INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DM Med City Hospitals (India) Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit 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. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the 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 auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under the applicable laws and regulations.

INDEPENDENT AUDITORS' REPORT (continued)

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

INDEPENDENT AUDITORS' REPORT (continued)

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

2. (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, and statement of cash flows dealt with by this Report are in agreement with the books of account;

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

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

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 any pending litigations as at 31 March 2020 which would impact its financial position.

ii. The Company does not have any long-term contracts including derivative contracts for which the 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 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 2020.

(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 explanation 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 & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W/ W-100024

Baby Paul
Partner
Membership No: 218255
Unique Document Identification Number: 20218255AAAAAY4661

Kochi
10 July 2020

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 2020

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 2020, 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 once in every three years. 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 goods and service tax, 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 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 2020 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 and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.

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 2020 *(continued)*

(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 & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W/ W-100024

Baby Paul
Partner
Membership No: 218255
Unique Document Identification Number: 20218255AAAAAY4661

Kochi
10 July 2020

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 2020

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

(Referred to in paragraph I A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 2020 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 2020, 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.

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 2020 *(continued)*

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 & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W/ W-100024

Baby Paul
Partner
Membership No: 218255
Unique Document Identification Number: 20218255AAAAAY4661

Kochi
10 July 2020

DM Med City Hospitals (India) Private Limited
Balance sheet as at 31 March 2020
(All amounts in Indian rupees thousands)

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	**4**	1,114,811.63	1,119,358.41
Right-of-use assets	**30**	8,272.38	-
Intangible assets	**4**	61.75	119.56
Financial assets			
Investments	**5**	225.00	-
Loans	**6**	936.88	863.14
Other financial assets	**7**	59.73	56.25
Other non-current assets	**8**	-	-
Deferred tax assets	**22**	18,187.44	10,794.81
Income tax assets (net)	**22**	2,245.12	2,016.84
Total non-current assets		**1,144,799.93**	**1,133,209.01**
Current assets			
Financial assets			
Loans	**6**	41.13	41.13
Trade receivables	**9**	30,947.13	20,451.64
Cash and cash equivalents	**10**	1,078.05	474.80
Other current assets	**8**	83.65	133.90
Total current assets		**32,149.96**	**21,101.47**
Total assets		**1,176,949.89**	**1,154,310.48**
`			
Equity and liabilities			
Equity			
Equity share capital	**11**	100.00	100.00
Other equity		731,863.55	674,540.41
Total equity		**731,963.55**	**674,640.41**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	**12**	149,147.89	-
Lease liabilities	**30**	9,484.08	-
Other financial liabilities	**13**	71,882.33	64,238.00
Provisions	**14**	615.00	233.00
Deferred tax liabilities (net)	**22**	201,241.14	204,881.54
Total non-current liabilities		**432,370.44**	**269,352.54**
Current liabilities			
Financial liabilities			
Borrowings	**12**	8,877.38	208,342.80
Lease liabilities	**30**	1,140.55	-
Other financial liabilities	**13**	1,775.19	826.27
Provisions	**14**	176.00	318.00
Other current liabilities	**15**	619.77	451.06
Income tax liabilities (net)	**22**	27.01	379.40
Total current liabilities		**12,615.90**	**210,317.53**
Total equity and liabilities		**1,176,949.89**	**1,154,310.48**
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 & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

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

Baby Paul
Partner
Membership No.: 218255

Kochi
10 July 2020

Dr. Harish Pillai
Director
DIN: 07977973

Banglore
10 July 2020

Sreenath Reddy
Director
DIN: 00946877

Dubai
10 July 2020

DM Med City Hospitals (India) Private Limited
Statement of profit and loss for the year ended 31 March 2020
(All amounts in Indian rupees thousands)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	**16**	43,810.42	33,817.73
Other income	**17**	3,443.88	3,120.93
Total income		**47,254.30**	**36,938.66**
Expenses			
Employee benefits expense	**18**	26,534.82	20,706.91
Finance costs	**19**	8,716.20	5,640.89
Depreciation and amortisation	**20**	5,617.10	4,177.18
Other expenses	**21**	5,853.56	10,517.90
Total expenses		**46,721.68**	**41,042.88**
Profit/(Loss) before Tax		**532.62**	**(4,104.22)**
Tax expense			
Current tax (including MAT)	**22**	5,117.34	6,552.16
Current tax (Prior period)		-	2,263.37
Deferred tax (including MAT credit entitlement)	**22**	(8,225.05)	(9,130.53)
Deferred tax (including MAT credit entitlement) (Prior period)	**22**	(2,281.61)	(2,263.37)
Profit for the year		**5,921.94**	**(1,525.85)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability/ (asset), net of tax		(63.00)	62.00
Total comprehensive income for the year		**5,858.94**	**(1,463.85)**
Earnings per share (equity share of face value of Rs.10 each)	**24**		
Basic and diluted (INR)		585.89	(146.39)
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 & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

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

Baby Paul
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10 July 2020

Dr. Harish Pillai
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DIN: 00946877
Dubai
10 July 2020

DM Med City Hospitals (India) Private Limited
Cash flow statement for the year ended 31 March 2020
(All amounts in Indian rupees thousands)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities		
Profit before tax	**532.62**	**(4,104.22)**
Depreciation and amortisation	5,617.10	4,177.18
Interest income under the effective interest method	(36.12)	(34.28)
Unrealised foreign exchange loss/(gain)	(1,226.60)	(472.32)
Interest income	(3.48)	(3.23)
Allowances for credit losses on financial assets	-	4,121.80
Finance costs	8,716.20	3,916.57
Operating profit before working capital changes	13,599.72	7,601.50
Increase in receivable	(9,268.89)	(12,433.91)
Increase in financial assets and other assets	12.64	(79.38)
Increase in liabilities and provisions	1,294.64	682.16
Cash generated from operating activities before taxes	5,638.11	(4,229.63)
Income taxes paid (net)	(5,698.00)	(14,392.59)
Net cash generated from operating activities (A)	**(59.89)**	**(18,622.22)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(212.02)	(3,371.57)
Investments in subsidiaries	(225.00)	-
Proceeds from sale of property, plant and equipment	596.68	-
Net cash used in investing activities (B)	**159.66**	**(3,371.57)**
Cash flows from financing activities		
Borrowings availed	2,512.38	21,716.18
Payment of lease liabilities	(2,008.90)	-
Net cash used in financing activities (C)	**503.48**	**21,716.18**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	**603.25**	**(277.61)**
Cash and cash equivalents at the beginning of the year	474.80	752.41
Cash and cash equivalents at the end of the year	**1,078.05**	**474.80**

Changes in liabilities arising from financing activities for the year ended 31 March 2020

Particulars	As at 1 April 2019	Cash flows	Non cash changes		As at 31 March 2020
			Acquisition	Foreign exchange	
Non-current borrowings (refer note 12)	-	201,977.80	-	-	201,977.80
Current borrowings (refer note 12)	208,342.80	(199,465.42)	-	-	8,877.38
Total	**208,342.80**	**2,512.38**	-	-	**210,855.18**

Changes in liabilities arising from financing activities for the year ended 31 March 2019

Particulars	As at 1 April 2018	Cash flows	Non cash changes		As at 31 March 2019
			Acquisition	Foreign exchange	
Non-current borrowings	-	-	-	-	-
Current borrowings (refer note 12)	186,626.62	21,716.18	-	-	208,342.80
Total	**186,626.62**	**21,716.18**	-	-	**208,342.80**

(refer to note 10 - 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 & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Baby Paul
Partner
Membership No.: 218255

Kochi
10 July 2020

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

Dr. Harish Pillai
Director
DIN: 07977973

Bangalore
10 July 2020

Sreenath Reddy
Director
DIN: 00946877

Dubai
10 July 2020

DM Med City Hospitals (India) Private Limited
Statement of changes in equity for the year ended 31 March 2020
(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 2018	**10.00**	**100.00**
Changes in equity share capital during the year	-	-
As at 31 March 2019	**10.00**	**100.00**
Changes in equity share capital during the year	-	-
As at 31 March 2020	**10.00**	**100.00**

B Other equity

Particulars	Reseve and surplus		Items of other comprehensive income	Total equity attributable to equity holders of the Company
	Retained earnings	Other equity		
Balance as at 1 April 2018	676,004.26	-	-	676,004.26
Total comprehensive income for the year ended 31 March 2019				
Loss 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 income	**(1,463.85)**	**-**	**-**	**(1,463.85)**
Balance as at 31 March 2019	**674,540.41**	**-**	**-**	**674,540.41**
Balance as at 1 April 2019	**674,540.41**	**-**	**-**	**674,540.41**
Total comprehensive income for the year ended 31 March 2020				
Profit for the year	5,921.94	-	-	5,921.94
Adjustment on initial application of Ind AS 116, net of tax	(1,365.71)	-	-	(1,365.71)
Other comprehensive income	-	-	(63.00)	(63.00)
Transferred to retained earnings	(63.00)		63.00	-
Loan from holding company -equity component (refer note 12)	-	52,829.91	-	52,829.91
Total comprehensive income	**4,493.23**	**52,829.91**	**-**	**57,323.14**
Balance as at 31 March 2020	**679,033.64**	**52,829.91**	**-**	**731,863.55**

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 & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

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

Baby Paul
Partner
Membership No.: 218255
Kochi
10 July 2020

Dr. Harish Pillai
Director
DIN: 07977973
Bangalore
10 July 2020

Sreenath Reddy
Director
DIN: 00946877
Dubai
10 July 2020

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.

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 Company has availed the exemption available under the Act and not presented consolidation financial statements.

The financial statements were authorized for issue by the Company's Board of Directors on 10 July 2020.

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
Net defined benefit liability	Present value of defined benefit obligations

D. Use of estimates and judgements

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

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

2. Basis of preparation (continued)

D. Use of estimates and judgements (continued)

Assumptions and estimation uncertainties

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

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

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

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

Note 29 – Financial instruments.

E. Measurement of fair values

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

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

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

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

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

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

- Note 29: Financial instruments.

F. Recent accounting pronouncements

Amendments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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:

3. Significant accounting policies (continued)

iii) Depreciation (continued)

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.

3.2 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.

3. Significant accounting policies (continued)

3.3 Employee benefits (continued)

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.

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 medical and healthcare services, sale of medicines and other related activities. Ind AS 115, Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services.

3. Significant accounting policies (continued)

3.5 Revenue (continued)

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.

Interest on deployment of surplus funds is recognized using the time proportionate method, based on the transactional interest rates.

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

3.6 Foreign currency transactions

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

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

3.7 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

i. Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date which comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability and depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset on the same basis as those of property, plant and equipment.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. Else the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of

3. Significant accounting policies (continued)

3.7 Leases (continued)

penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing interest, reducing the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification.

The Company has elected not to apply the requirements of Ind AS 116, Leases, to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

ii. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

iii. Transition to Ind AS 116

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.
The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

iv. Impact of COVID-19

The leases that the Company has entered with lessors are long term in nature and changes in terms of those leases expected due to the COVID-19 are not expected to have impact in the financial statements for the year ended 31 March 2020.

Impact on transition

For the impact of Ind AS 116 refer Note 30.

3. Significant accounting policies (continued)

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.

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.

3. Significant accounting policies (continued)

3.8 Financial instruments (continued)

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.

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.

3 Significant accounting policies (continued)

3.8 Financial instruments (continued)

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.

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.

3. Significant accounting policies (continued)

3.8 Impairment (continued)

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.

4. Significant accounting policies (continued)

3.9 Income taxes (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.

(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 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**
Balance at 1 April 2019	1,109,795.67	3,906.19	2,791.47	2,189.75	7,550.15	1,126,233.23
Additions	-	-	55.60		131.20	186.80
Deletions	-	-	-	-	1,034.44	1,034.44
Balance at 31 March 2020	**1,109,795.67**	**3,906.19**	**2,847.07**	**2,189.75**	**6,646.91**	**1,125,385.59**
Accumulated depreciation						
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**
Balance at 1 April 2019	-	1,401.95	956.22	774.73	3,741.92	6,874.82
Depreciation	-	783.38	569.94	439.15	2,344.43	4,136.90
Deletions	-	-	-	-	437.76	437.76
Balance at 31 March 2020	**-**	**2,185.33**	**1,526.16**	**1,213.88**	**5,648.59**	**10,573.96**
Carrying amounts (net)						
At 31 March 2020	**1,109,795.67**	**1,720.86**	**1,320.91**	**975.87**	**998.32**	**1,114,811.63**
At 31 March 2019	1,109,795.67	2,504.24	1,835.25	1,415.02	3,808.23	1,119,358.41

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 2018	183.31	183.31
Additions	52.42	52.42
Deletions	-	-
Balance at 31 March 2019	**235.73**	**235.73**
Balance at 1 April 2019	235.73	235.73
Additions	25.22	25.22
Deletions	-	-
Balance at 31 March 2020	**260.95**	**260.95**
Accumulated amortisation		
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**
Balance at 1 April 2019	116.17	116.17
Amortisation for the year	83.03	83.03
Balance at 31 March 2020	**199.20**	**199.20**
Carrying amounts (net)		
At 31 March 2020	**61.75**	**61.75**
At 31 March 2019	**119.56**	**119.56**

(All amounts in Indian rupees thousands)

		As at 31 March 2020	As at 31 March 2019
5	**Investments**		
	Non-current investments, unquoted		
	Investments in equity instruments of others (at cost)		
	EMED Human Resources (India) Private Limited, India	225.00	-
	15,000 Shares (31 March 2019 : Nil) equity shares of INR 10 each		
		225.00	**-**
6	**Loans**		
	Non-current		
	Unsecured, considered good		
	Security deposits	730.89	616.02
	Deferred rent reserve	205.99	247.12
		936.88	**863.14**
	Current		
	Unsecured, considered good		
	Deferred rent reserve	41.13	41.13
		41.13	**41.13**
7	**Other financial assets**		
	Non-current		
	Balance with banks for margin money	50.00	50.00
	Interest accrued on fixed deposits	9.73	6.25
		59.73	**56.25**
8	**Other assets**		
	Non-current		
	Unsecured		
	Advance for capital goods	4,121.81	4,121.81
		4,121.81	**4,121.81**
	Less: Allowances for credit losses on financial assets	(4,121.81)	(4,121.81)
		-	-
	Current		
	Prepaid expenses	72.96	116.81
	Advances other than capital advance	10.69	17.09
		83.65	**133.90**
	Total other assets	**83.65**	**133.90**
9	**Trade receivables**		
	Current		
	Secured		
	considered good	30,947.13	20,451.64
	considered doubtful	-	-
		30,947.13	**20,451.64**
	Less: Allowances for credit losses	-	-
		30,947.13	**20,451.64**
10	**Cash and cash equivalents**		
	Cash on hand	8.97	2.53
	Balance with banks in current accounts	1,069.08	472.27
		1,078.05	**474.80**
	Book and bank overdraft used for cash management purposes	-	-
	Cash and cash equivalents in statement of cash flows	**1,078.05**	**474.80**

	As at 31 March 2020		As at 31 March 2019	
11 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 2020		As at 31 March 2019	
	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 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 2020		As at 31 March 2019	
	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 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 2020	As at 31 March 2019
12 Borrowings		
Non Current		
Loan from holding company - *Unsecured*	149,147.89	-
Current		
Loan from holding company - *Unsecured*	8,877.38	208,342.80
Total borrowings	**158,025.27**	**208,342.80**

Information about the Company's exposure to interest rate and liquidity risks are included in note 29.

The Company have converted the existing demand loan from the holding company amonting to Rs. 201,977.80, in to a non-interest bearing term loan with a maturity period of 3 years. According Ind AS 109, the portion of equity component has been reclassified in to other equity (refer statement of changes in equity)

	As at 31 March 2020	As at 31 March 2019
13 Other financial liabilties		
Non-current		
Security deposit from holding company	71,882.33	64,238.00
	71,882.33	**64,238.00**
Current		
Accrued expenses and dues to other creditors	1,514.24	823.27
Accrued salaries	260.95	3.00
	1,775.19	**826.27**
Total other financial liabilities	**73,657.52**	**65,064.27**
14 Provisions		
Non-current		
Provision for employee benefits		
Gratuity	615.00	233.00
	615.00	**233.00**
Current		
Provision for employee benefits		
Gratuity	1.00	1.00
Compensated absenses	175.00	317.00
	176.00	**318.00**
	791.00	**551.00**
15 Other liabilities		
Current		
Statutory dues payables	619.77	451.06
	619.77	**451.06**

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

	As at 31 March 2020	Year ended 31 March 2019
16 Revenue from operations		
Professional fee received	43,810.40	33,817.73
	43,810.40	**33,817.73**
17 Other income		
Guarantee commission	1,285.57	871.98
Lease rent	440.48	440.48
Interest income under the effective interest method		
Lease deposit	36.12	34.28
Fixed deposits with banks	3.48	3.23
Other non-operating income	0.27	12.50
Gain on foreign exchange fluctuations	1,677.96	1,758.46
	3,443.88	**3,120.93**
18 Employee benefits expense		
Salaries and allowances	23,873.38	18,655.79
Contribution to provident and other funds	2,191.12	1,757.62
Staff welfare expenses	470.32	293.50
	26,534.82	**20,706.91**
19 Finance cost		
Interest on income tax laibility	-	1,724.32
Interest on lease liabilities (refer note 30)	1,071.88	-
Other borrowing costs / amortised processing charges	7,644.32	3,916.57
	8,716.20	**5,640.89**
20 Depreciation and amortisation		
Depreciation on tangible assets	5,534.07	4,107.05
Amortisation on intangible assets	83.03	70.13
	5,617.10	**4,177.18**
21 Other expenses		
Rates and taxes	23.62	552.68
Legal, professional and other consultancy	2,211.21	794.31
Rent	869.32	2,456.02
Printing and stationery	10.24	22.94
Allowances for credit losses on financial assets	-	4,121.80
Communication	700.72	688.35
Travelling expenses	526.43	233.34
Staff recruitment	29.20	139.25
Power, water and fuel	809.40	832.79
Miscellaneous expenses	673.42	676.42
	5,853.56	**10,517.90**

(All amounts in Indian rupees thousands)

22 A. Income taxes

	As at 31 March 2020	As at 31 March 2019
Income tax assets/(liability)		
Income tax assets	2,245.12	2,016.84
Current income tax liabilities	(27.01)	(379.40)
Net income tax assets/(liability) at the end	**2,218.11**	**1,637.44**

(i) Tax expense recognised in statement of profit and loss

	As at 31 March 2020	As at 31 March 2019
Current tax (including MAT for the year)	5,117.34	6,552.16
Deferred tax (including MAT credit entitlement)	(10,506.66)	(9,130.53)
Tax expense for the year	**(5,389.32)**	**(2,578.37)**

(ii) Reconciliation of effective tax rate

	As at 31 March 2020	As at 31 March 2019
Profit/(Loss) before income taxes	532.62	(4,104.22)
Enacted tax rates in India	27.82%	27.82%
Tax expense /(asset)	148.17	(1,141.79)
Other temporary differences	(148.17)	1,141.79
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 2020	As at 31 March 2019
Deferred tax asset		
MAT credit entitlement receivable	18,187.44	10,794.81
Excess of Net book value on property, plant and equipment under Income Tax Act, 1961 over net book value under Companies Act.	878.93	38.80
Lease liabilities, impact on account of Ind AS 116	526.37	-
Gratuity -	106.27	31.99
Leave encashment	-	51.04
Unabsorbed business loss	1,153.79	1,029.78
Total deferred tax asset	20,852.80	11,946.42
Deferred tax liabilities		
On account of fair valuation land *	(168,264.16)	(168,264.16)
Other financial assets (deposit amortisation)	(35,642.34)	(37,768.99)
Total deferred tax liability	(203,906.50)	(206,033.15)
Deferred tax (liability) net	**(201,241.14)**	**(204,881.54)**
Deferred tax assets	**18,187.44**	**10,794.81**

* 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 2019	As at 01 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)**

Movement during the year ended 31 March 2020	As at 01 April 2019	Credit/ (Charge) in the Statement of Profit and Loss	Recogonised through retained earning	As at 31 March 2020
On account of fair valuation land *	(168,264.16)	-	-	(168,264.16)
Other financial assets (deposit amortisation)	(37,768.99)	2,126.65	-	(35,642.34)
Unabsorbed business loss	1,029.78	124.01	-	1,153.79
Excess of net book value on property, plant and equipment under Income Tax Act, 1961 over net book value under Companies Act.	38.80	840.13	-	878.93
Lease liabilities, impact on account of Ind AS 116	-	-	526.37	526.37
Gratuity	31.99	74.28	-	106.27
Leave encashment	51.04	(51.04)	-	-
MAT credit entitlement	10,794.81	7,392.63	-	18,187.44
	(194,086.73)	**10,506.66**	**526.37**	**(183,053.70)**

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

(iii) Tax losses carried forward

Particulars	As at 31 March 2020	Expiry date	As at 31 March 2019	Expiry date
Brought forward losses - allowed to carry forward for specified period	4,147.36	Various dates	3,701.58	Various dates

23 Contingent liabilities and commitments

Particulars	As at 31 March 2020	As at 31 March 2019
Contingent liability		
Corporate guarantees given to related party	476,700.00	185,861.07

24 Profit/ (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) Profit/(Loss) attributable to equity share holders (basic)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit/(loss) for the year (as per the statement of profit and loss)	5,858.94	(1,463.85)

ii) Weighted average number of equity shares (basic)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening balance (number of shares in thousands)	10.00	10.00
Effect of fresh issue of shares for cash (number of shares in thousands)	-	-
Weighted average number of equity shares of Rs. 10 each for the year (number of shares in thousands)	10.00	10.00
Net profit/(loss) per share, basic	585.89	(146.39)

B. Diluted profit/(loss) per share

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

25 Auditors' remuneration (included under legal and professional charges, net of GST)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
As Auditor		
Statutory audit	200.00	175.00
Tax audit	75.00	75.00
Total	**275.00**	**250.00**

26 Segmental reporting

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

(All amounts in Indian rupees thousands)

27 Employee benefits

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

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

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Defined benefit obligation liability	616.00	234.00
Plan assets	-	-
Net defined benefit liability	616.00	234.00
Compensated absences *	175.00	317.00
Total employee benefit liability	**791.00**	**551.00**

* As at 31 March 2020, due to change in leave policy, the compensated absences are treated as short term commitments.

B Reconciliation of present value of defined benefit obligation

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Balance at beginning of the year	234.00	119.00
Current service cost	303.00	168.00
Interest cost	16.00	9.00
- changes in demographic assumptions	-	(138.00)
- changes in financial assumptions	103.00	4.00
- experience adjustments	(40.00)	72.00
Balance at the end of the year	**616.00**	**234.00**
Net defined benefit liability	**616.00**	**234.00**

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

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Current service cost	303.00	168.00
Net Interest on net defined benefit liability/ (asset)	16.00	9.00
Net gratuity cost	**319.00**	**177.00**

D. Defined benefit obligation

i) Actuarial assumptions

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

Particulars	**31 March 2020**	**31 March 2019**
Discount rate	5.50%	6.70%
Future salary growth	7.00%	5.00%
Attrition rate	24.00%	24.00%

(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 2020**		**31 March 2019**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(39.00)	43.00	(16.00)	(17.00)
Future salary growth rate (1% movement)	42.00	(39.00)	17.00	16.00
Withdrawal rate (1% movement)	(23.00)	24.00	(10.00)	(10.00)

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

(All amounts in Indian rupees thousands)

28 Related parties

A. Related party relationships

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

I) *Enterprises where control exist*

(a)	Ultimate Holding Company	Aster DM Healthcare Limited, India
(b)	Fellow subsidiary	Aster DM Healthcare FZC, UAE
(c)	Fellow subsidiary	Malabar Institute of Medical Sciences Limited, India
(d)	Subsidiary Company	EMED Human Resources (India) Pvt Ltd, India *(with effect from 31 March 2020)*

II) *Other related parties*

(a) Key managerial personnel and relatives*

Dr Azad Moopen	Director
Mrs. Naseera Azad	Director
Mrs. Zeba Azad Moopen	Director
Mr. Sreenath Reddy	Director
Dr. Harish Pillai	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 2020

Sl.No.	Nature of transaction	Volume of transactions	
		Year ended 31 March 2020	Year ended 31 March 2019
1	**Aster DM Healthcare Limited**		
	Lease rent	440.48	440.48
	Guarantee commission received	1,285.57	871.98
	Borrowings repaid	28,030.00	21,817.00
	Expense incured by holding company	10,586.62	20,527.99
	Borrowings received	21,665.00	24,230.00
	Sale of property, plant and equipment	704.08	-
	Purchase of Investment	75.00	-
	Interest expense under the effective interest method on lease deposit	7,644.32	3,916.57
2	**Malabar Institute of Medcial Sciences**		
	Other expenses (related to IT support)	404.70	211.42
3	**Aster DM Healthcare FZC, UAE**		
	Professional fee received	43,810.42	33,817.73

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

Sl No	Particulars	As at 31 March 2020	As at 31 March 2019
1	**Aster DM Healthcare Limited**		
	Long term borrowings	(149,147.89)	-
	Short term borrowings	(8,877.38)	(208,342.80)
	Rent and other deposits received	(71,882.33)	(64,238.00)
	Guarantees outstanding	476,700.00	185,861.07
2	**Malabar Institute of Medcial Sciences**		-
	Other expenses (related to IT support)	(554.51)	(211.42)
3	**Aster DM Healthcare FZC, UAE**		
	Professional fee	30,947.13	20,451.64

(All amounts in Indian rupees thousands)

29 Financial Instruments- Fair values and risk management

A Accounting classifications and fair values

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

As at 31 March 2020

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	10	1,078.05	-	1,078.05	-	-	-	-
Other financial assets	7	59.73	-	59.73		-	-	-
Trade receivables	9	30,947.13	-	30,947.13	-	-	-	-
Loans	6	978.01	-	978.01				
Total		**33,062.92**	**-**	**33,062.92**	**-**	**-**	**-**	**-**
Liabilities								
Financial liabilities not measured at fair value*								
Borrowings	12	-	158,025.27	158,025.27	-	-	-	-
Lease Liabilities	30		10,624.63	10,624.63				
Other financial liabilities	13	-	73,657.52	73,657.52	-	-	-	-
Total		**-**	**242,307.42**	**242,307.42**	**-**	**-**	**-**	**-**

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	10	474.80	-	474.80	-	-	-	-
Other financial assets	7	56.25	-	56.25		-	-	-
Trade receivables	9	20,451.64	-	20,451.64	-	-	-	-
Loans	6	904.27	-	904.27				
Total		**21,886.96**	**-**	**21,886.96**	**-**	**-**	**-**	**-**
Liabilities								
Financial liabilities not measured at fair value*								
Borrowings	12	-	208,342.80	208,342.80	-	-	-	-
Other financial liabilities	13	-	65,064.27	65,064.27	-	-	-	-
Total		**-**	**273,407.07**	**273,407.07**	**-**	**-**	**-**	**-**

*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)

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

B Financial risk management

The Company's activities expose it to a variety of financial risks:
a) Credit Risk
b) Liquidity risk
c) Market risk

i) Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the risk management framework.
The Company’s 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 30,947.13 (31 March 2019: INR 20,451.64). There has been no allowance for credit loss recorded in the books during the year (31 March 2019: 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 2020:

Particulars	Payable within 1 year	More than 1 year	Total
Borrowings	8,877.38	149,147.89	158,025.27
Lease Liabilities	1,140.55	9,484.08	10,624.63
Other financial liabilities	1,775.19	71,882.33	73,657.52

The table below provides details regarding the 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

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 2020	INR	AED
Trade receivables	30,947.13	1,528.82
Net assets	**30,947.13**	**1,528.82**

As at 31 March 2019	INR	AED
Trade receivables	20,451.64	1,070.85
Net assets / (liabilities)	**20,451.64**	**1,070.85**

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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
AED sensitivity				
1% increase in MCLR rate	15.29	10.71	15.29	10.71
1% decrease in MCLR rate	(15.29)	(10.71)	(15.29)	(10.71)

Cash flow and fair value interest rate risk

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

Interest rate risk exposure

The Company’s exposure to interest rate risk is primarily on its bank borrowings and deposits with banks. The Company does not have any borrowings or deposits with banks as on 31 March 2020 and hence no exposure to interest rate risk.

(All amounts in Indian rupees thousands)

30 Leases

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities – i.e. these leases are recorded on the balance sheet.

On transition to Ind AS 116, the Company recognised Rs. 9,669.56 of right-of-use assets and Rs. 11,561.65 of lease liabilities, recognising the difference of Rs. 1,892.09 in retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019 based on the tenure of the lease. The rate applied is 10.15%.

(i) Lease liabilities

Following are the changes in the lease liabilities for the year ended 31 March 2020:

Particulars	**Year ended 31 March 2020**
Balance at 1 April 2019 (on transition)	11,561.65
Finance cost accrued during the period	1,071.88
Payment of lease liabilities	(2,008.90)
Balance as at 31 March 2020	10,624.63
Non-current lease liabilities	9,484.08
Current lease liabilities	1,140.55

(ii) Right-of-use assets

Right-of-use assets are presented on the balance sheet.

	Land and buildings
Balance at 1 April 2019	9,669.56
Depreciation for the year	1,397.18
Balance at 31 March 2020	**8,272.38**

(iii) Amounts recognised in statement of profit or loss

	Year ended 31 March 2020
Interest on lease liabilities	1,071.88
Depreciation on right-of-use assets	1,397.18

(iv) Amounts recognised in statement of cash flows

	Year ended 31 March 2020
Total cash out flow for leases	2,008.90

31 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Total equity attributable to the equity shareholders of the Company	731,963.55	674,640.41
As a percentage of total capital	**82%**	**76%**
Short-term borrowings	8,877.38	208,342.80
Long-term borrowings	149,147.89	-
Total borrowings	158,025.27	208,342.80
As a percentage of total capital	**18%**	**24%**
Total capital (equity and borrowings)	**889,988.82**	**882,983.21**

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 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic has resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimaldisruption. The Company believes that the COVID 19 pandemic will only have a short term impact on its operations and after easing of the lockdown restrictions, the business is expected to return to normal. The Company has considered available internal and external information while finalizing various estimates in relation to its financial statements upto the date of approval of the financial statements by the Board of Directors. Further, the Company has taken various measures to reduce its fixed cost - for example, salary reductions, optimization of administrative costs. Accordingly, the Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months based on the financial position and liquidity as on the date of the balance sheet and as on date of signing of these financialstatements. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions. However, the pandemic did not have any material impact on the financial statement for the year ended 31 March 2020.

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Baby Paul
Partner
Membership No.: 218255

Kochi
10 July 2020

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

Dr. Harish Pillai
Director
DIN: 07977973

Banglore
10 July 2020

Sreenath Reddy
Director
DIN: 00946877

Dubai
10 July 2020