 2018 | **137.27** | **137.27** |
| At 31 March 2017 | - | - |

**DM Med City Hospitals (India) Private Limited**
**Notes to the financial statements (continued)**
(All amounts in Indian rupees thousands)

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **6 Other financial assets** | | |
| **Non-current** | | |
| *Unsecured, considered good* | | |
| Security deposits | 581.75 | 907.28 |
| Deferred rent reserve | 329.38 | - |
| | **911.13** | **907.28** |
| **7 Other assets** | | |
| **Non-current** | | |
| Advance for capital goods | 4,121.81 | 5,521.80 |
| | **4,121.81** | **5,521.80** |
| **Current** | | |
| Prepaid expenses | 36.66 | - |
| Advances other than capital advance | 11.01 | - |
| Payment to vendors for supply of goods and services | - | 40.25 |
| Interest accrued on fixed deposits | 3.02 | - |
| | **50.69** | **40.25** |
| **Total other assets** | **4,172.50** | **5,562.05** |
| **8 Trade receivables** | | |
| **Current** | | |
| *Secured* | | |
| considered good | 7,545.41 | - |
| considered doubtful | - | - |
| | **7,545.41** | |
| Less: Allowances for credit losses | - | - |
| | **7,545.41** | **-** |
| **9 Cash and cash equivalents** | | |
| Cash on hand | 23.79 | - |
| Balance with banks in current accounts | 728.62 | 182.40 |
| | **752.41** | **182.40** |
| **10 Other bank balances** | | |
| Balance in banks for margin money | 50.00 | - |
| | **50.00** | **-** |

(All amounts in Indian rupees thousands)

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| **11 Share capital** | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| **Authorised** | | | | |
| Equity shares | 100.00 | 1,000.00 | 100.00 | 1,000.00 |
| | **100.00** | **1,000.00** | **100.00** | **1,000.00** |
| **Issued, subscribed and paid-up** | | | | |
| *Equity shares** | | | | |
| At the beginning of the year | 10.00 | 100.00 | 10.00 | 100.00 |
| Add: issued during the year | - | - | - | - |
| At the end of the year | **10.00** | **100.00** | **10.00** | **100.00** |

*The Company has a single class of equity shares. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to the shareholders' share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.
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.

**(a) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates**

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| *Equity shares of Rs. 10 each fully paid-up held by* | | | | |
| Aster DM Healthcare Limited, India, the holding company and nominees | 10.00 | 100.00 | 10.00 | 100.00 |

**(b) Details of shareholders holding more than 5% shares of the Company**

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | **Number of shares** | **%** | **Number of shares** | **%** |
| *Equity shares of Rs. 10 each fully paid -up held by* | | | | |
| Aster DM Healthcare Limited, India, the holding company | 10.00 | 100% | 10.00 | 100% |

**(c) Details of buyback, bonus shares, issue for consideration other than for cash for past 5 years**

The Company has not allotted any fully paid-up equity shares by way of bonus shares nor has bought back any class of equity shares nor has there been any issue for consideration other than for cash from during the period of five years immediately preceding the balance sheet date.

(All amounts in Indian rupees thousands)

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **12 Borrowings** | | |
| **Current** | | |
| Loan from holding company-*Unsecured* | 186,626.62 | 171,458.72 |
| **Total borrowings** | **186,626.62** | **171,458.72** |

Note: Interest free unsecured loan.
Information about the Company's exposure to interest rate and liquidity risks are included in note 29

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **13 Other financial liabilties** | | |
| **Non-current** | | |
| Security deposit from holding company | 60,321.44 | 54,645.95 |
| | **60,321.44** | **54,645.95** |
| **Current** | | |
| Accrued expenses and dues to other creditors | 651.97 | 78.75 |
| Dues to creditors for capital goods | 1,044.63 | - |
| | **1,696.60** | **78.75** |
| **Total other financial liabilities** | **62,018.04** | **54,724.70** |
| **14 Provisions** | | |
| **Non-current** | | |
| *Provision for employee benefits* | | |
| Gratuity | 119.00 | - |
| Compensated absences | 162.66 | - |
| | **281.66** | **-** |
| **15 Other liabilities** | | |
| **Current** | | |
| Statutory dues payables | 308.82 | 53.43 |
| | **308.82** | **53.43** |

(All amounts in Indian rupees thousands)

| | | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|---|
| **16** | **Revenue from operations** | | |
| | Professional fee received | 14,910.43 | - |
| | | **14,910.43** | **-** |
| **17** | **Other income** | | |
| | Guarantee commission | 1,539.49 | 1,607.71 |
| | Lease rent | 440.48 | 440.48 |
| | Interest income on bank deposits | 3.02 | - |
| | Other non-operating income | 12.09 | - |
| | Gain on foreign exchange fluctuations | 291.69 | - |
| | Interest income under the effective interest method on lease deposit | 34.48 | - |
| | | **2,321.25** | **2,048.19** |
| **18** | **Employee benefits expense** | | |
| | Salaries and allowances | 7,623.18 | - |
| | Contribution to provident and other funds | 1,033.75 | - |
| | Staff welfare expenses | 60.72 | - |
| | | **8,717.65** | **-** |
| **19** | **Finance cost** | | |
| | Interest | - | 9,097.23 |
| | Other borrowing costs / amortised processing charges | 5,675.49 | 5,080.46 |
| | | **5,675.49** | **14,177.69** |
| **20** | **Depreciation and amortisation** | | |
| | Depreciation on tangible assets | 2,767.77 | - |
| | Amortisation on intangible assets | 46.04 | - |
| | | **2,813.81** | **-** |
| **21** | **Other expenses** | | |
| | Rates and taxes | 134.36 | 27.57 |
| | Legal, professional and other consultancy | 622.99 | 297.75 |
| | Rent | 1,804.39 | - |
| | Printing and stationery | 34.30 | - |
| | Communication | 652.16 | - |
| | Staff recruitment | 366.37 | - |
| | Power, water and fuel | 712.12 | - |
| | Miscellaneous expenses | 237.05 | 150.18 |
| | | **4,563.74** | **475.50** |

(All amounts in Indian rupees thousands)

**22 A. Income taxes**

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Income tax assets/(liability)** | | |
| Income tax assets | 299.47 | 152.44 |
| Current income tax liabilities | (6,502.46) | - |
| **Net income tax assets/(liability) at the end** | **(6,202.99)** | **152.44** |

| **(i) Tax expense recognised in statement of profit and loss** | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| Current tax (including MAT for the year) | 6,502.46 | 3.56 |
| Deferred tax (including MAT credit entitlement) | (9,790.34) | (3.56) |
| **Tax expense for the year** | **(3,287.88)** | **-** |

| **(ii) Reconciliation of effective tax rate** | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| Loss before income taxes | (4,539.00) | (12,605.02) |
| Enacted tax rates in India | 30.90% | 30.90% |
| Tax expense /(asset) | (1,402.55) | (3,894.95) |
| Other temporary differences | 1,402.55 | 3,894.95 |
| Un-recognised deferred tax assets | - | - |

**B. Recognised deferred tax assets and (liabilities)**
**(i) Deferred tax assets and liabilities are attributable to the followings:**

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Deferred tax asset** | | |
| MAT credit entitlement receivable | 6,506.02 | 3.56 |
| Unabsorbed business loss | 4,725.18 | 3,198.14 |
| Total deferred tax asset | 11,231.20 | 3,201.70 |
| **Deferred tax liabilities** | | |
| On account of fair valuation land * | (171,287.78) | (171,287.78) |
| Other financial assets (deposit amortisation) | (43,160.68) | (44,921.52) |
| Total deferred tax liability | (214,448.46) | (216,209.30) |
| **Deferred tax (liability) net** | **(209,723.28)** | **(213,011.16)** |
| **Deferred tax assets** | **6,506.02** | **3.56** |

* The deferred tax liability arising on the fair valuation is recognised based on tax rates applicable to the long-term capital gains.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**(ii) Movement in temporary differences**

| **Movement during the year ended 31 March 2017** | As at 31 March 2016 | Credit/ (Charge) in the Statement of Profit and Loss | As at 31 March 2017 |
|---|---|---|---|
| On account of fair valuation land * | (171,287.78) | - | (171,287.78) |
| Other financial assets (deposit amortisation) | (46,484.26) | 1,562.74 | (44,921.52) |
| Unabsorbed business loss | 830.23 | 2,367.91 | 3,198.14 |
| MAT credit entitlement | - | 3.56 | 3.56 |
| | **(216,941.81)** | **3,934.21** | **(213,007.60)** |

| **Movement during the year ended 31 March 2018** | As at 31 March 2017 | Credit/ (Charge) in the Statement of Profit and Loss | As at 31 March 2018 |
|---|---|---|---|
| On account of fair valuation land * | (171,287.78) | - | (171,287.78) |
| Other financial assets (deposit amortisation) | (44,921.52) | 1,760.84 | (43,160.68) |
| Unabsorbed business loss | 3,198.14 | 1,527.04 | 4,725.18 |
| MAT credit entitlement | 3.56 | 6,502.46 | 6,506.02 |
| | **(213,007.60)** | **9,790.34** | **(203,217.26)** |

* The deferred tax liability arising on the fair valuation is recognised based on tax rates applicable to the long-term capital gains.

**(iii) Unrecognised deferred tax assets**

| **Particulars** | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Tax losses (business loss) | | - | | - |
| **Total deferred tax asset** | | **-** | | **-** |

**(iv) Tax losses carried forward**

| **Particulars** | As at 31 March 2018 | Expiry date | As at 31 March 2017 | Expiry date |
|---|---|---|---|---|
| Brought forward losses - allowed to carry forward for specified period | 15,291.83 | Various dates | 10,349.97 | Various dates |

(All amounts in Indian rupees thousands)

**23 Contingent liabilities and commitments**

| **Particulars** | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| **Contingent liability** | | |
| Corporate guarantees given to related party | 1,006,809.67 | 1,006,809.67 |
| **Commitments** | - | - |

**24 Loss per share**

**A. Basic loss per share**

The calculation of loss attributable to equity share holders and weighted average number of equity shares outstanding for the purpose of basic loss per share calculations are as follows:

**i) Net loss attributable to equity share holders (basic)**

| **Particulars** | **For the year ended 31 March 2018** | **For the year ended 31 March 2017** |
|---|---|---|
| Net loss for the year, attributable to the equity share holders | (1,251.13) | (8,670.79) |

**ii) Weighted average number of equity shares (basic)**

| **Particulars** | **For the year ended 31 March 2018** | **For the year ended 31 March 2017** |
|---|---|---|
| Opening balance | 10.00 | 10.00 |
| Effect of fresh issue of shares | - | - |
| Weighted average number of equity shares of Rs. 10 each for the year | 10.00 | 10.00 |
| **Loss per share, basic** | **(125.11)** | **(867.08)** |

**B. Diluted loss per share**

There are no potentially dilutive equity shares as at the balance sheet date

**25 Auditors' remuneration (included under legal and professional charges, net of service tax)**

| **Particulars** | **For the year ended 31 March 2018** | **For the year ended 31 March 2017** |
|---|---|---|
| Statutory audit | 175.00 | 75.00 |
| **Total** | **175.00** | **75.00** |

**26 Segmental reporting**

The Company is in the development stage and was formed for the purpose of acquiring land in connection with Medcity project of DM group in return earn lease income. The company's operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Hence, there are no separate reportable segments, as requirec by the Ind AS 108 on "Operating Segment".

(All amounts in Indian rupees thousands)

## 27 Employee benefits

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age.

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

| **Particulars** | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| Defined benefit obligation liability | 119.00 | - |
| Plan assets | - | - |
| **Net defined benefit (asset)/ liability** | **119.00** | **-** |

**B** **Reconciliation of present value of defined benefit obligaiton**

| **Particulars** | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| Balance at beginning of the year | - | - |
| Current service cost | 119.00 | - |
| **Balance at the end of the year** | **119.00** | **-** |
| | | |
| **Net defined benefit liability** | **119.00** | **-** |

**C.** **Expenses recognised in the statement of profit and loss account**

| **Particulars** | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| Current service cost | 119.00 | - |
| **Net gratuity cost** | **119.00** | **-** |

**D.** **Defined benefit obligation**

**i) Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date:

| **Particulars** | **31 March 2018** | **31 March 2017** |
|---|---|---|
| Discount rate | 7.60% | - |
| Future salary growth | 6.00% | - |
| Attrition rate | 10.00% | - |

**(ii) Sensitivity analysis**

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

| **Particulars** | **31 March 2018** | | **31 March 2017** | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate (1% movement) | (13.00) | 14.00 | - | - |
| Future salary growth rate (1% movement) | 15.00 | (14.00) | - | - |
| Withdrawal rate (1% movement) | (5.00) | 4.00 | - | - |

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

(All amounts in Indian rupees thousands)

## 28 Related parties

### A. Related party relationships

Names of related parties and description of relationship with the Company:

I) *Enterprises where control exist*

| | | |
|---|---|---|
| (a) | Holding company | Aster DM Healthcare Limited, India |
| (b) | Ultimate holding Company | Union Investment P Limited, Mauritius (till 22 February 2018) |
| (c) | Fellow subsidiary | Aster DM Healthcare FZC, UAE |

II) *Other related parties*

(a) Key managerial personnel and relatives*

| | |
|---|---|
| Dr Azad Moopen | Director |
| Mrs. Naseera Azad | Director |
| Zeba Azad Moopen | Director |

**No remuneration in the nature of managerial remuneration has been paid by the Company during the year.*

### B. Related party transactions:

The Company has entered into the following transactions with related parties during the year ended 31 March 2018

| Sl.No. | Nature of transaction | Volume of transactions | |
|---|---|---|---|
| | | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
| 1 | **Aster DM Healthcare Limited** | | |
| | Lease rent | 440.48 | 440.48 |
| | Guarantee commission paid | 1,539.49 | 1,607.71 |
| | Borrowings repaid | 6,360.00 | 159,448.00 |
| | Expense reimbursed to holding company | 2,319.85 | 334.01 |
| | Borrowings received | 21,188.02 | 171,436.43 |
| | Interest income under the effective interest method on lease deposit | 6,950.51 | 6,441.57 |
| 2 | **Aster DM Healthcare FZC, UAE** | | |
| | Professional fee received | 7,365.02 | - |

### C. Balance receivable / (payable) as at the year end

| Sl No | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|
| 1 | **Aster DM Healthcare Limited** | | |
| | Short term borrowings | (186,626.62) | (171,458.72) |
| | Rent and other deposits received | (60,254.06) | (54,645.95) |
| | Guarantees outstanding | 1,006,809.67 | 1,006,809.67 |
| 2 | **Aster DM Healthcare FZC, UAE** | | |
| | Professional fee | 7,545.41 | - |

(All amounts in Indian rupees thousands)

**29 Financial Instruments- Fair values and risk management**

**A Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**As at 31 March 2018**

| Particulars | Note | Financial assets at amortised cost | Other financial liabilities at amortised cost | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Financial assets not measured at fair value*** | | | | | | | | |
| Cash and cash equivalents | 9 | 752.41 | - | 752.41 | - | - | - | - |
| Other bank balances | 10 | 50.00 | - | 50.00 | - | - | - | - |
| Trade receivables | 8 | 7,545.41 | | 7,545.41 | | | | |
| Other financial assets | 6 | 911.13 | | 911.13 | | | | |
| **Total** | | **9,258.95** | **-** | **9,258.95** | **-** | **-** | **-** | **-** |
| **Liabilities** | | | | | | | | |
| **Financial liabilities not measured at fair value*** | | | | | | | | |
| Borrowings | 12 | - | 186,626.62 | 186,626.62 | - | - | - | - |
| Other financial liabilities | 13 | - | 62,018.04 | 62,018.04 | - | - | - | - |
| **Total** | | **-** | **248,644.66** | **248,644.66** | **-** | **-** | **-** | **-** |

**As at 31 March 2017**

| Particulars | Note | Financial assets at amortised cost | Other financial liabilities at amortised cost | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Financial assets not measured at fair value*** | | | | | | | | |
| Cash and cash equivalents | 9 | 182.40 | - | 182.40 | - | - | - | - |
| Other financial assets | 6 | 907.28 | | 907.28 | | | | |
| **Total** | | **1,089.68** | **-** | **1,089.68** | **-** | **-** | **-** | **-** |
| **Liabilities** | | | | | | | | |
| **Financial liabilities not measured at fair value*** | | | | | | | | |
| Borrowings | 12 | - | 171,458.72 | 171,458.72 | - | - | - | - |
| Other financial liabilities | 13 | - | 54,724.70 | 54,724.70 | - | - | - | - |
| **Total** | | **-** | **226,183.42** | **226,183.42** | **-** | **-** | **-** | **-** |

*The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents, borrowings etc, because their carrying amounts are a resonable approximation of fair value.

(All amounts in Indian rupees thousands)

**29 Financial Instruments- Fair values and risk management (continued)**

**B Financial risk management**

The Company's activities expose it to a variety of financial risks:

a) Credit Risk
b) Liquidity risk
c) Market risk

**i) Risk management framework**

The Company’s board of directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company’s audit and risk management committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

**ii) Credit risk**

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

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

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

**iii) Liquidity risk**

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

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

| **Particulars** | **Payable within 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| Borrowings | 186,626.62 | - | 186,626.62 |
| Other financial liabilities | 1,696.60 | 60,321.44 | 62,018.04 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2017:

| **Particulars** | **Payable within 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| Borrowings | 171,458.72 | - | 171,458.72 |
| Other financial liabilities | 78.75 | 54,645.95 | 54,724.70 |

**iv) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

**Foreign currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Company. The functional currency of company is INR. The currency in which these transactions are denominated is AED.

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows:

| **As at 31 March 2018** | **AED** |
|---|---|
| Trade receivables | 7,545.41 |
| **Net assets / (liabilities)** | **7,545.41** |

**Sensitivity analysis**

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

| **Particulars** | **Impact on profit or (loss)** | | **Impact on equity, net of tax** | |
|---|---|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** | **As at 31 March 2018** | **As at 31 March 2017** |
| **AED sensitivity** | | | | |
| 1% increase in MCLR rate | 75.45 | - | 75.45 | - |
| 1% decrease in MCLR rate | (75.45) | - | (75.45) | - |

**Cash flow and fair value interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The interest rate on the Company’s financial instruments is based on market rates. The Company monitors the movement in interest rates on an ongoing basis.

**Interest rate risk exposure**

The Company’s exposure to interest rate risk is primarily on its bank borrowings and deposits with banks. The Company does not have any borrowings or deposits with banks as on 31 March 2018 and hence no exposure to interest rate risk.

(All amounts in Indian rupees thousands)

**30 Disclosure on Specified Bank Notes (SBNs)**

During the year, the Company had NIL specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016.

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

**31 Capital management**

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.
For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2018 and 31 March 2017 was as follows:

| **Particulars** | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| Total equity attributable to the equity shareholders of the Company | 676,104.26 | 677,355.40 |
| **As a percentage of total capital** | **78%** | **80%** |
| Short-term borrowings | 186,626.62 | 171,458.72 |
| Total borrowings | 186,626.62 | 171,458.72 |
| **As a percentage of total capital** | **22%** | **20%** |
| **Total capital (equity and borrowings)** | **862,730.88** | **848,814.12** |

**32** The Company has entered into joint agreement on 1 April 2014 with its parent company, Aster DM Healthcare Limited ('Aster DMH'), for conctruction and development of its Medcity hospital project (Phase 1 and II). Under the agreement, Aster DMH is required to make certain payments/deposits to the Company based on which Aster DMH has been given the right to enter into and construct part of Phase 1 of the project on lands own by the Company. This agreement also says that the Company is also required to make certain payments/deposits to Aster DMH based on which the Company has been given the right to enter into and construct part of Phase II of the project on lands owned by Aster DMH. The agreement envisages that Phase I of the project will be owned by Aster DMH and Phase II of the project will be owned by the Company.

**33** Previous year figures have been regrouped /reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date attached

*for* **B S R and Associates**
*Chartered Accountants*
Firm registration number: 128901W

*for* and on behalf of the Board of Directors of
**DM Med City Hospitals (India) Private Limited**
CIN: U85110KL2009PTC024999

**Rushank Muthreja**
*Partner*
Membership No.: 211386

**Dr. Azad Moopen**
Director
DIN: 00159403

**Naseera Azad**
*Director*
DIN: 1880298

Banglore
20 May 2018

Dubai
20 May 2018