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 2021, 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 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 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.

Key audit matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Reporting of Key audit matters as per SA 701 are not applicable to the company as it is an unlisted company.

Information other than the Financial statements and Auditors’ Report thereon

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

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, loss 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 case 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SA, 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 missions. misrepresentation, 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 statement 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 Directors.

- 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 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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 i it appears from our examination of those book.

   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 2021 taken on record by the Board of Directors none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report express an unmodified opinion on the adequacy and operating effectiveness of the company's financial controls over financials reporting.

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

i. The Company does not have pending litigations as on 31 March 2021 which would affect its financial position.

ii. The Company does not have any long-term contracts including derivative contracts for which the provision for material foreseeable looses 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.

(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.

For **K. Rangamani and Associates LLP**
Chartered Accountants
Firm's Registration No.: S200078

Ganesh Ramaswamy
Partner
Membership No.: 027823
UDIN : 21027823AAAAJG3904
Kochi
Date: 23/7/2021

Annexure A to the Independent Auditors' Report on the financial DM Med City Hospitals (India) Private Limited for the year ended 31 March 2021

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 2021, 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.

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 2021 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, the dues of income tax which have not been deposited with the appropriate authorities on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount *(in 000)*	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	623.02	AY 2018-19	Commissioner of Income Tax (Appeals)

viii. The Company does not have any loans or borrowings from any financial institution, banks, government 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 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 and hence reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.

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 **K. Rangamani and Associates LLP**
Chartered Accountants
Firm's Registration No.: S200078

Ganesh Ramaswamy
Partner
Membership No.: 027823
UDIN : 21027823AAAAJG3904
Kochi
Date: 23/7/2021

Annexure B to the Independent Auditors' Report on the financial statements DM Med City Hospitals (India) Private Limited for the year ended 31 March 2021

Report on the Internal financial controls with reference to the aforesaid financial statements under Clause (1) 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 2021 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 2021, 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 i 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.

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 **K. Rangamani and Associates LLP**
Chartered Accountants
Firm's Registration No.: S200078

Ganesh Ramaswamy
Partner
Membership No.: 027823
UDIN : 21027823AAAAJG3904
Kochi
Date: 23/7/2021

DM MED CITY HOSPITALS (INDIA) PRIVATE LIMITED
Balance Sheet as at 31 March 2021
(All amounts in Indian rupees thousands)

Particulars	Note No	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	**4i**	11,19,733.78	11,14,811.63
Capital Work-in-Progress	**4 ii**	360.00	-
Intangible assets	**4 iii**	249.76	61.75
Right-of-Use Asset	**5**	37,358.79	8,272.38
Financial assets			
Investments	**6**	1,215.00	225.00
Loans	**7**	2,444.31	936.88
Other financial assets	**8**	63.11	59.73
Deferred tax assets	**31**	19,626.96	18,187.44
Income tax assets	**31**	3,079.46	2,245.12
Total non-current assets		**11,84,131.17**	**11,44,799.93**
Current assets			
Financial assets			
Loans	**9**	-	41.13
Trade receivables	**10**	28,221.43	30,947.13
Cash and cash equivalents	**11**	16,367.60	1,078.05
Other financial assets	**12**	53.49	-
Other current assets	**13**	3,131.85	83.65
Total current assets		**47,774.37**	**32,149.96**
Total assets		**12,31,905.54**	**11,76,949.89**
Equity and liabilities			
Equity			
Equity share capital	**14**	100.00	100.00
Other equity	**15**	7,15,081.91	7,31,863.55
Total equity		**7,15,181.91**	**7,31,963.55**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	**16**	1,65,010.90	1,49,147.89
Lease liability	**17**	37,428.07	9,484.08
Other financial liabilities	**18**	80,663.13	71,882.33
Provisions	**19**	996.00	615.00
Deferred tax liabilities	**31**	2,00,506.24	2,01,241.14
Total non-current liabilities		**4,84,604.34**	**4,32,370.44**
Current liabilities			
Financial liabilities			
Lease liabilities	**20**	2,066.83	1,140.55
Other financial liabilities	**21**	29,297.31	10,652.57
Other current liabilities	**22**	753.15	619.77
Provisions	**23**	2.00	176.00
Income tax liabilities	**31**	-	27.01
Total current liabilities		**32,119.29**	**12,615.90**
Total equity and liabilities		**12,31,905.54**	**11,76,949.89**
Contingent Liabilities & Commitments	**24**	**7,38,228.47**	**4,69,611.07**
Significant accounting policies	**3**		

The accompanying notes form an integral part of the Financial Statements

As per our report of even date attached
For **K Rangamani and Associates LLP**
Chartered Accountants
Firm Registration Number: S200078

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

Ganesh Ramaswamy
Partner
Membership No.: 027823
UDIN: 21027823AAAAJG3904

Kochi
Date: 23/07/2021

Harish Pillai
Director
DIN: 07977973

Bengaluru
Date: 23/07/2021

Sreenath Reddy
Director
DIN: 00946877

Dubai
Date: 23/07/2021

DM MED CITY HOSPITALS (INDIA) PRIVATE LIMITED
Statement of profit and loss for the year ended 31 March 2021
(All amounts in Indian rupees thousands)

Particulars	Note No	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Income			
Revenue from operations	**25**	46,704.61	43,810.40
Other income	**26**	3,715.57	3,443.88
Total income		**50,420.18**	**47,254.28**
Expenses			
Employee benefits expense	**27**	29,532.27	26,534.82
Finance cost	**28**	26,103.29	8,716.20
Depreciation and amortisation	**29**	4,986.29	5,617.10
Other Expenses	**30**	6,645.00	5,853.56
Total expenses		**67,266.85**	**46,721.68**
Profit/(Loss) before Tax		**(16,846.67)**	**532.60**
Tax expense	**31**		
Current tax (including MAT)		2,147.39	5,117.34
Deferred tax (including MAT credit entitlement)		(2,174.42)	(8,225.05)
Deferred tax (including MAT credit entitlement) (Prior period)		-	(2,281.61)
Profit/(Loss) after Tax		**(16,819.64)**	**5,921.92**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability/ (asset), net of tax		38.00	(63.00)
Total comprehensive income for the year		**(16,781.64)**	**5,858.92**
Earning per share (equity share of face value of Rs.10 each)	**32**		
Basic and diluted earnings per equity share (INR)		(1,678.16)	585.89
Significant accounting policies	**3**		

The accompanying notes form an integral part of the Financial Statements

As per our report of even date attached
For **K Rangamani and Associates LLP**
Chartered Accountants
Firm Registration Number: S200078

for and on behalf of the Board of Directors of
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DM MED CITY HOSPITALS (INDIA) PRIVATE LIMITED
(All amounts in Indian rupees thousands)
Cash flow statement for the year ended 31 March 2021
(All amounts in Indian rupees thousands)

Particulars	31 March 2021	31 March 2020
Cash flows from operating activities		
Profit / (Loss) before tax	**(16,846.67)**	**532.60**
Adjustments for;		
Depreciation and amortisation	4,986.29	5,617.10
Interest income under the effective interest method	(58.50)	(36.12)
Unrealised foreign exchange loss/(gain)	(1,253.41)	(1,226.60)
Interest income	(73.32)	(3.48)
Finance costs	26,103.29	8,716.20
Operating cash flows before movements in working capital	12,857.68	13,599.72
(Increase)/decrease in trade receivables	3,979.11	(9,268.89)
(Increase)/decrease in other financial assets and other assets	(4,818.49)	12.64
Increase/(decrease) in liabilities and provisions	18,265.29	1,294.64
Cash generated from operating activities before taxes	30,283.59	5,638.11
Income taxes paid (net)	(3,008.74)	(5,698.00)
Net cash generated from / (used in) operating activities (A)	**27,274.85**	**(59.89)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,257.03)	(212.02)
Investments in subsidiaries/Firms	(990.00)	(225.00)
Proceeds on disposal of property, plant and equipment	-	596.68
Interest received	73.32	-
Net cash (used in)/ generated from investing activities (B)	**(9,173.71)**	**159.66**
Cash flows from financing activities		
Borrowings availed	-	2,512.38
Payment of lease liabilities	(2,811.59)	(2,008.90)
Net cash (used in) financing activities (C)	**(2,811.59)**	**503.48**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**15,289.55**	**603.25**
Cash and cash equivalents at the beginning of the year	1,078.05	474.80
Cash and cash equivalents at the end of the year	**16,367.60**	**1,078.05**

Changes in liabilities arising from financing activities for the year ended 31 March 2021

Particulars	As at 1 April 2020	Cash flows	Non cash changes		As at 31 March 2021
			Interest	Foreign exchange	
Non-current borrowings (refer note 16)	2,01,977.80		15,863.01	-	2,17,840.81
Total	**2,01,977.80**	**-**	**15,863.01**	**-**	**2,17,840.81**

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)	-	2,01,977.80	-	-	2,01,977.80
Current borrowings (refer note 21)	2,08,342.80	(1,99,465.42)			8,877.38
Total	**2,08,342.80**	**2,512.38**	**-**	**-**	**2,10,855.18**

(refer to note 11 - 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 **K Rangamani and Associates LLP**
Chartered Accountants
Firm Registration Number: S200078

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

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Date: 23/07/2021

DM Med City Hospitals (India) Private Limited
Statement of changes in equity for the year ended 31 March 2021
(All amounts in Indian rupees thousands)

A. Equity share capital

Particulars	Equity shares (in thousands)	Amount
Equity shares of INR 10 each issued, subscribed and fully paid up		
As at 31 March 2020	**10.00**	**100.00**
Changes in equity share capital during the year	-	
As at 31 March 2021	**10.00**	**100.00**

B Other equity

Particulars	Retained earnings	Capital contribution from parent	Items of other comprehensive income	Total equity attributable to equity holders of the Company
Balance as at 1 April 2019	**6,74,540.41**	-		**6,74,540.41**
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 (Refer note 30)	(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	-	52,829.91	-	52,829.91
Total comprehensive Profit	**4,493.23**	**52,829.91**	**-**	**57,323.14**
Balance as at 31 March 2020	**6,79,033.64**	**52,829.91**	**-**	**7,31,863.55**
Balance as at 1 April 2020	**6,79,033.64**	**52,829.91**	**-**	**7,31,863.55**
Total comprehensive income for the year ended 31 March 2021				
Profit for the year	(16,819.64)	-	-	(16,819.64)
Other comprehensive income	-	-	38.00	38.00
Transferred to retained earnings	38.00		(38.00)	-
Total comprehensive Profit	**(16,781.64)**	**-**	**-**	**(16,781.64)**
Balance as at 31 March 2021	**6,62,252.00**	**52,829.91**	**-**	**7,15,081.91**

The accompanying notes form an integral part of the Financial Statements

For K Rangamani and Associates LLP
Chartered Accountants
Firm registration number: S200078

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

Ganesh Ramaswamy
Partner
Membership No.: 027823
UDIN: 21027823AAAAJG3904

Kochi
Date: 23/07/2021

Harish Pillai
Director
DIN: 07977973

Bengaluru
Date: 23/07/2021

Sreenath Reddy
Director
DIN: 00946877

Dubai
Date: 23/07/2021

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

4 i. Property, plant and equipment

Tangible Assets

Particulars	Freehold Land	Leasehold improvements	Plant & machinery	Furniture & fittings	Computer Equipment	Total
Gross carrying value						
Balance at 1 April 2019	11,09,795.67	3,906.19	2,791.47	2,189.75	7,550.15	11,26,233.23
Additions	-	-	55.60		131.20	186.80
Deletions	-	-	-	-	1,034.44	1,034.44
Balance at 31 March 2020	**11,09,795.67**	**3,906.19**	**2,847.07**	**2,189.75**	**6,646.91**	**11,25,385.59**
Balance at 1 April 2020	11,09,795.67	3,906.19	2,847.07	2,189.75	6,646.91	11,25,385.59
Additions		839.98	614.57	319.29	5,884.59	7,658.43
Deletions						-
Balance at 31 March 2021	**11,09,795.67**	**4,746.17**	**3,461.64**	**2,509.04**	**12,531.50**	**11,33,044.02**
Accumulated depreciation						
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**
Balance at 1 April 2020	**-**	**2,185.33**	**1,526.16**	**1,213.88**	**5,648.59**	**10,573.96**
Depreciation	-	798.69	578.00	440.19	919.40	2,736.28
Deletions						
Balance at 31 March 2021	**-**	**2,984.02**	**2,104.16**	**1,654.07**	**6,567.99**	**13,310.24**
Carrying amounts (net)						
At 31 March 2021	**11,09,795.67**	**1,762.15**	**1,357.48**	**854.97**	**5,963.51**	**11,19,733.78**
At 31 March 2020	**11,09,795.67**	**1,720.86**	**1,320.91**	**975.87**	**998.32**	**11,14,811.63**

4 ii Capital Work in Progress

Balance at 1 April 2020	-
Add: Addition during the year	360.00
Balance at 31 March 2021	**360.00**

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

(All amounts in Indian rupees thousands)

4 iii Intangibles assets

Particulars	**Computer software**	**Total**
Gross carrying value		
Balance at 1 April 2019	235.73	235.73
Depreciation	25.22	25.22
Deletions	-	-
Balance at 31 March 2020	**260.95**	**260.95**
Balance at 1 April 2020	260.95	260.95
Additions	238.60	238.60
Deletions	-	-
Balance at 31 March 2021	**499.55**	**499.55**
Accumulated amortisation		
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**
Balance at 1 April 2020	199.20	199.20
Amortisation for the year	50.59	50.59
Balance at 31 March 2021	**249.79**	**249.79**
Carrying amounts (net)		
At 31 March 2021	**249.76**	**249.76**
At 31 March 2020	**61.75**	**61.75**

(All amounts in Indian rupees thousands)

		As at 31 March 2021	As at 31 March 2020
5	**Right-of-Use Asset**		
	Right of use assets (Refer Note No.38)	37,358.79	8,272.38
		37,358.79	**8,272.38**
6	**Investments**		
	A. Investments in equity instruments		
	a.Subsidiary company (at cost)		
	EMED Human Resources (India) Private Limited, India	225.00	225.00
	15,000 Shares (31 March 2020 : 15000 shares) equity shares of INR 10 each		
	B.Investment in partnership firm		
	Warseps Healthcare LLP	990.00	-
		1,215.00	**225.00**
7	**Non-current Loans**		
	Unsecured, considered good		
	Security deposits	2,444.31	730.89
	Deferred rent reserve	-	205.99
		2,444.31	**936.88**
8	**Other Non-current financial assets**		
	Balance with banks for margin money[#1]	50.00	50.00
	Interest accrued on fixed deposits	13.11	9.73
		63.11	**59.73**

 # 1. Fixed deposit given as security to regulatory authority.

		As at 31 March 2021	As at 31 March 2020
9	**Current Loans**		
	Unsecured, considered good		
	Deferred rent reserve	-	41.13
		-	**41.13**
10	**Trade receivables**		
	Current		
	Unsecured		
	considered good	28,221.43	30,947.13
	considered doubtful	-	-
		28,221.43	**30,947.13**
	Less: Allowances for credit losses	-	-
		28,221.43	**30,947.13**
11	**Cash and cash equivalents**		
	Cash on hand	40.44	8.97
	Balance with banks		
	In current accounts	327.16	1,069.08
	Deposit with original maturity upto 3months	16,000.00	-
		16,367.60	**1,078.05**
12	**Other Current financial assets**		
	Due from related parties	16.60	-
	Interest accrued on fixed deposits	36.89	-
		53.49	**-**
13	**Other Current assets**		
	Prepaid expenses	789.00	72.95
	Balance with statutory / government authorities	1,679.02	-
	Advances other than capital advance	663.83	10.70
		3,131.85	**83.65**

14 Equity Share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Authorised				
Equity shares of ₹10 each	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 of ₹10 each				
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 having par value of ₹10. 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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Equity shares of ₹ 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

Name of the shareholders	As at 31 March 2021		As at 31 March 2020	
	Number of shares (in thousands)	%	Number of shares (in thousands)	%
Equity shares of ₹ 10 each fully paid -up held by				
Aster DM Healthcare Limited, India, the holding company	10.00	100%	10.00	100%

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

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

(All amounts in Indian rupees thousands)

		As at 31 March 2021	As at 31 March 2020
15	**Other equity**		
	Retained earnings	6,62,252.00	6,79,033.64
	Capital contribution from parent	52,829.91	52,829.91
		7,15,081.91	**7,31,863.55**
	Refer Statement of changes in equity for detailed movement in other equity balances		
16	**Non Current Borrowings**		
	Loan from holding company - *Unsecured*	1,65,010.90	1,49,147.89
		1,65,010.90	**1,49,147.89**
	Information about the Company's exposure to interest rate and liquidity risks are included in Note37 .		
17	**Lease liability**		
	Lease liability (Refer Notes 38)	37,428.07	9,484.08
		37,428.07	**9,484.08**
18	**Other financial liabilties**		
	Non-current		
	Security deposit from holding company	80,663.13	71,882.33
		80,663.13	**71,882.33**
19	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Gratuity	996.00	615.00
		996.00	**615.00**
20	**Current liabilities: Lease liabilities**		
	Lease liability (Refer Notes 38)	2,066.83	1,140.55
		2,066.83	**1,140.55**
21	**Current liabilities: Other financial liabilities**		
	Loan from holding company - Unsecured	17,535.48	8,877.38
	Accrued expenses and dues to other creditors	8,294.54	1,514.24
	Accrued salaries	3,467.29	260.95
		29,297.31	**10,652.57**
22	**Other Current liabilities**		
	Statutory dues payables	753.15	619.77
		753.15	**619.77**
23	**Current liabilities: Provisions**		
	Provision for employee benefits		
	Gratuity	2.00	1.00
	Compensated absenses	-	175.00
		2.00	**176.00**
24	**Contingent liabilities and commitments**		
	Contingent liability		
	Corporate guarantees given to related party	7,38,228.47	4,69,611.07
	Disputed demand of income tax for which appeal has been preferred by the company	623.02	-
		7,38,228.47	**4,69,611.07**

The Company is contesting various disallowances by the Indian Income Tax authorities for the AY 2018-19. The associated tax impact for disallowances being more likely than not to be accepted by Tax authorities is Rs.623,020/- and accordingly, no provision is made in these financial statements as of 31 March 2021.

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

		For the Year ended 31 March 2021	For the Year ended 31 March 2020
25	**Revenue from operations**		
	Professional fee received	46,704.61	43,810.40
		46,704.61	**43,810.40**
26	**Other income**		
	Guarantee commission	2,579.27	1,285.57
	Lease rent	440.48	440.48
	Interest on Lease deposit	58.50	36.12
	Interest on fixed deposits with banks	73.32	3.48
	Gain on foreign exchange fluctuations	504.00	1,677.96
	Other non-operating income	60.00	0.27
		3,715.57	**3,443.88**
27	**Employee benefits expense**		
	Salaries and allowances	26,662.30	23,873.38
	Contribution to provident and other funds	2,515.92	2,191.12
	Staff welfare expenses	354.05	470.32
		29,532.27	**26,534.82**
28	**Finance cost**		
	Interest on lease liabilities (Refer note 38)	1,686.29	1,071.88
	Other borrowing costs / amortised processing charges	24,417.00	7,644.32
		26,103.29	**8,716.20**
29	**Depreciation and amortisation**		
	Depreciation on tangible assets (Refer Note.4.i)	2,736.28	5,534.07
	Depreciation on right to use (Refer Note 38)	2,199.42	-
	Amortisation of intagible assets (Refer Note.4.iii)	50.59	83.03
		4,986.29	**5,617.10**
30	**Other Expenses**		
	Rates and taxes	150.77	23.62
	Legal, professional and other consultancy	3,034.16	2,211.21
	Rent	1,262.40	869.32
	Printing and stationery	9.85	10.24
	Communication	1,044.79	700.72
	Travelling expenses	0.26	526.43
	Staff recruitment	-	29.20
	Power, water and fuel	566.71	809.40
	Miscellaneous expenses	576.06	673.42
		6,645.00	**5,853.56**

(All amounts in Indian rupees thousands)

	As at 31 March 2021	As at 31 March 2020
31 A. Income taxes		
A. Recognised deferred tax assets and (liabilities)		
(i) Deferred tax assets and liabilities are attributable to the followings:		
Deferred tax asset		
MAT credit entitlement receivable	19,626.96	18,187.44
Excess of Net book value on property, plant and equipment under Income Tax Act, 1961 over net book value under Companies Act.	216.52	878.93
Lease liabilities, impact on acocunt of Ind AS 116	526.37	526.37
Gratuity	277.64	106.27
Leave encashment	-	-
Unabsorbed business loss	-	1,153.79
Total deferred tax asset	20,647.49	20,852.80
Deferred tax liabilities		
On account of fair valuation land *	(1,68,264.16)	(1,68,264.16)
Other financial assets (deposit amortisation)	(33,262.61)	(35,642.34)
Total deferred tax liability	(2,01,526.77)	(2,03,906.50)
Deferred tax (liability) net	**(2,00,506.24)**	**(2,01,241.14)**
Deferred tax assets	**19,626.96**	**18,187.44**

* 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 2021	As at 01 April 2020	Credit/ (Charge) in the Statement of Profit and Loss	Recognised through retained earning	As at 31 March 2021
On account of fair valuation land *	(1,68,264.16)	-	-	(1,68,264.16)
Other financial assets (deposit amortisation)	(35,642.34)	2,379.73	-	(33,262.61)
Unabsorbed business loss	1,153.79	(1,153.79)		-
Excess of net book value on property, plant and equipment under Income Tax Act,	878.93	(662.41)	-	216.52
Lease liabilities, impact on acocunt of Ind AS 116	526.37	-		526.37
Gratuity	106.27	171.37	-	277.64
Leave encashment	-	-	-	-
MAT credit entitlement	18,187.44	1,439.52	-	19,626.96
	(1,83,053.70)	**2,174.42**	**-**	**(1,80,879.28)**

* 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 2021	Expiry date	As at 31 March 2020	Expiry date
Brought forward losses - allowed to carry forward for	-	Various dates	4,147.36	Various dates

B.Income taxes		
Income tax assets/(liability)		
Income tax assets/(liability)	85.20	2,245.12
Current income tax asset/(Liabilities)	2,994.26	(27.01)
Net income tax assets/(liability) at the end	**3,079.46**	**2,218.11**

(i) Tax expense recognised in statement of profit and loss	As at 31 March 2021	As at 31 March 2020
Current tax (including MAT for the year)	2,147.39	5,117.34
Deferred tax (including MAT credit entitlement)	(2,174.42)	(10,506.66)
Current tax - previous years		-
Tax expense for the year	**(27.03)**	**(5,389.32)**

(ii) Reconciliation of effective tax rate	31 March 2021	31 March 2020
Profit/(Loss) before income taxes	(16,846.67)	532.62
Enacted tax rates in India	27.82%	27.82%
Tax expense /(asset)	(4,686.74)	148.17
Other temporary differences	4,686.74	(148.17)
Un-recognised deferred tax assets	-	-

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

32 Profit/ (Loss) per share

A. Basic profit/(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 2021**	**Year ended 31 March 2020**
Net Profit/(loss) for the year (as per the statement of profit and loss)	(16,781.64)	5,858.92

ii) Weighted average number of equity shares (basic)

Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Opening balance	10	10
Effect of fresh issue of shares for cash	-	-
Weighted average number of equity shares of Rs. 10 each for the year	10	10
Net Profit/(loss) per share, basic	(1,678.16)	585.89

B. Diluted profit/(loss) per share

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

33 Auditors’ remuneration (included under legal and professional charges, net of GST)

Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
As Auditor		
Statutory audit	200.00	200.00
Tax audit	-	75.00
Total	**200.00**	**275.00**

34 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)

35 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 2021**	**As at 31 March 2020**
Defined benefit obligation liability	998.00	616.00
Plan assets	-	-
Net defined benefit (asset)/ liability	**998.00**	**616.00**

B Reconciliation of present value of defined benefit obligation

Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Balance at beginning of the year	616.00	234.00
Current service cost	386.00	303.00
Interest cost	34.00	16.00
- changes in demographic assumptions	-	-
- changes in financial assumptions	29.00	103.00
- experience adjustments	(67.00)	(40.00)
Balance at the end of the year	**998.00**	**616.00**
Net defined benefit liability	**998.00**	**616.00**

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

Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Current service cost	386.00	303.00
Net Interest on net defined benefit liability/ (asset)	34.00	16.00
Net gratuity cost	**420.00**	**319.00**

D. Defined benefit obligation

i) Actuarial assumptions

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

Particulars	**31 March 2021**	**31 March 2020**
Discount rate	5.00%	5.50%
Future salary growth	7.00%	7.00%
Withdrawal 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 2021**		**31 March 2020**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(57.00)	63.00	(39.00)	43.00
Future salary growth rate (1% movement)	61.00	(57.00)	42.00	(39.00)
Withdrawal rate (1% movement)	(29.00)	30.00	(23.00)	24.00

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)

36 Related parties

A. Related party relationships

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

I) *Enterprises where control exist*

(a)	Holding company	Aster DM Healthcare Limited, India
(b)	Fellow subsidiary	Aster DM Healthcare FZC, UAE
(c)	Fellow subsidiary	Malabar Institute of Medical Sciences
(d)	Subsidiary Company	EMED Human Resources (India) Pvt Ltd
(e)	Enterprises controlled by the company	Warseps Healthcare LLP

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 2021

Sl.No.	Nature of transaction	Volume of transactions	
		For the year ended 31 March 2021	**For the year ended 31 March 2020**
1	**Aster DM Healthcare Limited**		
	Lease rent	440.48	440.48
	Guarantee commission received	2,714.03	1,285.57
	Borrowings repaid	7,200.00	28,030.00
	Expense incured by holding company	9,023.46	10,586.62
	Borrowings received	7,665.00	21,665.00
	Disbursement of dues payable	9.08	84.20
	Interest on loan under Ind AS-109	15,863.01	-
	Receipt against the collection	129.76	730.09
	Sale of fixed asset	-	704.09
	Purchase of Investment	-	75.00
	Purchase of fixed asset	2,203.48	-
	Interest income under the effective interest method on lease deposit	24,417.00	7,644.32
2	**Malabar Institute of Medcial Sciences**		
	Disbursement of dues payable	404.70	
	Other expenses	-	404.70
3	**Aster DM Healthcare FZC, UAE**		
	Professional fee received	46,704.61	43,810.42
4	**Warseps Healthcare LLP**		
	Purchase of Investment	990.00	-
	Expense incured by the company	16.60	-

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

Sl No	Particulars	As at 31 March 2021	As at 31 March 2020
1	**Aster DM Healthcare Limited**		
	long term borrowings	(1,65,010.90)	(1,49,147.89)
	Other current financial liabilities	(17,535.48)	(8,877.38)
	Rent and other deposits received	(80,663.13)	(71,882.33)
	Guarantees outstanding	7,38,228.47	4,69,611.07
2	**Malabar Institute of Medcial Sciences**		
	Other expenses	-	(554.51)
3	**Aster DM Healthcare FZC, UAE**		
	Professional fee	28,221.43	30,947.13
4	**Warseps Healthcare LLP**	16.6	-

(All amounts in Indian rupees thousands)

37 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 2021

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*								
Investments	5	1,215.00		1,215.00				
Loans	7	2,444.31	-	2,444.31				
Other financial assets	8	116.60	-	116.60		-	-	-
Trade receivables	10	28,221.43	-	28,221.43	-	-	-	-
Cash and cash equivalents	11	16,367.60	-	16,367.60	-	-	-	-
Total		**48,364.94**	**-**	**48,364.94**	**-**	**-**	**-**	**-**
Liabilities								
Financial liabilities not measured at fair value*								
Borrowings	16	-	1,65,010.90	1,65,010.90	-	-	-	-
Lease Liabilities	30		39,494.90	39,494.90				
Other financial liabilities	21	-	1,09,960.44	1,09,960.44	-	-	-	-
Total		**-**	**3,14,466.24**	**3,14,466.24**	**-**	**-**	**-**	**-**

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*								
Investments	5	225.00		225.00				
Loans	7	978.01	-	978.01				
Other financial assets	8	59.73	-	59.73		-	-	-
Trade receivables	10	30,947.13	-	30,947.13	-	-	-	-
Cash and cash equivalents	11	1,078.05	-	1,078.05	-	-	-	-
Total		**33,287.92**	**-**	**33,287.92**	**-**	**-**	**-**	**-**
Liabilities								
Financial liabilities not measured at fair value*								
Borrowings	16	-	1,49,147.89	1,49,147.89	-	-	-	-
Lease Liabilities	30	-	10,624.63	10,624.63	-	-	-	-
Other financial liabilities	18	-	82,534.90	82,534.90	-	-	-	-
Total		**-**	**2,42,307.42**	**2,42,307.42**	**-**	**-**	**-**	**-**

*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)

37 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 28,221.43 (31 March 2020: INR 30,947.13). There has been no allowance for credit loss recorded in the books during the year (31 March 2020: 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 2021:

Particulars	**Payable within 1 year**	**More than 1 year**	**Total**
Borrowings	-	1,65,010.90	1,65,010.90
Lease Liabilities	2,066.83	37,428.07	39,494.90
Other financial liabilities	29,297.31	80,663.13	1,09,960.44

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2020:

Particulars	**Payable within 1 year**	**More than 1 year**	**Total**
Borrowings	-	1,49,147.89	1,49,147.89
Lease Liabilities	1,140.55	9,484.08	10,624.63
Other financial liabilities	10,652.57	71,882.33	82,534.90

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 2021	**INR**	**AED**
Trade receivables	28,221.43	1,415.32
Net assets	**28,221.43**	**1,415.32**

As at 31 March 2020	**INR**	**AED**
Trade receivables	30,947.13	1,528.82
Net assets / (liabilities)	**30,947.13**	**1,528.82**

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 2021	**As at 31 March 2020**	**As at 31 March 2021**	**As at 31 March 2020**
AED sensitivity				
1% increase in MCLR rate	14.15	15.29	14.15	15.29
1% decrease in MCLR rate	(14.15)	(15.29)	(14.15)	(15.29)

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 2021 and hence no exposure to interest rate risk.

(All amounts in Indian rupees thousands)

38 Leases

Assets taken on lease are accounted as right-of-use assets and the corresponding lease liability is accounted at the lease commencement date.

(i) Lease liabilities

Following are the changes in the lease liabilities for the year ended 31 March 2021:

Particulars	Year ended 31 March 2021
Balance at 1 April 2020	10,624.63
Add:Recognized during the year	29,995.57
Add:Finance cost accrued during the period	1,686.29
Less: Payment of lease liabilities	(2,811.59)
Balance as at 31 March 2021	39,494.90
Non-current lease liabilities	37,428.07
Current lease liabilities	2,066.83

(ii) Right-of-use assets

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

	Land and buildings
Balance at 1 April 2020	8,272.38
Add: Deferred leases expenses (under current and non current assets) transferred to right of use assets	247.12
Addition during the year	31,038.71
Depreciation for the year	(2,199.42)
Balance at 31 March 2021	**37,358.79**

(iii) Amounts recognised in statement of profit or loss

	Year ended 31 March 2021
Interest on lease liabilities	1,686.29
Depreciation on right-of-use assets	(2,199.42)

(iv) Amounts recognised in statement of cash flows

	Year ended 31 March 2021
Total cash out flow for leases	2,811.59

39 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 2021 and 31 March 2020 was as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Total equity attributable to the equity shareholders of the Company	7,15,181.91	7,31,963.55
As a percentage of total capital	**80%**	**82%**
Short-term borrowings	17,535.48	8,877.38
Long-term borrowings	1,65,010.90	1,49,147.89
Total borrowings	1,82,546.38	1,58,025.27
As a percentage of total capital	**20%**	**18%**
Total capital (equity and borrowings)	**8,97,728.29**	**8,89,988.82**

9 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.

10 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.

11 The Indian Parliament has approved the Code on Social Security, 2020 and Code on Wages, 2019 ['Codes'] relating to employee benefits during employment and post-employment benefits in September 2020 and the same has received Presidential Assent. The Codes have been published in the Gazette of lndia. However, the date on which the Codes will come into effect has not yet been notified. The Company will need to assess the impact of the above. The impact will be recorded in the first period after the Codes become effective

12 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic 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 adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption and has considered available internal and external information up to the date of approval of the financial statements by the Board of Directors. The Company has used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and the Company has evaluated impact of the pandemic in assessing the recoverability of property plant and equipment (including Capital work in progress), investments, intangibles, inventories, receivables and other assets based on its review of current indicators of future economic conditions. Based on current estimates, including the availability of financing facilities for maintaining liquidity, the Company expects to fully recover the carrying amount of these assets. Further, the Company has taken various measures to reduce its fixed cost - for example, salary reductions, optimization of administrative, sales and marketing costs, deferment of capex along with judicious resource allocation and requesting for the waiver of rent on premises taken on lease. The eventual outcome of impact of the global health pandemic may be different from that which has been estimated as on the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any, and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise.

13 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 **K Rangamani and Associates LLP**
Chartered Accountants
Firm registration number: S200078

Ganesh Ramaswamy
Partner
Membership No.: 27823
UDIN: 21027823AAAAJG3904
Kochi
Date: 23/07/2021

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

Bengaluru
Date: 23/07/2021

Sreenath Reddy
Director
DIN: 00946877

Dubai
Date: 23/07/2021

DM Med City Hospitals (India) Private Limited
Notes to the financial statements
For the year ended March 31, 2021.
(All amounts in Indian rupees thousands)

1. Company overview

DM Med City 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 Calicut 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.

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

B. Functional and presentation currency

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

C. Basis of measurement

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

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

D. Use of estimates and judgements.

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

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

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

Note 35 – Measurement of defined benefit obligations: key actuarial assumptions.

Note 37 – 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 value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 or indirectly.
- Level 3: inputs for the asset or liability are unobservable inputs.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting policies

3.1 Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The cost of fixed assets not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

ii. Depreciation

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

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

Class of assets	Years
Plant and machinery	5
Computer equipment	3
Furniture and fittings	5

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

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized 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

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

3.3 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, 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, performance incentives which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

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 and Employee’s State Insurance. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans.

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

The Company has a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Company. Presently the Company’s gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit and loss.

The liability or asset recognized in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
Service and interest cost on the Company’s defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

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 recognized in other comprehensive income in the period in which they arise.

3.4 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3.5 Contingent liabilities

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.6 Revenue

Revenue from contract with customers

The Company generates revenue from rendering of primarily business process management services and other support services.

Ind AS 115 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts. Under Ind AS 115, revenue is recognized when a customer obtains control of the goods or services. The Company has adopted Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e., 01 April 2018) being included in retained earnings.

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

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

3.7 Foreign currency transactions

The functional currency of the Company is the Indian Rupee (INR). These financial statements are presented in INR (₹). In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

3.8 Leases

i. Determining whether an arrangement contains a lease

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

ii.Assets held under leases

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

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

iii. Lease payments

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

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.
Lease payments included in the measurement of the lease liability comprise the following:
– Fixed payments, including in-substance fixed payments.
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.
The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17

Finance Lease

Leases are classified as Finance Lease whenever the terms of the lease, transfer substantially, all the risks and rewards of ownership of the lease. All other leases are classified as Operating lease.

Operating Lease

In the comparative period, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.9 Financial instruments

i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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 amortized 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 amortized 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 amortized 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 amortized 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.

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 recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized 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 amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets

The Company derecognizes 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 recognized 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 derecognized.

Financial liabilities

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

The Company also derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized 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 realize the asset and settle the liability simultaneously.

3.10 Impairment

i) Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized 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.

Measurement of expected credit losses

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

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

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

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

In respect of assets for which impairment loss has been recognized 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 amortization, if no impairment loss had been recognized.

3.11 Recognition of interest income or interest expense and rental income

Interest income or expense is recognized 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.

3.12 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.

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.

3.13 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.

3.14 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.

3.15 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.