Independent Auditors' Report
To the Members of DM Med City Hospitals (India) Private Limited

Report on the audit of Ind AS financial statements

Opinion

We have audited the financial statements of DM Medcity Hospitals (India) Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to Financial Statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date. .

Basis for Opinion

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

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Ind AS financial statements

The Company's management and 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, statement of profit/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 Ind AS financial statements, the management and Board of Directors are 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.

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

Auditors' responsibility for the audit of the Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Auditors' responsibility for the audit of the Ind AS financial statements *(continued)*

- 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 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (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.

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

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

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

   c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;

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

Independent Auditors' Report *(continued)*
To the members of DM Medcity Hospitals (India) Private Limited

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

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The Company does not have pending litigations as at 31 March 2019 which would impact its financial position.

ii. The Company does not have any long term contracts including derivative contracts for which provision for material foreseeable losses is required under the applicable law or accounting standards.

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 Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, no remuneration has been paid by the company to its directors during the current year. Hence, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Rushank Muthreja
Partner
Membership number: 211386

Bangalore
26 May 2019

Annexure A to the Independent Auditors' Report on the Ind AS financial statements of DM Medcity Hospitals (India) Private Limited for the year ended 31 March 2019

Annexure referred to in our Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2019, 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 and 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, goods and services 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 2019 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 as prescribed under Section 406 of the Act.

(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 registration number: 128901W

Rushank Muthreja
Partner
Membership number: 211386
Bangalore
26 May 2019

Annexure B to the Independent Auditors' Report on the Ind AS financial statements of DM Medcity Hospitals (India) Private Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

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 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, 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 (the "Guidance Note").

Management's responsibility for internal financial controls

The Company's management and the Board of Directors are 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. 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 (hereinafter referred to as "the Act").

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 and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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.

Report on the internal financial controls with reference to the aforesaid Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 *(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.

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

Rushank Muthreja
Partner
Membership number: 211386
Bangalore
26 May 2019

DM Med City Hospitals (India) Private Limited
Balance sheet as at 31 March 2019
(All amounts in Indian rupees thousands)

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	1,119,358.41	1,121,190.93
Intangible assets	4	119.56	137.27
Financial assets			
Loans	5	863.14	911.13
Other financial assets	6	56.25	53.02
Other non-current assets	7	-	4,121.81
Deferred tax assets	21	10,794.81	6,506.02
Income tax assets (net)	21	2,016.84	299.47
Total non-current assets		**1,133,209.01**	**1,133,219.65**
Current assets			
Financial assets			
Loans	5	41.13	-
Trade receivables	8	20,451.64	7,545.41
Cash and cash equivalents	9	474.80	752.41
Other current assets	7	133.90	47.67
Total current assets		**21,101.47**	**8,345.49**
Total assets		**1,154,310.48**	**1,141,565.14**
Equity and liabilities			
Equity			
Equity share capital	10	100.00	100.00
Other equity		674,540.41	676,004.26
Total equity		**674,640.41**	**676,104.26**
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	12	64,238.00	60,321.44
Provisions	13	233.00	119.00
Deferred tax liabilities (net)	21	204,881.54	209,723.28
Total non-current liabilities		**269,352.54**	**270,163.72**
Current liabilities			
Financial liabilities			
Borrowings	11	208,342.80	186,626.62
Other financial liabilities	12	826.27	1,696.60
Provisions	13	318.00	162.66
Other current liabilities	14	451.06	308.82
Income tax liabilities (net)	21	379.40	6,502.46
Total current liabilities		**210,317.53**	**195,297.16**
Total equity and liabilities		**1,154,310.48**	**1,141,565.14**
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

Bangalore
26 May 2019

Dr. Azad Moopen
Director
DIN: 00159403

Dubai
26 May 2019

Sreenath Reddy
Director
DIN: 00946877

Dubai
26 May 2019

DM Med City Hospitals (India) Private Limited
Statement of profit and loss for the year ended 31 March 2019
(All amounts in Indian rupees thousands)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	**15**	33,817.73	14,910.43
Other income	**16**	3,120.93	2,321.25
Total income		**36,938.66**	**17,231.68**
Expenses			
Employee benefits expense	**17**	20,706.91	8,717.65
Finance costs	**18**	5,640.89	5,675.49
Depreciation and amortisation	**19**	4,177.18	2,813.81
Other expenses	**20**	10,517.90	4,563.74
Total expenses		**41,042.88**	**21,770.69**
Loss before Tax		**(4,104.22)**	**(4,539.01)**
Tax expense			
Current tax (including MAT)	**21**	6,552.16	6,502.46
Current tax - for earlier years		2,263.37	-
Deferred tax (including MAT credit entitlement)	**21**	(9,130.53)	(9,790.34)
Deferred tax (including MAT credit entitlement) - for earlier years	**21**	(2,263.37)	
Loss for the year		**(1,525.85)**	**(1,251.13)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability/ (asset), net of tax		62.00	-
Total comprehensive income for the year		**(1,463.85)**	**(1,251.13)**
Loss per share (equity share of face value of Rs.10 each)	**23**		
Basic and diluted (INR)		(146.39)	(125.11)
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

Bangalore
26 May 2019

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26 May 2019

DM Med City Hospitals (India) Private Limited
Cash flow statement for the year ended 31 March 2019
(All amounts in Indian rupees thousands)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	**(4,104.22)**	**(4,539.01)**
Depreciation and amortization	4,177.18	2,813.81
Interest income under the effective interest method on lease deposit	(34.28)	(34.48)
Gain on foreign exchange fluctuations	(472.32)	-
Interest income on bank deposits	(3.23)	(3.02)
Provision for doubtful advance	4,121.80	
Finance Costs	3,916.57	5,675.49
Operating profit before working capital changes	7,601.50	3,912.79
Increase in receivable	(12,433.91)	(7,545.41)
Increase in financial assets and other assets	(79.38)	(61.27)
Increase in liabilities and provisions	682.16	1,144.75
Cash generated from operating activities before taxes	(4,229.63)	(2,549.14)
Income taxes paid (net)	(14,392.59)	(147.03)
Net cash generated from operating activities (A)	**(18,622.22)**	**(2,696.17)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,371.57)	(11,901.72)
Net cash used in investing activities (B)	**(3,371.57)**	**(11,901.72)**
Cash flows from financing activities		
Borrowings availed	21,716.18	15,167.90
Net cash used in financing activities (C)	**21,716.18**	**15,167.90**
Net decrease in cash and cash equivalents (A+B+C)	**(277.61)**	**570.01**
Cash and cash equivalents at the beginning of the year	752.41	182.40
Cash and cash equivalents at the end of the year	**474.80**	**752.41**

(refer to note 9 - Cash and bank balances)

The notes referred to above 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
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DIN: 00946877

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26 May 2019

DM Med City Hospitals (India) Private Limited
Statement of changes in equity for the year ended 31 March 2019
(All amounts in Indian rupees thousands)

A. Equity share capital

	Equity shares (in thousands)	Amount
Equity shares of INR 10 each issued, subscribed and fully paid up		
As at 1 April 2017	**10.00**	**100.00**
Changes in equity share capital during the year	-	
As at 31 March 2018	**10.00**	**100.00**
Changes in equity share capital during the year	-	
As at 31 March 2019	**10.00**	**100.00**

B Other equity

Particulars	Reserves and surplus	Items of other comprehensive income	Total equity attributable to equity holders of the Company
	Retained earnings		
Balance as at 1 April 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 loss	**(1,251.13)**	**-**	**(1,251.13)**
Balance as at 31 March 2018	**676,004.26**	**-**	**676,004.26**
Total comprehensive income for the year ended 31 March 2019			
Profit for the year	(1,525.85)	-	(1,525.85)
Other comprehensive income	-	62.00	62.00
Transferred to retained earnings	62.00	(62.00)	-
Total comprehensive Profit	**(1,463.85)**	**-**	**(1,463.85)**
Balance as at 31 March 2019	**674,478.41**	**-**	**674,540.41**

The accompanying notes form an integral part of the statement of changes in equity

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

Bangalore
26 May 2019

Dr. Azad Moopen
Director
DIN: 00159403

Dubai
26 May 2019

Sreenath Reddy
Director
DIN: 00946877

Dubai
26 May 2019

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 providing business process outsourcing services to one of its Group Company. The Company was formed for the purpose of acquiring land in connection with the Medcity project of DM Group. The Company has business process outsourcing with the brand name of "Aster Global Centre" operating in UL Cyber Park special economic zone at Kerala and "Aster Innovation Centre " operating in Site No:. 1785, Sarjapur Road Sector, HSR Layout, Bangalore. 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 26 May 2019.

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

Notes 22 – Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 26 – Measurement of defined benefit obligations: key actuarial assumptions

Note 28 – 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 28: Financial instruments.

F. Going concern

The Company has been incurring losses during the current year and in the previous year. However, owing to the continued support from the holding company, has made cash profit during the current year and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these financial statements have been prepared on a going concern basis.

G. Recent accounting pronouncements

i. Standards issued but not effective on Balance sheet date:

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

Based on the information currently available, the Company estimates that the effect of adoption of Ind AS 116 is not expected to be material.

ii. Other Amendments

The MCA has notified below amendments which are effective 1 April 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on Preliminary work, the Company does not expect these amendments to have any significant impact on its Financial statements.

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

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. Re measurement 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

Revenue from contract with customers

The Company generates revenue from rendering of primarily from rendering business process management services and other support services. Ind AS 115 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. The Company has adopted Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 01 April 2018) being included in retained earnings. Accordingly, the information presented for the year ended 31 March 2018 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18, 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. Significant accounting policies (continued)

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.

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 Earnings per share

The basic earnings 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	Computer	Total
Gross carrying value						
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**
Balance at 1 April 2018	1,109,795.67	3,906.19	2,538.88	2,123.86	5,594.10	1,123,958.70
Additions	-	-	252.59	65.89	1,956.05	2,274.53
Deletions	-	-	-	-	-	-
Balance at 31 March 2019	**1,109,795.67**	**3,906.19**	**2,791.47**	**2,189.75**	**7,550.15**	**1,126,233.23**
Accumulated depreciation						
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**
Balance at 1 April 2018	-	620.71	411.31	337.49	1,398.26	2,767.77
Depreciation	-	781.24	544.91	437.24	2,343.66	4,107.05
Deletions	-	-	-	-	-	-
Balance at 31 March 2019	**-**	**1,401.95**	**956.22**	**774.73**	**3,741.92**	**6,874.82**
Carrying amounts (net)						
At 31 March 2019	**1,109,795.67**	**2,504.24**	**1,835.25**	**1,415.02**	**3,808.23**	**1,119,358.41**
At 31 March 2018	1,109,795.67	3,285.48	2,127.57	1,786.37	4,195.84	1,121,190.93

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

(All amounts in Indian rupees thousands)

4 Intangibles assets

Particulars	Computer software	Total
Gross carrying value		
Balance at 1 April 2017	-	-
Additions	183.31	183.31
Deletions	-	-
Balance at 31 March 2018	**183.31**	**183.31**
Balance at 1 April 2018	183.31	183.31
Additions	52.42	52.42
Deletions	-	-
Balance at 31 March 2019	**235.73**	**235.73**
Accumulated amortisation		
Balance at 1 April 2017	-	-
Amortisation for the year	46.04	46.04
Balance at 31 March 2018	**46.04**	**46.04**
Balance at 1 April 2018	46.04	46.04
Amortisation for the year	70.13	70.13
Balance at 31 March 2019	**116.17**	**116.17**
Carrying amounts (net)		
At 31 March 2019	**119.56**	**119.56**
At 31 March 2018	**137.27**	**137.27**

(All amounts in Indian rupees thousands)

	As at 31 March 2019	As at 31 March 2018
5 Loans		
Non-current		
Unsecured, considered good		
Security deposits	616.02	581.75
Deferred rent reserve	247.12	329.38
	863.14	**911.13**
Current		
Unsecured, considered good		
Deferred rent reserve	41.13	-
	41.13	**-**
6 Other financial assets		
Non-current		
Balance with banks for margin money	50.00	50.00
Interest accrued on fixed deposits	6.25	3.02
	56.25	**53.02**
7 Other assets		
Non-current		
Unsecured		
Advance for capital goods	4,121.81	4,121.81
	4,121.81	**4,121.81**
Less: Provision for doubtful advance	(4,121.81)	-
	-	**4,121.81**
Current		
Prepaid expenses	116.81	36.66
Other advances	17.09	11.01
	133.90	**47.67**
Total other assets	**133.90**	**4,169.48**
8 Trade receivables		
Current		
Secured		
considered good	20,451.64	7,545.41
considered doubtful	-	-
	20,451.64	**7,545.41**
Less: Allowances for credit losses	-	-
	20,451.64	**7,545.41**
9 Cash and cash equivalents		
Cash on hand	2.53	23.79
Balance with banks in current accounts	472.27	728.62
	474.80	**752.41**
Book and bank overdraft used for cash management purposes	-	-
Cash and cash equivalents in statement of cash flows	**474.80**	**752.41**

	As at 31 March 2019		As at 31 March 2018	
10 Share capital	**Number of shares (in thousands)**	**Amount**	**Number of shares (in thousands)**	**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 2019		As at 31 March 2018	
	Number of shares (in thousands)	**Amount**	**Number of shares (in thousands)**	**Amount**
Equity shares of Rs. 10 each fully paid-up held by				
Aster DM Healthcare Limited, India, the holding company and its 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 2019		As at 31 March 2018	
	Number of shares (in thousands)	**%**	**Number of shares (in thousands)**	**%**
Equity shares of Rs. 10 each fully paid -up held by				
Aster DM Healthcare Limited, India, the holding company and its nominees	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 2019	As at 31 March 2018
11 Borrowings		
Current		
Loan from holding company - *Unsecured*	208,342.80	186,626.62
Total borrowings	**208,342.80**	**186,626.62**

Note: Interest free unsecured loan.
Information about the Company's exposure to interest rate and liquidity risks are included in note 28.

12 Other financial liabilities		
Non-current		
Security deposit from holding company	64,238.00	60,321.44
	64,238.00	**60,321.44**
Current		
Accrued expenses and dues to other creditors	823.27	651.97
Accrued salaries	3.00	-
Dues to creditors for capital goods	-	1,044.63
	826.27	**1,696.60**
Total other financial liabilities	**65,064.27**	**62,018.04**
13 Provisions		
Non-current		
Provision for employee benefits		
Gratuity	233.00	119.00
Compensated absences	-	-
	233.00	**119.00**
Current		
Provision for employee benefits		
Gratuity	1.00	-
Compensated absenses	317.00	162.66
	318.00	**162.66**
	551.00	**281.66**
14 Other liabilities		
Current		
Statutory dues payables	451.06	308.82
	451.06	**308.82**

(All amounts in Indian rupees thousands)

		Year ended 31 March 2019	Year ended 31 March 2018
15	**Revenue from operations**		
	Professional fee received	33,817.73	14,910.43
		33,817.73	**14,910.43**
16	**Other income**		
	Guarantee commission	871.98	1,539.49
	Lease rent	440.48	440.48
	Interest income under the effective interest method		
	Lease deposit	34.28	34.48
	Fixed deposits with banks	3.23	3.02
	Other non-operating income	12.50	12.09
	Gain on foreign exchange fluctuations	1,758.46	291.69
		3,120.93	**2,321.25**
17	**Employee benefits expense**		
	Salaries and allowances	18,655.79	7,742.18
	Contribution to provident and other funds	1,757.62	914.75
	Staff welfare expenses	293.50	60.72
		20,706.91	**8,717.65**
18	**Finance cost**		
	Interest on income tax laibility	1,724.32	-
	Other borrowing costs / amortised processing charges	3,916.57	5,675.49
		5,640.89	**5,675.49**
19	**Depreciation and amortisation**		
	Depreciation on tangible assets	4,107.05	2,767.77
	Amortisation on intangible assets	70.13	46.04
		4,177.18	**2,813.81**
20	**Other expenses**		
	Rates and taxes	552.68	134.36
	Legal, professional and other consultancy	794.31	622.99
	Rent	2,456.02	1,804.39
	Printing and stationery	22.94	34.30
	Provision for doubtful advance	4,121.80	-
	Communication	688.35	652.16
	Travelling expenses	233.34	-
	Staff recruitment	139.25	366.37
	Power, water and fuel	832.79	712.12
	Miscellaneous expenses	676.42	237.05
		10,517.90	**4,563.74**

(All amounts in Indian rupees thousands)

21 A. Income taxes

	As at 31 March 2019	As at 31 March 2018
Income tax assets/(liability)		
Income tax assets	2,016.84	299.47
Current income tax liabilities	(379.40)	(6,502.46)
Net income tax assets/(liability) at the end	**1,637.44**	**(6,202.99)**

(i) Tax expense recognised in statement of profit and loss	As at 31 March 2019	As at 31 March 2018
Current tax (including MAT for the year)	6,552.16	6,502.46
Deferred tax (including MAT credit entitlement)	(9,130.53)	(9,790.34)
Tax expense for the year	**(2,578.37)**	**(3,287.88)**

(ii) Reconciliation of effective tax rate	As at 31 March 2019	As at 31 March 2018
Loss before income taxes	(4,104.22)	(4,539.00)
Enacted tax rates in India	27.82%	30.90%
Tax expense /(asset)	(1,141.79)	(1,402.55)
Other temporary differences	1,141.79	1,402.55
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 2019	As at 31 March 2018
Deferred tax asset		
MAT credit entitlement receivable	10,794.81	6,506.02
Excess of Net book value on property, plant and equipment under Income Tax Act, 1961 over net book value under Companies Act.	38.80	-
Gratuity	31.99	-
Leave encashment	51.04	-
Unabsorbed business loss	1,029.78	4,725.18
Total deferred tax asset	11,946.42	11,231.20
Deferred tax liabilities		
On account of fair valuation land *	(168,264.16)	(171,287.78)
Other financial assets (deposit amortisation)	(37,768.99)	(43,160.68)
Total deferred tax liability	(206,033.15)	(214,448.46)
Deferred tax (liability) net	**(204,881.54)**	**(209,723.28)**
Deferred tax assets	**10,794.81**	**6,506.02**

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

(ii) Movement in temporary differences

Movement during the year ended 31 March 2018	As at 1 April 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)**

Movement during the year ended 31 March 2019	As at 1 April 2018	Credit/ (Charge) in the Statement of Profit and Loss	As at 31 March 2019
On account of fair valuation land *	(171,287.78)	3,023.62	(168,264.16)
Other financial assets (deposit amortisation)	(43,160.68)	5,391.69	(37,768.99)
Unabsorbed business loss	4,725.18	(3,695.40)	1,029.78
Excess of net book value on property, plant and equipment under Income Tax Act, 1961 over net book value under Companies Act.	-	38.80	38.80
Gratuity	-	31.99	31.99
Leave encashment	-	51.04	51.04
MAT credit entitlement	6,506.02	4,288.79	10,794.81
	(203,217.26)	**9,130.53**	**(194,086.73)**

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

(iv) Tax losses carried forward

Particulars	As at 31 March 2019	Expiry date	As at 31 March 2018	Expiry date
Brought forward losses - allowed to carry forward for specified period	3,701.58	Various dates	15,291.83	Various dates

(All amounts in Indian rupees thousands, except share data and where otherwise stated)

22 Contingent liabilities and commitments

Particulars	As at 31 March 2019	As at 31 March 2018
Contingent liability		
Corporate guarantees given to related party	185,861.07	1,006,809.67
Commitments	-	-

23 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) Loss attributable to equity share holders (basic)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net loss for the year (as per the statement of profit and loss)	(1,463.85)	(1,251.14)

ii) Weighted average number of equity shares (basic)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance (refer note 8)	10	10
Effect of fresh issue of shares for cash	-	-
Weighted average number of equity shares of Rs. 10 each for the year	10	10
Profit(loss) per share, basic	(146.39)	(125.11)

B. Diluted loss per share

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

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
As Auditor		
Statutory audit	175.00	175.00
Tax audit	75.00	75.00
Total	**250.00**	**250.00**

25 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 required by the Ind AS 108 on "Operating Segment".

(All amounts in Indian rupees thousands)

26 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 2019	As at 31 March 2018
Defined benefit obligation liability	234.00	119.00
Plan assets	-	-
Net defined benefit (asset)/ liability	**234.00**	**119.00**

B Reconciliation of present value of defined benefit obligation

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Balance at beginning of the year	119.00	-
Benefit paid	-	-
Current service cost	168.00	119.00
Past Service Cost	-	-
Interest cost	9.00	-
Actuarial gain/(loss) recognised in other comprehensive income	-	-
- changes in demographic assumptions	(138.00)	-
- changes in financial assumptions	4.00	-
- experience adjustments	72.00	-
Balance at the end of the year	**234.00**	**119.00**

Net defined benefit liability	**234.00**	**119.00**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	168.00	119.00
Net Interest on net defined benefit liability/ (asset)	9.00	-
Net gratuity cost	**177.00**	**119**

D. Defined benefit obligation

i) Actuarial assumptions

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

Particulars	31 March 2019	31 March 2018
Discount rate	6.70%	7.60%
Future salary growth	5.00%	6.00%
Attrition rate	24.00%	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 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(16.00)	(17.00)	(13.00)	14.00
Future salary growth rate (1% movement)	17.00	16.00	15.00	(14.00)
Withdrawal rate (1% movement)	(10.00)	(10.00)	(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)

27 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
	Ultimate holding Company	Union Investment P Limited, Mauritius (till 22 February 2018)
(b)	Fellow subsidiaries	Aster DM Healthcare FZC, UAE
		Malabar Institute of Medical Sciences

II) *Other related parties*

(a)	Key managerial personnel and relatives*	
	Dr Azad Moopen	Director
	Mrs. Naseera Azad	Director
	Zeba Azad Moopen	Director
	Sreenath Reddy	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 2019

Sl.No.	Nature of transaction	Volume of transactions	
		For the year ended 31 March 2019	**For the year ended 31 March 2018**
1	**Aster DM Healthcare Limited**		
	Lease rent	440.48	440.48
	Guarantee commission received	871.98	1,539.49
	Borrowings repaid	21,817.00	6,360.00
	Expenses paid by Holding company	20,527.99	2,319.85
	Borrowings received	24,230.00	21,188.02
	Interest income under the effective interest method on lease deposit	3,916.57	5,675.49
2	**Malabar Institute of Medcial Sciences**		
	Expense incurred on behalf of subsidiary	211.42	-
3	**Aster DM Healthcare FZC, UAE**		
	Professional fee received	33,817.73	14,910.43

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

Sl No	Particulars	As at 31 March 2019	As at 31 March 2018
1	**Aster DM Healthcare Limited**		
	Short term borrowings	(208,342.80)	(186,626.62)
	Rent and other deposits received	(64,238.00)	60,321.44
	Guarantees outstanding	185,861.07	1,006,809.67
2	**Malabar Institute of Medcial Sciences**		
	Accrued expenses and dues to other creditors	(211.42)	-
3	**Aster DM Healthcare FZC, UAE**		
	Professional fee	20,451.64	7,545.41

(All amounts in Indian rupees thousands)

28 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 2019

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	474.80	-	474.80	-	-	-	-
Other financial assets	6	56.25	-	56.25		-	-	-
Trade receivables	8	20,451.64	-	20,451.64	-	-	-	-
Loans	5	904.27	-	904.27				
Total		**21,886.96**	**-**	**21,886.96**	**-**	**-**	**-**	**-**
Liabilities								
Financial liabilities not measured at fair value*								
Borrowings	11	-	208,342.80	208,342.80	-	-	-	-
Other financial liabilities	12	-	65,064.27	65,064.27	-	-	-	-
Total		**-**	**273,407.07**	**273,407.07**	**-**	**-**	**-**	**-**

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 financial assets	6	53.02	-	53.02	-	-	-	-
Trade receivables	8	7,545.41	-	7,545.41	-	-	-	-
Loans	5	911.13	-	911.13	-	-	-	-
Total		**9,261.97**	**-**	**9,261.97**	**-**	**-**	**-**	**-**
Liabilities								
Financial liabilities not measured at fair value*								
Borrowings	11	-	186,626.62	186,626.62	-	-	-	-
Other financial liabilities	12	-	62,018.04	62,018.04	-	-	-	-
Total		**-**	**248,644.66**	**248,644.66**	**-**	**-**	**-**	**-**

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

(All amounts in Indian rupees thousands)

28 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 board of directors 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.

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.
The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivable based on the past and recent collection trend. The maximum exposure to the credit at the reporting date is primarily from trade receivables amounting to INR 20,451.64 (31 March 2018: INR 7,545.41). There has been no allowance for credit loss recorded in the books during the year (31 March 2018: NIL)

Aster DM Healthcare FZC, Dubai is the single customer for the Company. There is no significant concentration of credit risk.

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 2019:

Particulars	**Payable within 1 year**	**More than 1 year**	**Total**
Borrowings	208,342.80	-	208,342.80
Other financial liabilities	826.27	64,238.00	65,064.27

The table below provides details regarding the 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

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 2019	**INR**	**AED**
Trade receivables	20,451.64	1,070.85
Net assets	**20,451.64**	**1,070.85**

As at 31 March 2018	**INR**	**AED**
Trade receivables	7,545.41	443.85
Net assets / (liabilities)	**7,545.41**	**443.85**

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 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
AED sensitivity				
1% increase in MCLR rate	10.71	4.44	10.71	4.44
1% decrease in MCLR rate	(10.71)	(4.44)	(10.71)	(4.44)

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 does not have any borrowings or deposits with banks as on 31 March 2019 and hence no exposure to interest rate risk.

(All amounts in Indian rupees thousands)

29 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 2019 and 31 March 2018 was as follows:

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Total equity attributable to the equity shareholders of the Company	674,640.41	676,104.26
As a percentage of total capital	**76%**	**78%**
Short-term borrowings	208,342.80	186,626.62
Total borrowings	208,342.80	186,626.62
As a percentage of total capital	**24%**	**22%**
Total capital (equity and borrowings)	**882,983.21**	**862,730.88**

30 Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company in the process of updating the documentation for the international transactions entered into with associated enterprises during the financial period and expects such records to be in existence latest by the date of filing its income tax return as required by the law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of expense and that of provision for taxation.

31 The Company has entered into joint agreement on 1 April 2014 with its parent company, Aster DM Healthcare Limited ('Aster DMH'), for construction 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 owned 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.

32 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

Bangalore
26 May 2019

Dr. Azad Moopen
Director
DIN: 00159403

Dubai
26 May 2019

Sreenath Reddy
Director
DIN: 00946877

Dubai
26 May 2019