Notes to the Standalone Financial Statements

1. Company overview

Aster DM Healthcare Limited ('the Company") primarily carries on the business of rendering healthcare and allied services in India. The Company was converted into a public limited company with effect from 1 January 2015. The Company is a subsidiary of Union Investments Private Limited, Mauritius Which is also the ultimate holding Company (till 22 February 2018). The Company listed its shares in Bombay Stock Exchange Limited and National Stock Exchange Limited in India on 26 February 2018.

The Company owns and operates certain hospitals and also enters into management agreements with hospitals under which the Company acquires the operating control of the hospitals. The Company has subsidiaries in United Arab Emirates ('UAE'), Oman, Kingdom of Saudi Arabia ('KSA'), Bahrain, Qatar, Kuwait, Jordan, Philippines and India.

2. Basis of preparation

A. Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant amended rules prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 21 May 2018.

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

B. Functional and presentation currency

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

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit liability	Present value of defined benefit obligations

D. Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the notes:

- Note 37- lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 4 and 5 - measurement of useful life and residual value of property, plant and equipment and intangible assets;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 29 – recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;
- Note 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 35 – impairment of financial assets.

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 audit committee.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 39: share-based payment arrangements.

- Note 35: financial instruments.

F. Recent Accounting Pronouncements

Ind AS 115, Revenue from Contract with Customers

On 28 March 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after 1 April 2018.

The company will adopt the standard on 1 April 2018 by using cumulative catch up transition method and accordingly, comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect of adoption of Ind AS 115 is not expected to be material.

3. Significant accounting policies

3.1 Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

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

ii. Subsequent expenditure

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

Notes to the Standalone Financial Statements

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the profit or loss. Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Class of assets	Previous useful life	Revised useful life
Buildings	60	60
Plant and equipment	5	15
Medical equipment*	10	10-13
Motor vehicles *	5	5
Computer equipment	3	3
Servers and networks	6	6
Furniture and fixtures *	5	5-10
Electrical equipment	5	10

* For the above mentioned classes of assets, based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Change in estimated useful life: With effect from 1 April 2017, based on the technical evaluation, the Company has revised the estimated useful lives of certain categories of property, plant and equipment. The change in accounting estimate is applied prospectively in accordance with Ind AS 8, 'Accounting policies, changes in accounting estimates and errors' and has an impact on the depreciation expense. The financial impact due to the change in the estimate is disclosed in Note 4. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.2 Intangible assets

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

The estimated useful lives are as follows:

Class of assets	Years
Software	3
Trademarks	3

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

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

3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises purchase price, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventory consisting of medicines and medical consumables.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable values is made on an item-by-item basis.

3.4 Impairment

i. Impairment of financial instruments

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

ii. Impairment of non- financial assets

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

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

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

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

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Employee benefits

Short-term employee benefits

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

Post-employment benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

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

Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and

Notes to the Standalone Financial Statements

prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in other comprehensive income in the period in which they arise.

Share- based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.6 Provisions (other than employee benefits)

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

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

3.7 Revenue

Revenue from medical and healthcare services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered.

Revenue is recognised net of discounts given to the patients.

Revenue from sale of medical consumables and drugs within the hospital premises is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

'Unbilled revenue' represents value to the extent of medical and healthcare services rendered to the patients who are undergoing treatment/ observation on the balance sheet date and is not billed as at the balance sheet date.

Income from services rendered is recognised based on agreements / arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

3.8 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.9 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

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

iii. Lease payments

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

3.10 Recognition of dividend income, interest income or interest expense

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

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

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

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

3.11 Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

3.12 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.13 Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

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

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

v. **Derivative financial instruments**

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

3.14 Earnings / (loss) per share

The basic earnings / (loss) per share ('EPS') 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 profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.16 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

Notes to the Standalone Financial Statements

4. Property, plant and equipment and capital work-in-progress

₹ in Millions

Particulars	Freehold land	Buildings *	Leasehold improvements	Furniture and fixtures	Electrical equipment	Plant and equipment	Computer Equipment	Medical equipment	Servers and Networks	Motor Vehicles	Total (A)	Capital work- in -progess (B)	Total (A+B)
Gross carrying value													
Balance at 1 April 2016	1,057.77	1,713.92	-	417.46	268.19	459.75	56.14	2,012.02	78.05	40.13	6,103.43	1,304.87	7,408.30
Additions/(transfers)	21.55	96.61	839.81	52.23	14.22	69.32	33.47	1,209.62	1.00	2.17	2,340.00	(675.24)	1,664.76
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2017	**1,079.32**	**1,810.53**	**839.81**	**469.69**	**282.41**	**529.07**	**89.61**	**3,221.64**	**79.05**	**42.30**	**8,443.43**	**629.63**	**9,073.06**
Balance at 1 April 2017	1,079.32	1,810.53	839.81	469.69	282.41	529.07	89.61	3,221.64	79.05	42.30	8,443.43	629.63	9,073.06
Additions/(transfers)	2.24	745.18	5.15	47.01	28.91	62.69	11.75	249.44	6.46	0.33	1,159.16	(456.06)	703.10
Disposals	-	-	-	-	-	-	-	-	-	9.31	9.31	-	9.31
Balance at 31 March 2018	**1,081.56**	**2,555.71**	**844.96**	**516.70**	**311.32**	**591.76**	**101.36**	**3,471.08**	**85.51**	**33.32**	**9,593.28**	**173.57**	**9,766.85**
Accumulated Depreciation													
Balance at 1 April 2016	-	36.96	-	112.38	89.09	124.34	22.74	273.65	20.16	14.59	693.91	-	693.91
Depreciation for the year		28.99	53.25	88.63	54.75	95.79	23.74	282.51	13.10	6.05	646.81	-	646.81
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2017	**-**	**65.95**	**53.25**	**201.01**	**143.84**	**220.13**	**46.48**	**556.16**	**33.26**	**20.64**	**1,340.72**	**-**	**1,340.72**
Balance at 1 April 2017	-	65.95	53.25	201.01	143.84	220.13	46.48	556.16	33.26	20.64	1,340.72	-	1,340.72
Depreciation for the year	-	32.35	108.86	47.46	19.84	30.89	24.45	278.22	13.69	6.30	562.06	-	562.06
Disposals	-	-	-	-	-	-	-	-	-	9.31	9.31	-	9.31
Balance at 31 March 2018	**-**	**98.30**	**162.11**	**248.47**	**163.68**	**251.02**	**70.93**	**834.38**	**46.95**	**17.63**	**1,893.47**	**-**	**1,893.47**
Carrying amounts (net)													
At 31 March 2018	**1,081.56**	**2,457.41**	**682.85**	**268.23**	**147.64**	**340.74**	**30.43**	**2,636.70**	**38.56**	**15.69**	**7,699.81**	**173.57**	**7,873.38**
At 31 March 2017	**1,079.32**	**1,744.58**	**786.56**	**268.68**	**138.57**	**308.94**	**43.13**	**2,665.48**	**45.79**	**21.66**	**7,102.71**	**629.63**	**7,732.34**

a) Property, plant and equipment and capital work-in-progress includes borrowing cost capitalised in accordance with Ind AS 23 - Borrowing cost aggregating INR 26.82 (31 March 2017 INR 133.14).

b) Capital work in progress represents expenditure towards construction of hospitals at Kochi and Bangalore

c) For details of property, plant and equipment pledged, refer Note 15

d) With effect from 1 April 2017, the Group has revised the useful lives of certain property, plant and equipment. The change in accounting estimate is applied prospectively in accordance with Ind AS 8; 'Accounting policies, changes in accounting estimates and errors. The effect of these changes on the depreciation charge in the current and future years is as follows:

For the year ended	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
Decrease in depreciation charge	291.28	305.15	198.24	98.53	10.00

* Includes buildings constructed on land pursuant to the arrangement described in Note 41

Notes to the Standalone Financial Statements

5. Intangible assets

₹ in Millions

	Computer software	Trade Marks	Total
Gross carrying value			
Balance at 1 April 2016	81.98	0.98	82.96
Additions	13.20	0.14	13.34
Disposals	-	-	-
Balance at 31 March 2017	**95.18**	**1.12**	**96.30**
Balance at 1 April 2017	95.18	1.12	96.30
Additions/transfers			-
Additions	11.40	0.04	11.44
Disposals	-	-	-
Balance at 31 March 2018	**106.58**	**1.16**	**107.74**
Accumulated amortisation			
Balance at 1 April 2016	26.07	0.57	26.64
Amortisation for the year	28.75	0.18	28.93
Balance at 31 March 2017	**54.82**	**0.75**	**55.57**
Balance at 1 April 2017	54.82	0.75	55.57
Amortisation for the year	28.55	0.16	28.71
Balance at 31 March 2018	**83.37**	**0.91**	**84.28**
Carrying amounts (net)			
At 31 March 2018	**23.21**	**0.25**	**23.46**
At 31 March 2017	**40.36**	**0.37**	**40.73**

6. Investments

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Non-current investments, unquoted		
Investments in equity instruments of subsidiaries(at cost)		
Aster DM Healthcare (Trivandrum) Private Limited, India 8,009,999 (31 March 2017: 8,009,999) equity shares of INR 10 each	80.10	80.10
DM Med City Hospitals India Private Limited, India 9,999 (31 March 2017: 9,999) equity shares of INR 10 each	0.10	0.10
Prerana Hospital Limited, India 2,626,100 (31 March 2017: 2,626,100) equity shares of INR 10 each	231.93	231.93
Ambady Infrastructure Private Limited, India 1,501,000 (31 March 2017: 1,501,000) equity shares of INR 100 each	191.67	191.67
Affinity Holdings Private Limited, Mauritius 1,000 (31 March 2017 : 1,000) equity shares of USD 1 each	0.05	0.05
Sri Sainatha Multi-Speciality Hospital Private Limited, India 1,000 (31 March 2017 : 1,000) Class A Equity shares of INR 10 each	0.10	0.10
Sri Sainatha Multi-Speciality Hospital Private Limited, India 4,071,188 (31 March 2017 : 3,289,938) Class B Equity shares of INR 10 each	421.58	341.51
Malabar Institute Of Medical Sciences Limited, India 64,198,863 (31 March 2017 : 64,198,863) equity shares of INR 10 each	2,111.70	2,111.70
Dr.Ramesh Cardiac and Multi- Speciality Hospital Private Limited, India 5,500,771 (31 March 2017 : 5,500,771) equity shares of INR 10 each	2,726.78	2,726.79
Investments in preference shares of subsidiaries at amortised cost		
Affinity Holdings Private Limited, Mauritius 225,604,675 (31 March 2017 : 234,589,675) non-cumulative redeemable preference shares of USD 1 each	14,975.07	15,571.47
Prerana Hospital Limited, India 1,531,167 (31 March 2017 : 1,531,167) compulsory covertable preference shares of INR 10 each	119.43	119.43
EMED Human Resources (India) Private Limited, India 5,000 (31 March 2017 : 5,000) equity shares of INR 10 each	0.05	0.05
	20,858.56	**21,374.90**
Aggregate book value of unquoted investments	20,858.56	21,374.90

Notes to the Standalone Financial Statements

7. Other financial assets

	As at 31 March 2018	As at 31 March 2017
		₹ in Millions
Non-current		
Unsecured, considered good		
Rent and other deposits	387.26	354.53
Restricted deposits	9.39	67.12
	396.65	**421.65**
Current		
Unsecured, considered good		
Unbilled revenue	61.24	76.38
Interest accrued on fixed deposits with banks	9.43	8.18
Receivable from a subsidiary	-	453.95
Security Deposit*	30.00	-
	100.67	**538.51**
	497.32	**960.16**

*Represents amount deposited with the stock exchange as per Regulation 7 of SEBI ICDR Regulations.

8. Other assets

	As at 31 March 2018	As at 31 March 2017
		₹ in Millions
Non-current		
Deferred lease expenses	415.90	451.68
Advances for capital goods	113.86	59.35
	529.76	**511.03**
Current		
Prepaid expenses	38.88	26.43
Deferred lease expenses	36.21	36.05
Balance with statutory / government authorities	3.15	5.08
Advance against investment in subsidiaries*	-	79.80
Payment to vendors for supply of goods and services	49.85	23.12
Other loans and advances	8.10	101.10
	136.19	**271.58**
	665.95	**782.61**

* Represents advance given for investment in Sri Sainatha Multi-Speciality Hospital Private Limited in financial year 2015 deposited in an escrow account jointly held by the directors of Sri Sainatha Multi-Speciality Hospital Private Limited and the Company. The Company has received equity shares against the amount during the current financial year.

Notes to the Standalone Financial Statements

9. Inventories

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
(Valued at lower of cost and realisable value)		
Stock in trade including medical consumables	153.92	197.91
Stores and spares	15.43	8.95
	169.35	**206.86**

* for details of inventories pledged, refer Note 15

10. Trade receivables

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Current		
Unsecured		
considered good	306.66	245.85
considered doubtful	20.54	13.63
	327.20	**259.48**
Allowances for expected credit loss	(21.89)	(14.97)
Net trade receivables	**305.31**	**244.51**

Of the above , trade receivables from related parties are as below:

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Total trade receivables from related parties	39.36	26.10
Loss allowance	-	-
Net trade receivables	**39.36**	**26.10**

For details of trade receivables pledged, refer note 15

The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 35

11. Cash and cash equivalents

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Balance with banks		
- in current accounts	218.48	128.78
- in deposit accounts	609.40	4.05
Cash on hand	10.62	14.01
Cash and cash equivalents in balance sheet	**838.50**	**146.84**
Book overdrafts used for cash management purposes	-	47.29
Cash and cash equivalents in the statement of cash flows	**838.50**	**99.55**

(Also refer note 42)

Notes to the Standalone Financial Statements

12. Bank balances

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Balance in banks for margin money	216.77	43.42
In deposit accounts (with original maturity of more than 3 months)	578.33	-
	795.10	**43.42**

(Also refer note 42)

13. Loans

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Current		
Unsecured, considered good		
Dues from related parties	638.40	563.01
Considered doubtful, unsecured		
Dues from related parties	134.82	134.82
Less : loss allowance	(134.82)	(134.82)
	638.40	**563.01**

14. Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Authorised				
Equity shares of INR 10 each	550.00	5,500.00	550.00	5,500.00
Compulsory convertible preference shares (CCPS) of INR 10 each	66.20	662.00	66.20	662.00
	616.20	**6,162.00**	**616.20**	**6,162.00**
Issued, subscribed and paid-up				
Equity shares of INR 10 each	505.23	5,052.29	403.22	4,032.22
Compulsory convertible preference shares (CCPS) of INR 10 each	-	-	64.01	640.10
	505.23	**5,052.29**	**467.23**	**4,672.32**
Reconcilation of shares outstanding at the beginning and at the end of the reporting period				
Equity shares of INR.10 each fully paid-up				
At the beginning of the year	403.22	4,032.22	403.05	4,030.52
Conversion of CCPS to equity (Refer Note (a) below)	63.85	638.49	-	-
Shares issued for cash	38.16	381.58	0.17	1.70
At the end of the year	**505.23**	**5,052.29**	**403.22**	**4,032.22**
Preference shares of INR 10 each fully paid-up				
Series A compulsory convertible preference share capital				
At the beginning of the year	12.76	127.63	-	-
Conversion of financial liability to equity	-	-	12.76	127.63
Conversion of CCPS to equity (Refer Note (a) below)	(12.76)	(127.63)	-	-
At the end of the year	**-**	**-**	**12.76**	**127.63**
RAR compulsory convertible preference share capital				
At the beginning of the year	51.10	510.99	-	-
Conversion of financial liability to equity	-	-	51.10	510.99
Conversion of CCPS to equity (Refer Note (a) below)	(51.10)	(510.99)	-	-
At the end of the year	**-**	**-**	**51.10**	**510.99**
Total	**505.23**	**5,052.29**	**467.08**	**4,670.84**

Notes to the Standalone Financial Statements

14. Share capital (contd..)

(a) 13.85 Series A compulsory convertible preference shares of INR 10 each and 50.16 RAR compulsory convertible preference shares of INR 10 each (aggregate face value of INR 640.10) were issued during the year 2014-15 and 2015-16 respectively, were initially classified as financial liabilities (See Note 15). However, modification to the terms of these instruments in March 2017 led to the extinguishment of the related financial liabilities and the recognition of the same as equity. Subsequently, on 20 November 2017, the Series A and RAR compulsory convertible preference shares have been converted into 12.76 and 51.09 equity shares respectively, in the Company.

(b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time and subject to dividend payable to preference shareholdeINR The voting rights of an equity shareholder on a poll (not on show of hands) is 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.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

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

(c) Rights, preferences and restrictions attached to series A compulsory convertible preference shares

0.00001% Series A, compulsory convertible preference shares (Series A CCPS) of INR 10 each.

Upon expiry of the 9th anniversary of the Completion Date, the Series A CCPS shall be compulsorily converted in to equity shares of the Company as per the manner mentioned in the share subscription agreement.

The Series A CCPS shall confer on the holder the right to receive, in priority to the holders of any other class of shares in the capital of the Company, a preference dividend on the face value of the Series A CCPS, such dividend to be apportioned and paid up on the Series A CCPS during any portion or portions of the period in respect of which the preference dividend is paid.

Rights to receive preference dividend shall be cumulative, and the right to receive the preference dividend shall accrue to the holders of the Series A CCPS whether the preference dividend is declared or not in any year.

The holder of Series A CCPS shall also be entitled to any dividend declared on the equity shares of the Company by the Board on an accrual basis with respect to the Series A CCPS held by such holder on an as if converted basis, ie. based on the actual number of equity shares which the Series A CCPS will be entitled to upon conversion.

On distribution of capital in the event of liquidation, dissolution or winding up of the Company, the distributable amount shall be applied first in paying to the preference shareholders, an amount equal to the sum of subscription price (less any amount that may have been received by the preference shareholders on sale of any of their securities) , the preference shareholders purchase price (less any amount that may have been received by preference shareholders on sale of any of their sale shares) and any arrears and accruals of the unpaid preference dividend on the CCPS, dividend on the CCPS on as if converted basis and dividend on the shares and liquidation preference amount subject to the conditions mentioned.

Each holder of a Series A CCPS shall be entitled to convert the Series A CCPS into shares as per the terms mentioned in the agreement. The conversion price will be adjusted based on future bonus issue, issuances arising from exercise of any stock options, share splits, consolidation, reorganization and other situations mentioned in the agreement. The right to convert Series A CCPS shall be exercisable by the holder at any time prior to the expiry of the Series A CCPS term by delivering to the Company a notice in writing of its desire to convert any Series A CCPS, provided that such notice shall specify the number of Series A CCPS that the holder desires to convert.

(d) 'Rights, preferences and restrictions attached to RAR compulsorily convertible preference shares (RAR CCPS)

0.00001% RAR, compulsorily convertible preference shares (RAR CCPS) of INR 10 each were issued during the year ended 31 March 2016.

Notes to the Standalone Financial Statements

14. Share capital (contd..)

The RAR CCPS will compulsorily be converted on the earlier of

- the date upon which the final conversion of outstanding Series A CCPS into equity shares occurs and
- the expiration of the RAR CCPS Term as per the agreement

The right to receive the preference dividend shall accrue to the holders of the RAR CCPS whether the preference dividend is declared or not in any year.

The RAR CCPS shall confer on the holder the right to receive a preference dividend of 0.00001% per annum on the face value of the RAR CCPS. The right to receive preference dividend shall be cumulative. The holders of RAR CCPS shall also be entitled to any dividend declared on the equity shares of the Company by the Board on an accrual basis with respect to the RAR CCPS held by such holder on an as if converted basis, i.e. based on the actual number of equity shares which the RAR CCPS will be entitled to upon conversion. It is clarified that the dividend rights of the holders of RAR CCPS shall be pari-passu to the dividend rights enjoyed by the holders of the Series A CCPS.

On distribution of capital in the event of liquidation, dissolution or winding up of the Company, the distributable amount shall be applied first in paying to the preference shareholders, an amount equal to the sum of subscription price (less any amount that may have been received by the preference shareholders on sale of any of their securities) the preference shareholders purchase price (less any amount that may have been received by preference shareholders on sale of any of their sale shares) and any arrears and accruals of the unpaid preference dividend on the CCPS, dividend on the CCPS on as if converted basis and dividend on the shares and liquidation preference amount subject to the conditions mentioned.

Each holder of a RAR CCPS shall be entitled to convert the RAR CCPS into equity shares as per the terms mentioned in the agreement. The conversion price will be adjusted based on future bonus issue, issuances arising from exercise of any stock options, share splits, consolidation, reorganization and other situations mentioned in the agreement. The right to convert RAR CCPS shall be exercisable by the holder at any time prior to the expiry of the RAR CCPS term by delivering to the Company a notice in writing of its desire to convert any RAR CCPS, provided that such notice shall specify the number of RAR CCPS that the holder desires to convert.

(e) Employee stock options

Terms attached to stock options granted to employees are described in note 39 regarding employee share based payments.

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Equity shares of INR 10 each fully paid-up held by				
Union Investment Private Limited, Mauritius, ultimate holding company (till 22 february 2018)	188.71	1,887.06	207.56	2,075.55

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares (in millions)	%	Number of shares (in millions)	%
Equity shares of INR 10 each fully paid -up held by				
Union Investments Private Limited, Mauritius	188.71	37.35%	207.56	51.48%
Olympus Capital Asia Investments Limited, Mauritius	117.79	23.31%	105.58	26.18%
IVF Trustee Company Private Limited	46.54	9.21%	46.54	11.54%
Rimco (Mauritius) Limited	51.09	10.11%		
Compulsory Convertible Preference shares of INR 10 each fully paid up held by				
Olympus Capital Asia Investments Limited, Mauritius	-	-	9.31	67.20%
Indium IV (Mauritius) Holdings Limited	-	-	4.54	32.80%
RAR Compulsory Convertible Preference shares of INR 10 each fully paid up held by				
Rimco (Mauritius) Limited, Mauritius	-	-	50.16	100.00%

Notes to the Standalone Financial Statements

14. Share capital (contd..)

(h) Shares reserved for issue under options and contracts

	As at 31 March 2018		As at 31 March 2017	
	Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Under Employee Stock Option Scheme, 2013 :1,368,232 equity shares of INR10 each, at an exercise price of INR 50 per share (See Note 39)	1.09	54.50	1.37	68.50
Under Employee Stock Option Scheme, 2013 :3,23,000 equity shares of INR 10 each, at an exercise price of INR 10 per share (See Note 39)	0.68	6.80	0.32	3.20
Under Employee Stock Option Scheme, 2013 :3,23,000 equity shares of INR 10 each, at an exercise price of INR 175 per share (See Note 39)	0.24	42.00	-	-
Under Employee Stock Option Scheme, 2013 :3,23,000 equity shares of INR 10 each, at an exercise price of INR 142 per share (See Note 39)	0.48	68.16	-	-
For compulsorily convertible Series A preference shares: 12,763,021 equity shares of INR 10 each	-	-	12.76	127.63
For compulsorily convertible RAR preference shares: 51,098,785 equity shares of INR 10 each	-	-	51.10	510.99

(i) Details of bonus shares issued for consideration other than for cash during the past 5 years

- During the financial year 2013-14, 249.68 million equity shares and during the financial year 2012-13, 124.72 million equity shares of INR 10 each, fully paid-up, have been allotted as bonus shares by capitalisation of securities premium.

(j) Details of shares issued for consideration other than for cash during the past 5 years

- During the year 2015-16, 4.91 million shares have been allotted as consideration for swap of shares with the shareholders of Malabar Institute of Medical Science Limited.

- During the year 2015-16, 7.03 million shares have been allotted as per the scheme of amalgamation with Indogulf Hospitals India Private Limited.

(k) Details of buyback for consideration other than for cash during the past 5 years

- The Company has not bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

15. Borrowings

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Non-current		
Secured		
Term loans from banks	266.17	5,470.63
	266.17	**5,470.63**
Current		
Unsecured		
Temporary overdraft from a bank	-	47.29
Cash credit and overdraft facilities from banks	347.69	489.35
Commercial paper	-	94.27
Secured		
Cash credit and overdraft facilities from banks	402.45	341.79
Short term loans	82.43	-
Current portion of bank term loans	-	10.00
	832.57	**982.70**
Less: Amount included under 'other financials liabilities'	-	10.00
	832.57	**972.70**
	1,098.74	**6,443.33**

Information about the Company's exposure to interest rate and liquidity risks are included in Note 35

Notes to the Standalone Financial Statements

15. Borrowings (contd..)

A Secured bank loans

Note 1: The term loans from bank (including current portion) includes Indian rupee term loan taken from Federal Bank, which carries interest at 9.30% p.a (linked to 1 year MCLR). These loans are repayable in 96 installments. The term loan is secured by:

a) First charge on movable properties (comprising plant and machinery, furniture and fittings, vehicles and other movable assets), present and future, of the Company;

b) Equitable mortgage of 8.50 acres of landed property of the Company and 8.81 acres of landed property of DM Med City Hospitals India Private Limited, a wholly owned subsidiary of the Company;

c) First charge on entire cashflows of the Aster Medcity project

d) Assignment of contractor guarantees, liquidated damages, letter of credit, guarantee or performance bonds that may be provided by any counter party under project agreement or contract and insurance policies in favour of the borrower, related to Aster Medcity Kochi.

Note 2: Term loans from bank includes Indian rupee term loan taken from HDFC Bank which carries interest at applicable base rate plus 1.40% p.a. The loan is repayable in 32 quarterly installments commencing from quarter ending September 2019. The loan is secured by:

a) The immovable properties of Ambady Infrastructure Private Limited measuring approximately 11.68 acres at Kochi.

b) All movable properties including movable equipment, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets present at Aster CMI, Bangalore, funded through this facility and equity brought in for supporting the facility.

c) Current assets, operating cash flows, receivable, commissions, revenues of whatsoever nature and wherever arising, present and future, intangible, goodwill, uncalled capital, present and future, pertaining to Aster CMI, Bangalore.

d) Subservient charge on immovable and movable fixed assets, current assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and whatever arising, present and future, intangibles, goodwill, uncalled capital, present and future, pertaining to Aster Medcity, Kochi.

e) Corporate guarantee of Ambady Infrastructure Private Limited.

Note 3: There are no continuing defaults in the repayment of the principal loan and interest amounts.

Secured overdraft facilities from bank :

Overdraft facilities from banks carry interest ranging between 9.00% -10.70% computed on a monthly basis on the actual amount utilised and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts .

B Changes in liabilities and financial assets arising from financing activities

Particulars	As at 31March 2017	Cash flows	Non cash changes			As at 31 March 2018
			Acquisition	Exchange Movement	Fair Value changes	
Non-current borrowings	5,470.63	(5,204.46)	-	-	-	266.17
Current borrowings	972.70	(140.13)	-	-	-	832.57
Total	**6,443.33**	**(5,344.59)**	**-**	**-**	**-**	**1,098.74**

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Notes to the Standalone Financial Statements

16. Other financial liabilties

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Current		
Current maturities of long-term borrowings *	-	10.00
Interest accrued but not due on borrowings*	0.73	37.84
Dues to holding company	26.99	10.37
Accrued salaries and benefits	5.64	24.34
Dues to subsidiaries and step-down subsidiaries	42.07	40.02
Dues to creditors for expenses and others	381.40	226.95
Dues to creditors for capital goods	75.90	171.71
Loan pre-closure charges payable	-	61.59
	532.73	**582.82**

* The details of interest rates, repayment and other terms are disclosed in Note 15

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 35

17. Provisions

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Non-current		
Provision for employee benefits		
Net defined benefit liability - Gratuity *	28.44	15.78
Compensated absences	30.16	18.20
	58.60	**33.98**
Current		
Provision for employee benefits		
Net defined benefit liability - Gratuity *	0.62	0.15
Compensated absences	9.37	6.18
	9.99	**6.33**
	68.59	**40.31**

* Also refer Note 36

18. Other liabilities

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Non-current		
Lease equalization	550.43	444.10
Deferred government grant *	22.57	-
	573.00	**444.10**
Current		
Advances from patients	92.92	83.67
Statutory dues payables	55.95	31.19
Deferred government grant *	2.06	-
	150.93	**114.86**
	723.93	**558.96**

* Represents government grant under Export Promotion Capital Goods (EPCG) accounted at fair value as per Ind AS 20 – Accounting for Government Grants and Disclosure of Government Assistance.

Notes to the Standalone Financial Statements

19. Trade payables

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Trade payables	231.95	320.25
	231.95	**320.25**

All trade payables are 'current'.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 35

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act") based on the information available with the Company are given below:

₹ in Millions

	As at / year ended 31 March 2018	As at /year nded 31 March 2017
The principal amount remaining unpaid to any supplier as at the end of the year	-	-
The interest due on the principal remaining outstanding as at the end of the year	-	-
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	-	-

20. Revenue from operations

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Income from hospital services	5,082.46	3,576.73
Income from consultancy services	25.28	23.58
Sale of medicines	113.02	113.00
Other operating income	79.90	81.81
	5,300.66	**3,795.12**

21. Other income

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Interest on loan to related parties	0.65	1.02
Interest income under the effective interest method		
Lease deposits	23.41	18.43
Fixed deposits with banks	17.84	12.86
Dividend income from mutual funds	-	4.16
Dividend on non-current investments	32.10	64.16
Gain on sale of investment (net)	-	186.08
Creditors written back	19.33	-
Gain on sale of fixed asset (net)	1.94	-
Other non-operating income	65.81	19.81
	161.08	**306.52**

Notes to the Standalone Financial Statements

22. Purchases of stock-in-trade

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Medicines and consumables	1,440.81	1,203.76
	1,440.81	**1,203.76**

23. Change in inventories of stock-in-trade

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Medicines and medical consumables:		
Opening stock	206.86	150.12
Closing stock	169.35	206.86
	37.51	**(56.74)**

24. Employee benefits expense

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and allowances	915.47	706.20
Contribution to provident and other funds	74.90	63.78
Staff welfare expense	43.65	48.83
Equity settled share based payments	26.75	2.22
	1,060.77	**821.03**

25. Finance cost

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Interest on bank borrowings	559.14	568.26
Less : Borrowing cost capitalized	26.82	(133.14)
	532.32	435.12
Interest expense on financial liabilities measured at amortised cost	-	1,783.46
Other borrowing costs	7.22	64.72
	539.54	**2,283.30**

26. Depreciation and amortisation

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment	562.06	646.81
Amortisation on intangible assets	28.71	28.93
	590.77	**675.74**

Notes to the Standalone Financial Statements

27. Other expenses

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Lab outsourcing charges	43.44	45.13
Housekeeping and security	210.40	163.77
Professional fee paid to doctors	1,343.81	1,044.73
Food and beverage	68.50	64.47
Power, water and fuel	151.82	124.18
Rent	52.97	38.77
Operating lease- Hospital operational and management fees	199.19	139.63
Loss on fair valuation of put option	1.70	-
Insurance	10.93	7.58
Repairs and maintenance - plant and machinery	125.53	75.74
Communication	14.03	12.25
Advertising and promotional	117.57	217.23
Rates and taxes	11.32	8.81
Legal, professional and other consultancy	66.97	42.84
Allowances for credit losses on financial assets	6.92	13.50
Travelling and conveyance	42.26	48.52
Water charges	22.15	18.51
Donation and charity	5.66	11.33
Net loss on account of foreign exchange fluctuations	1.33	0.22
Staff recruitment	2.53	10.68
Office expenses	59.14	53.33
Non-recoverable advances written-off	-	44.48
Loss on sale of Investment	18.16	-
Miscellaneous expenses	87.93	113.68
	2,664.26	**2,299.38**

28. Exceptional item

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Gain on extinguishment of financial liabilities *	-	**3,591.89**

* Modification of the terms of Series A and RAR Compulsorily Convertible Preference Shares in March 2017 has led to the extinguishment of the related financial liabilities and recognition of equity at the balance sheet date. The difference between the carrying value of the liability and the fair value of the equity instrument at the date of modification, amounting to INR 3,591.81 million has been recognized in statement of profit and loss for the year ended 31 March 2017.

29. Income taxes

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
Income tax assets/(liability)		
Income tax assets	264.94	143.97
Current income tax liabilities	-	-
Net income tax assets/(liability) at the end	**264.94**	**143.97**

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Notes to the Standalone Financial Statements

29. Income taxes (contd..)

(a) Amount recognised in statement of profit and loss

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax : MAT for the year	-	7.39
Deferred tax (including MAT credit entitlement)	-	(7.39)
Tax expense for the year	**-**	**-**

(b) Amount recognised in other comprehensive income

₹ in Millions

	Year ended 31 March 2018			Year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Re-measurement on defined benefit liability	0.36	(0.12)	0.24	1.06	(0.37)	0.69
	0.36	**(0.12)**	**0.24**	**1.06**	**(0.37)**	**0.69**

(c) Reconciliation of effective tax rate

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	**(871.92)**	**467.06**
Statutory income tax rate	34.61%	34.61%
Tax expenses /(asset)	(301.77)	161.65
Income chargeable at special rates	301.77	(161.65)
Incomes exempt from tax	(11.11)	(23.65)
Non-deductable expenses/ permanent differences	(28.14)	(571.18)
Additional deduction on investment allowance	(186.93)	(154.64)
Other temporary differences	94.60	190.48
Un-recognised deferred tax assets	131.58	558.99
Income tax expense	**-**	**-**

(d) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

₹ in Millions

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset		
MAT credit entitlement receivable	7.39	7.39
Unabsorbed business loss including from specified business	1,543.35	1,411.19
Total deferred tax asset	**1,550.74**	**1,418.58**
Deferred tax liability		
On account of fair valuation of land *	(158.99)	(158.99)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	(1,543.35)	(1,411.19)
Total deferred tax liability	**(1,702.34)**	**(1,570.18)**
Deferred tax liability (net)	**(158.99)**	**(158.99)**
Deferred tax assets	**7.39**	**7.39**

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

Notes to the Standalone Financial Statements

29. Income taxes (contd..)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Company has recognised deferred tax assets arising out of tax losses (unabsorbed depreciation) to the extent of net deferred tax liability on account of taxable temporary differences.

(ii) Movement in temporary differences

₹ in Millions

Particulars	Balances as at 1 April 2016	Recognised in Profit and loss during 2016-17	Recognised in OCI during 2016-17	Balances as at 31 March 2017	Recognised in Profit and loss during 2017-18	Recognised in OCI during 2017-18	Balances as at 31 March 2018
Unabsorbed business loss including from specified business	1,447.15	(35.96)	-	1,411.19	132.16	-	1,543.35
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	(1,447.15)	35.96	-	(1,411.19)	(132.16)	-	(1,543.35)
MAT credit entitlement receivable	-	7.39	-	7.39	-	-	7.39
On account of fair valuation of land *	(158.99)	-	-	(158.99)	-	-	(158.99)
Provision for employee benefits	-	0.37	(0.37)	-	0.12	(0.12)	-
Net deferred tax (liabilities) / assets	**(158.99)**	**7.76**	**(0.37)**	**(151.60)**	**0.12**	**(0.12)**	**(151.60)**

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

(iii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits there from:

₹ in Millions

Particulars	31 March 2018		31 March 2017	
	Gross amount	Unrecognised tax effect	Gross amount	nrecognised tax effect
Deferred tax asset				
Tax losses (business loss)	7,042.82	2,437.52	6,029.66	2,086.87
Tax losses (Long tem capital loss)	62.49	12.87	368.01	83.39
Tax losses (unabsorbed depreciation)	738.64	255.64	332.90	115.22
Total deferred tax asset	**7,843.95**	**2,706.03**	**6,730.57**	**2,285.48**

(iv) Tax losses carried forward

₹ in Millions

Particulars	As at 31 March 2018	Expiry date	As at 31 March 2017	Expiry date
Brought forward losses - allowed to carry forward for specified period	1,569.52	Various dates	1,234.62	Various dates
Brought forward losses from specified business - allowed to carry forward for infinite period	5,535.79		5,163.05	
Brought forward losses - allowed to carry forward for infinite period	738.64		332.90	
Total deferred tax asset	**7,843.95**	**-**	**6,730.57**	**-**

Deferred tax assets have not recognized in respect of the above items, because it is not probable that future taxable profit will be available against which the Company can use the benefits. The above is arrived basis the balances as on date. The deductible temporary difference do not expire under the current tax legislation.

Notes to the Standalone Financial Statements

30. Contingent liabilities and commitments

₹ in Millions

Particulars	As at 31 March 2018	As at 31 March 2017
Contingent liabilities		
Claims against the Company not acknowledged as debts		
- Income tax related matters (Note 1)	200.77	172.19
- KVAT related matters (Note 2)	12.80	12.80
Export commitments under EPCG scheme (Note 3)	871.58	991.04
Corporate guarantees	1,010.85	1,007.98
Letter of Credit	5.30	-
Bank guarantees	328.43	255.30
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for.	88.36	209.81

Note 1 : The Company has received income tax assessment orders for AY 2014-15 & 2015-16 wherein the assessing officer has disallowed Foreign Tax Credit claimed amounting to INR 200.77 million as per provisions of Section 90/90A of Income Tax Act 1961 and the disallowance under section 14A. The management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made on the financial statements. The Company has filed an appeal against the demand received.

Note 2 : The Company has received a Kerala Value Added Tax (KVAT) demand for the FY 2014-15 wherein the assessing officer raised a demand for INR 12.80 million against the Company, on account of difference in returns filed with audited acccounts / report. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demand received.

Note 3 : The Company has obtained duty free / concessional duty licenses for import of capital goods by undertaking export obligations under the EPCG scheme. As at 31 March 2018, export obligations remaining to be fulfilled amounts to INR 871.58 (31 March 2017: INR.991.04). In the event that export obligations are not fulfilled, the Company would be liable to pay the levies.The Company's bankers have provided bank guarantees aggregating INR 251.68 (31 March 2017 INR 245.83) to the customs authorities in this regard.

Note 4 : The company has reviewed all its pending litigations and proceedings and has adeqately provided for where provisions are required and disclosed as contingent liability where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a materially advesre effect on its financial position. The company doesnot expect any reimbursement in respect of the above contingent liabilities.

Note 5 : The group has given bank guarantee in respect of certain contingent liabilities listed above.

31. Earnings/(loss) per share

A. Basic earnings/(loss) per share

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

i) Net profit/(loss) attributable to equity share holders (basic)

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(Loss)/profit for the year, attributable to the equity share holders	(871.92)	467.06

Notes to the Standalone Financial Statements

31. Earnings/(loss) per share (Contd..)

ii) Weighted average number of equity shares (basic)

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance (Refer note 14)	399.48	398.62
Effect of share options exercised	0.03	0.38
Effect of fresh issue of shares for cash	3.97	0.16
Convertible preference shares (Refer Note 14 and Note 15)	63.85	63.86
Weighted average number of equity shares of INR 10 each for the year	467.33	463.02
Earnings / (loss) per share, basic	(1.87)	1.01

B. Diluted earnings/(loss) per share

The calculation of profit/loss attributable to equity share holders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares is as follows:

i) Net profit/(loss) attributable to equity share holders diluted

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Net profit/(loss) for the year, attributable to the equity share holders	(871.92)	467.06

ii) Weighted average number of equity shares (basic)

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Weighted average number of equity shares of INR 10 each for the year (basic)	467.33	463.02
Effect of exercise of share options	-	0.93
Weighted average number of equity shares of INR 10 each for the year (diluted)	467.33	463.95
Earnings / (loss) per share, basic	(1.87)	1.01

The conversion of employee stock options outstanding under the scheme, if made, would have the effect of reducing the loss per share for the year ended 31 March 2018 and would therefore be anti-dilutive. Hence, such conversion has not been considered for the purpose of calculating dilutive earnings per share.

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

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Statutory audit	2.30	1.60
Tax audit	0.15	0.10
Other matters	9.60	12.75
	12.05	**14.45**

Notes to the Standalone Financial Statements

33. Related parties

A. Related Party relationships

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

I) Enterprises where control exist

(a) Holding and ultimate holding Company	Union Investments Private Limited, Mauritius (till 22 February 2018)

(b) Subsidiaries and step down subsidiaries

1 Ambady Infrastructure Private Limited, India
2 Aster DM Healthcare (Trivandrum) Private Limited (formerly known as DM Eye Care (Delhi) Private Limited, India)
3 DM Medcity Hospitals India Private Limited, India
4 Malabar Institute of Medical Sciences Limited, India
5 Prerana Hospital Limited, India
6 Sri Sainatha Multi Speciality Hospital Private Limited, India
7 Harley Street LLC
8 Harley Street Pharmacy LLC
9 Harley Street Medical Centre LLC
10 Alfa Drug Stores LLC, UAE
11 Al Rafa Holdings Limited, UAE
12 Aster IVF and Women Clinic LLC (formerly known as Aster Milann Fertility & Women Care Centre LLC, UAE)
13 Al Rafa Investments Limited, UAE
14 Al Rafa Medical Centre LLC , UAE
15 Al Shafar Pharmacy LLC (AUH), UAE
16 Asma Pharmacy LLC, UAE
17 Aster Al Shafar Pharmacies Group LLC, UAE
18 Aster DM Healthcare FZC , UAE
19 Aster Grace Nursing and Physiotherapy LLC, UAE
20 Aster Medical Centre Khalidiya LLC, UAE *
21 Aster Opticals LLC, UAE
22 Aster Pharmacies Group LLC, UAE
23 Aster Pharmacy LLC, AUH, UAE
24 Dar Al Shifa Medical Centre LLC, UAE
25 Al Raffah Pharmacies Group LLC
26 DM Pharmacies LLC, UAE
27 DM Healthcare LLC, UAE
28 Dr. Moopens Healthcare Management Services LLC, UAE
29 Dr. Moopens Medical Clinic LLC, UAE (formerly known as Dr.Moopen's Medical Poly Clinic LLC)
30 Eurohealth Systems FZ LLC, UAE
31 IBN Alhaitham Pharmacy LLC, UAE*
32 Aster Ramesh Duhita LLP
33 Maryam Pharmacy LLC, UAE*
34 Medcare Hospital LLC, UAE
35 Aster DCC Pharmacy LLC
36 Medshop Garden Pharmacy LLC, UAE
37 Med Shop Drugs Store LLC, UAE
38 Modern Dar Al Shifa Pharmacy LLC, UAE
39 New Aster Pharmacy DMCC, UAE
40 Rafa Pharmacy LLC, UAE
41 Shindagha Pharmacy LLC, UAE
42 Symphony Healthcare Management Services LLC, UAE
43 Union Pharmacy LLC, UAE
44 Harley Street Dental LLC
45 Zabeel Pharmacy LLC, UAE*
46 Affinity Holdings Private Limited, Mauritius
47 Orange Pharmacies LLC, Jordan
48 Aster Kuwait for medicine and Medical Supplies Company W.L.L (Formerly known as Aster Kuwait General Trading Co LLC, Kuwait)
49 Aster DM Healthcare SPC, Bahrain
50 Dr. Moopens Healthcare Management Services WLL, Qatar
51 Welcare Polyclinic WLL, Qatar
52 Aster DM Healthcare INC, Philippines
53 Al Raffah Hospital LLC, Oman
54 Al Raffah Medical Centre LLC, Oman
55 Sanad Al Rahma for Medical Care LLC, Kingdom of Saudi Arabia
56 Dr.Ramesh Cardiac & Multi Speciality Hospital Private Limited
57 Dr.Moopen's Aster Hospital W.L.L

* represents subsidiaries which are in the process of being wound up.

Although the percentage of voting rights as a result of legal holding by the Company is not more than 50% in certain entities listed above, the Company controls the composition of the board of directors or equivalent of those entities so as to obtain economic benefits from their activities.

Notes to the Standalone Financial Statements

33. Related parties (Contd..)

(c) Associates	EMED Human Resources (India) Private Limited, India MIMS Infrastructure and Properties Private Limited, India Aries Holdings FZC, UAE AAQ Healthcare Investment LLC
II) Other related parties with whom the Company had transactions during the year	
(a) Entities under common control/ Entities over which the Company has significant influence (Others)	DM Education & Research Foundation (also known as DM Foundation, India) Aster DM Foundation India
(b) Key managerial personnel and their relatives (KMP)	Dr. Azad Moopen (Chairman and Managing Director) Mr. Sreenath Reddy (Chief Financial Officer) Mr. Rajesh A (Company Secretary) Daniel James Snyder (Independent Director) Harsh C Mariwala (Independent Director) M Madhavan Nambiar (Independent Director) Ravi Prasad (Independent Director) Rajagopal Sukumar (Independent Director) Suresh M. Kumar (Independent Director)

a) Related party transactions

₹ in Millions

Nature of transactions	Related party transactions	
	Year ended 31 March 2018	Year ended 31 March 2017
Short term loans and advance repayment received		
Sri Sainatha Multi-Specialty Hospital Private Limited	-	0.16
Aster DM Healthcare (Trivandrum) Private Limited	1.97	507.08
Ambady Infrastructure Private Limited	0.16	49.83
DM Med City Hospitals India Private Limited	6.36	159.45
EMED Human Resources (India) Private Limited	6.19	4.28
Short-term loans and advances given		
Ambady Infrastructure Private Limited	-	52.79
DM Med City Hospitals India Private Limited	21.19	171.44
EMED Human Resources (India) Private Limited	0.30	3.61
Aster DM Healthcare (Trivandrum) Private Limited	32.83	582.65
Expenses incurred on behalf of subsidiaries / associates		
DM Med City Hospitals India Private Limited	2.32	0.33
Ambady Infrastructure Private Limited	0.40	0.20
Aster DM Healthcare FZC	0.65	1.29
Aster DM Healthcare (Trivandrum) Private Limited	5.64	1.72
EMED Human Resources (India) Private Limited	1.77	1.61
Dr. Moopens Healthcare Management Services LLC	1.16	5.11
Aster Pharmacies Group LLC	-	3.92
Dr.Ramesh Cardiac and Multi- Speciality Hospital Private Limited	0.03	-
Sri Sainatha Multi-Specialty Hospital Private Limited	0.80	-
Prerana Hospital Limited	1.05	-
Malabar Institute of Medical Sciences Limited	4.00	0.03
Expenses incurred by subsidiaries / associates on behalf of company		
Dr. Moopens Healthcare Management Services LLC	2.47	9.84
AL Raffah Hospital LLC	1.32	6.32
Aster DM Healthcare FZC	0.66	-
Sri Sainatha Multi-Specialty Hospital Private Limited	0.05	-
DM Education & Research Foundation	0.60	-
Wayanad Infrastructure Private Limited	0.65	-

Notes to the Standalone Financial Statements

33. Related parties (contd..)

a) Related party transactions (contd..)

₹ in Millions

Nature of transactions	Related party transactions	
	Year ended 31 March 2018	Year ended 31 March 2017
Malabar Institute of Medical Sciences Limited	0.24	0.11
Collection by subsidiaries on behalf of company		
Dr. Moopens Healthcare Management Services LLC	0.69	-
DM Education & Research Foundation	18.68	-
Received from subsidiary		
Affinity Holdings Private Limited, Mauritius	453.95	-
Investments / advance against investments		
Affinity Holdings Private Limited, Mauritius	-	467.26
Malabar institute of Medical Sciences Limited	-	3.34
Aster DM Healthcare (Trivandrum) Private Limited	-	80.00
Dr.Ramesh Cardiac & Multi Speciality Hospital Private Limited	-	1,855.33
Sale of Investments		
Affinity Holdings Private Limited, Mauritius	578.24	2,068.90
Income from consultancy services		
Prerana Hospital Limited	13.48	12.64
DM Education & Research Foundation	11.80	10.95
Income from hospital services		
DM Education & Research Foundation	12.68	44.97
Dr.Moopen's Healthcare Management Services W.L.L, Qatar	0.08	-
Aster DM Foundation	5.97	1.04
Dividend received		
Malabar Institute of Medical Sciences Limited	32.10	64.16
Managerial remuneration		
Short Term Employee benefits	26.22	27.68
Donation given		
Aster DM Foundation	4.21	8.75
Lease rental for land		
DM Med City Hospitals India Private Limited	9.98	9.98
DM Education & Research Foundation	7.37	7.37
Guarantee commission expense		
Ambady Infrastructure Private Limited	1.18	1.25
DM Med City Hospitals India Private Limited	1.54	1.61
Guarantee commission received		
Prerana Hospital Limited	1.87	1.92
Aster DM Healthcare (Trivandrum) Private Limited	3.23	1.95
Interest on loan to related parties		
EMED Human Resources (India) Private Limited	0.65	1.02
Other expenses		
EMED Human Resources (India) Private Limited	2.66	3.52
DM Education & Research Foundation	54.93	86.23
Interest income under the effective interest method on lease deposit		
DM Education & Research Foundation	5.74	5.36
DM Med City Hospitals India Private Limited	6.95	6.44
Employee stock option expense recharged		
Aster DM Healthcare FZC	16.69	48.44

Notes to the Standalone Financial Statements

33. Related parties (contd..)

b) Balance receivable / (payable) as at the year end

₹ in Millions

Nature of transactions	31 March 2018	31 March 2017
Financial assets- loans (current)- Dues from related parties		
Aster DM Healthcare (Trivandrum) Private Limited	284.58	244.26
Prerana Hospital Limited	4.81	1.72
Aster DM Healthcare FZC	221.77	205.08
Aster Pharmacies Group LLC	3.92	3.92
Sri Sainatha Multi-Specialty Hospital Private Limited	0.76	-
Dr.Ramesh Cardiac and Multi- Speciality Hospital Private Limited	0.03	-
DM Med City Hospitals India Private Limited	186.63	171.46
Ambady Infrastructure Private Limited	61.92	62.86
EMED Human Resources (India) Private Limited	5.06	8.53
Malabar Institute of Medical Science Limited	3.74	-
Other financial liabilities (current)-Dues to holding company		
Union Investments Private Limited	(26.99)	(10.37)
Other financial liabilities (current) - Dues to subsidiaries		
Dr. Moopens Healthcare Management Services LLC	(29.15)	(28.49)
AL Raffah Hospital LLC	(12.92)	(11.54)
Malabar Institute of Medical Science Limited	-	(0.01)
Other financial liabilities (current) - Dues to creditors for expenses		
DM Education & Research Foundation	(3.01)	(3.45)
Wayanad Infrastructure Private Limited	(0.65)	-
EMED Human Resources (India) Private Limited	(0.12)	(3.23)
Other financial assets (current) - Receivable from subsidiary		
Affinity Holdings Private Limited	-	453.95
Trade receivables		
Prerana Hospital Limited	39.02	24.81
Dr.Moopen's Healthcare Management Services W.L.L, Qatar	0.34	0.26
Aster DM Foundation, India	-	1.03
Other non current assets - Deferred lease expenses		
DM Education & Research Foundation	51.09	58.46
DM Med City Hospitals India Private Limited	95.48	105.02
Other current assets - Deferred lease expenses		
DM Education & Research Foundation	7.37	7.37
DM Med City Hospitals India Private Limited	9.54	9.54
Other financial assets- (non current) Rent and other deposits		
DM Education & Research Foundation	87.72	81.98
DM Med City Hospitals India Private Limited	86.38	79.43
Guarantee given		
Prerana Hospital Limited	373.45	377.85
Aster DM Healthcare (Trivandrum) Private Limited	637.40	630.13
Guarantee received		
Ambady Infrastructure Private Limited	1,746.67	1,746.67
DM Med City Hospitals India Private Limited	1,006.81	1,006.81

Notes to the Standalone Financial Statements

34. Segmental reporting

Ind AS 108 'Operating Segment" ('Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).All operating segments' operating results are reviewed regularly by the Company's CODM to make decisions about resources to be allocated to the segments and assess their performance.

The Company has structured its business broadly into two verticals – Hospitals and others. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company there-fore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income. The assets of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

A. Business segments

The business segments of the Company are as follows:

i) Hospitals

iii) Others - Comprising consultancy division which is into providing healthcare consultancy and clinics.

₹ in Millions

Particulars	As at / year ended 31 March 2018			As at / year ended 31 March 2017		
	Hospital	Others	Total	Hospital	Others	Total
A. Business segment information						
Segment revenue						
External revenue	5,220.06	80.60	5,300.66	3,750.90	44.22	3,795.12
Total segment revenue	**5,220.06**	**80.60**	**5,300.66**	**3,750.90**	**44.22**	**3,795.12**
Segment profit (loss) before income tax	(182.60)	(13.39)	(195.99)	(947.36)	(16.97)	(964.33)
Segment profit (loss) before income tax includes :						
Other income, excluding finance income	80.04	-	80.04	15.95	-	15.95
Depreciation and amortisation	569.48	7.01	576.49	658.23	5.42	663.65
Segment Assets	**9,167.72**	**71.78**	**9,239.50**	**9,028.77**	**58.65**	**9,087.42**
Segment asset include :						
Capital expenditure during the year	842.52	10.39	852.91	1,622.66	33.78	1,656.44
Segment Liabilities	**2,101.90**	**1.82**	**2,103.72**	**7,426.73**	**4.63**	**7,431.36**

Notes to the Standalone Financial Statements

34. Segmental reporting (contd..)

B. Reconciliation of information on reportable segments to Ind AS measures

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
i) Profit before tax		
Total (loss) before tax for reportable segments	(182.60)	(947.36)
Profit (loss) before tax for other segments	(13.39)	(16.97)
	(195.99)	**(964.33)**
Unallocated amounts :		
Other income, Excluding finance income	39.15	258.26
Interest income	11.20	32.31
Interest expense	(539.54)	(2,283.30)
Depreciation and amortisation	(14.27)	(12.10)
Gain on extinguishment of financial liability	-	3,591.89
Other expenses	(172.47)	(155.67)
Profit (loss) before tax	**(871.92)**	**467.06**
ii) Assets		
Total assets of reportable segments	9,167.72	9,028.77
Assets of other segments	71.78	58.65
Unallocated Assets	23,698.16	23,159.32
Total assets	**32,937.66**	**32,246.74**
iii) Liabilities		
Total liabilities of reportable segments	2,101.90	7,426.73
Liabilities of other segments	1.82	4.63
Unallocated Liabilities	1,574.21	1,534.60
Total liabilities	**3,677.93**	**8,965.96**

C. Geographical segments

Geographical information analyses the company's revenue and non current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets.

(i) Revenue from operations

₹ in Millions

	Year ended 31 March 2018	Year ended 31 March 2017
India	5,300.66	3,795.12
Others	-	-
	5,300.66	**3,795.12**

(ii)Total Assets

₹ in Millions

	As at 31 March 2018	As at 31 March 2017
India	32,937.03	32,246.10
Others	0.63	0.64
	32,937.66	**32,246.74**

D. Major customer

No major customer has contributed more than 10% of the Group's total revenue.

Notes to the Standalone Financial Statements

35. 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.

31 March 2018

₹ in Millions

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial assets not measured at fair value									
Cash and Cash equivalents	11	838.50	-	-	838.50	-	-	-	-
Other bank balances	12	795.10	-	-	795.10	-	-	-	-
Investments	6	20,858.56	-	-	20,858.56	-	-	-	-
Trade receivables	10	305.31	-	-	305.31	-	-	-	-
Loans	13	638.40	-	-	638.40	-	-	-	-
Other financial assets	7	497.32	-	-	497.32	-	-	-	-
Total		**23,933.19**	**-**	**-**	**23,933.19**	**-**	**-**	**-**	**-**
Liabilities					-				
Financial liabilities measured at fair value									
Derivatives		-	863.00	-	863.00	-	-	863.00	863.00
Financial liabilities not measured at fair value									
Trade payables	19	-	-	231.95	231.95	-	-	-	-
Borrowings	29	-	-	1,098.74	1,098.74	-	-	-	-
Other financial liabilities	16	-	-	532.73	532.73	-	-	-	-
Total		**-**	**863.00**	**1,863.42**	**2,726.42**	**-**	**-**	**863.00**	**863.00**

Notes to the Standalone Financial Statements

35. Financial Instruments- Fair values and risk management (contd..)

31 March 2017

₹ in Millions

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial assets not measured at fair value									
Cash and Cash equivalents	11	146.84	-	-	146.84	-	-	-	-
Other bank balances	12	43.42	-	-	43.42	-	-	-	-
Investments	6	15,690.90	-	-	15,690.90	-	-	-	-
Trade receivables	10	244.51	-	-	244.51	-	-	-	-
Loans	13	563.01	-	-	563.01	-	-	-	-
Other financial assets	7	960.16	-	-	960.16	-	-	-	-
Total		**17,648.84**	**-**	**-**	**17,648.84**	**-**	**-**	**-**	**-**
Liabilities					-				
Financial liabilities measured at fair value									
Derivatives		-	861.30	-	861.30	-	-	861.30	861.30
Financial liabilities not measured at fair value									
Trade payables	19	-	-	320.25	320.25	-	-	-	-
Borrowings	15	-	-	6,453.33	6,453.33	-	-	-	-
Other financial liabilities	16	-	-	572.82	572.82	-	-	-	-
Total		**-**	**861.30**	**7,346.40**	**8,207.70**	**-**	**-**	**861.30**	**861.30**

Notes to the Standalone Financial Statements

35. Financial Instruments- Fair values and risk management (contd..)

B Measurement of fair values

The following methods and assumptions were used to estimate the fair values:

a) The fair values of the units of mutual fund schemes are based on net asset value at the reporting date.

b)The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

c) The fair value of the derivative put option is determined using Monte Carlo simulation. The significant unobservable inputs used in the fair value measurement are risk free rate, volatility and management projected EBITDA growth rates.

d) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of derivative put option.

	₹ in Millions
Balance as at 31 March 2017	**861.30**
Net change in fair value (unrealised)	1.70
Balance as at 31 March 2018	**863.00**

Sensitivity analysis

For the fair values of put option, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

₹ in Millions

As at 31 March 2018	**Profit or loss**	
	Increase	**Decrease**
Volatility (5% movement)	2.30	4.00
EBITDA growth rates (10% movement)	174.60	(161.40)
Risk free rate (1% movement)	(47.70)	65.60

₹ in Millions

As at 31 March 2017	**Profit or loss**	
	Increase	**Decrease**
Volatility (5% movement)	7.30	(11.90)
EBITDA growth rates (10% movement)	260.40	(220.90)
Risk free rate (1% movement)	(74.50)	75.30

Notes to the Standalone Financial Statements

35. Financial Instruments- Fair values and risk management (contd..)

C Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

i) Risk management framework

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

ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and 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 receivables based on the past and the recent collection trend. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to 305.31 million (31 March 2017: 244.51 million) and unbilled revenue amounting to 61.24 million (31 March 2017: 76.38 million) . The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

₹ in Millions

Allowance for credit loss	As at 31 March 2018	As at 31 March 2017
Balance at the beginning	14.97	1.47
Impairment loss recognised	6.92	13.50
Balance at the end	**21.89**	**14.97**

No single customer accounted for more than 10% of the revenue as of 31 March 2018 and 31 March 2017. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent and other bank balances is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

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.

Notes to the Standalone Financial Statements

35. Financial Instruments- Fair values and risk management (contd..)

iii) Liquidity risk (contd..)

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

₹ in Millions

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	231.95	-	231.95
Current borrowings	832.57	-	832.57
Non current borrowings (including current maturities)	-	266.17	266.17
Derivatives	-	863.00	863.00
Other financial liabilities	532.73	-	532.73
Total	**1,597.25**	**1,129.17**	**2,726.42**

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

₹ in Millions

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	320.25	-	320.25
Current borrowings	972.70	-	972.70
Non current borrowings (including current maturities)	10.00	5,470.63	5,480.63
Derivatives	-	861.30	861.30
Other financial liabilities	582.82	-	582.82
Total	**1,885.77**	**6,331.93**	**8,217.70**

iv) Market risk

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

Foreign currency risk

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

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

₹ in Millions

As at 31 March 2018	AED	EUR	OMR	USD
Other current financial liabilities	29.15	15.81	12.92	77.37
Other financial assets	-	-	-	-
Cash and cash equivalents	0.63	-	-	-
Net assets/(liabilities)	**(28.52)**	**(15.81)**	**(12.92)**	**(77.37)**

₹ in Millions

As at 31 March 2017	AED	EUR	OMR	USD
Other current financial liabilities	28.19	-	11.57	-
Other financial assets	-	-	-	453.23
Cash and cash equivalents	0.63	-	-	1.06
Net assets/(liabilities)	**(27.56)**	**-**	**(11.57)**	**454.29**

Notes to the Standalone Financial Statements

35. Financial Instruments- Fair values and risk management (contd..)

iv) Market risk (contd..)

Sensitivity analysis

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

₹ in Millions

Particulars	Impact on profit or (loss)		Impact on equity, net of tax	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
AED Sensitivity				
INR/ AED - Increase by 1%	(0.29)	(0.29)	(0.29)	(0.29)
INR/ AED - Decrease by 1%	0.29	0.29	0.29	0.29
EUR Sensitivity				
INR/ EUR - Increase by 1%	(0.16)	-	(0.16)	-
INR/ EUR - Decrease by 1%	0.16	-	0.16	-
OMR Sensitivity				
INR/ OMR - Increase by 1%	0.13	0.12	0.13	0.12
INR/ OMR - Decrease by 1%	(0.13)	(0.12)	(0.13)	(0.12)
USD Sensitivity				
INR/ USD - Increase by 1%	(0.77)	4.54	(0.77)	4.54
INR/ USD - Decrease by 1%	0.77	(4.54)	0.77	(4.54)

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.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

₹ in Millions

Financial liabilities (bank borrowings)	As at 31 March 2018	As at 31 March 2017
Variable rate long term borrowing including current maturities	266.17	5,480.63

Sensitivity

₹ in Millions

Particulars	Impact on profit or (loss)		Impact on equity, net of tax	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Sensitivity				
1% increase in MCLR rate	(2.66)	(54.81)	(2.66)	(54.81)
1% decrease in MCLR rate	2.66	54.81	2.66	54.81

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

Notes to the Standalone Financial Statements

36. 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:

₹ in Millions

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation liability	29.06	15.93
Plan assets	-	-
Net defined benefit liability	29.06	15.93
Leave encashment	39.53	24.38
Total employee benefit liability	**68.59**	**40.31**

B Reconcilation of present value of defined benefit obligaiton

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Balance at beginning of the year	15.93	8.12
Benefit paid	(0.01)	(0.35)
Current service cost	(10.56)	(6.50)
Past Service Cost	(1.30)	-
Interest cost	(1.04)	(0.60)
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in demographic assumptions	-	0.28
- changes in financial assumptions	(0.49)	(2.33)
- experience adjustments	0.25	0.99
Balance at the end of the year	**29.06**	**15.93**
Net Defined Benefit liability	**29.06**	**15.93**

C (i) Expenses recognised in the Profit & Loss Account

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Service cost	10.56	6.50
Past Service Cost	1.30	-
Interest cost	1.04	0.60
Net gratuity cost	**12.90**	**7.10**

(ii) Remeasurements recognised in other comprehensive income

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Acturial gain/ (loss) on defined benefit obligation	(0.24)	(1.06)
	(0.24)	**(1.06)**

Notes to the Standalone Financial Statements

36. Employee benefits

D Defined Benefit Obligation

(i) Assumptions used to determine benefit obligations:

Principal acturial assumptions at the reporting date (expressed as weighted average)

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Discount rate	7.30%	6.50%
Future salary growth	8.00%	7.00%
Attrition rate	Below 35 years : 35% p.a 35 yrs & above : 6% p.a.	Below 35 years : 35% p.a 35 yrs & above : 6% p.a.

The weighted-average assumptions used to determine net periodic benefit cost for the year ended 31 March 2018 and year ended 31 March 2017 as set out below

₹ in Millions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Discount rate	7.30%	6.50%
Future salary growth	8.00%	7.00%
Weighted average duration of defined benefit obligaiton	5	3

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

(ii) Sensitivity analysis

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

₹ in Millions

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.22)	2.35	(1.26)	1.46
Future salary growth (1% movement)	2.45	(2.23)	1.44	(1.27)
Withdrawal rate (1% movement)	(0.72)	0.75	(0.46)	0.48

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.

Notes to the Standalone Financial Statements

37. Operating leases

The Company is obligated under cancellable operating leases for office, hospital premises and residential premises which are renewable at the option of both the lessor and lessee.

The Company is obliged under non-cancellable operating leases for hospital operations and management fees (revenue share) and operating leases for office and residential premises . Future minimum lease payments due under non-cancellable operating leases are as follows:

₹ in Millions

Particulars	31 March 2018	31 March 2017
Payable in less than one year	67.85	61.69
Payable between one to five years	307.77	290.03
Payable after more than five years	3,869.78	3,949.52

Amounts recognised in profit or loss

₹ in Millions

Particulars	31 March 2018	31 March 2017
Cancellable lease	3.91	8.76
Non-cancellable lease	248.25	169.64

38. Capital management

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

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

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

₹ in Millions

Particulars	As at 31 March 2018	As at 31 March 2017
Total equity attributable to the equity shareholders of the Company	29,259.73	23,280.78
As a percentage of total capital	96%	78%
Long-term borrowings including current maturities*	266.17	5,480.63
Short-term borrowings	832.57	972.70
Total borrowings	1,098.74	6,453.33
As a percentage of total capital	4%	22%
Total capital (Equity and Borrowings)	30,358.47	29,734.11

Notes to the Standalone Financial Statements

39. Share based payments

A Description of share-based payment arrangements- Share option plans (equity-settled)

The Company has issued stock options under the DM Healthcare Employees Stock Option Plan 2013 ('DM Healthcare ESOP 2013" or '2013 Plan") during the financial year ended 31 March 2013. The 2013 Plan covers all non- promoter directors and employees of the Company and its subsidiaries (collectively referred to as 'eligible employees"). Under this plan, holders of vested options are entitled to purchase shares at the market price of the shares at respective date of grant of options. The Compensation Committee granted the options on the basis of performance, criticality and potential of the employees as identified by the management.

The Company has issued different categories of options on 2 March 2013, 1 April 2014, 1 April 2015, 22 November 2016, 6 June 2017 and 01 March 2018 on different terms viz; incentive options, milestone options, performance options and loyalty options.

The Company has computed the fair value of the options for the purpose of accounting of employee compensation cost/ expense over the vesting period of the options.

The fair value of the option is calculated using the Black-Scholes Option Pricing model. Accordingly fair value of the various options granted is stated below:

₹ in Millions

Option Type	Grant date	Number of instruments	Exercise price	Vesting conditions	Contractual life of options
Incentive option	2 March 2013	344,280	50	At the end of 1 year based on performance	5 years from the date of grant
Incentive option	1 April 2014	344,280	50		
Incentive option	1 April 2015	360,526	50		
Incentive option	22 November 2016	410,385	50	50% at the end of first year and 25% each at the end of second & third year based on performance.	
Incentive option	7 June 2017	148,000	174.75	25% at the end of each financial year over a period of 4 years based on performance.	
Milestone option	2 March 2013	715,986	50	25% at the end of each financial year over a period of 4 years based on performance.	
Milestone option	1 April 2014	254,537	50		
Milestone option	1 April 2015	27,493	50		
Milestone option	22 November 2016	138,000	50	50% at the end of first year and 25% each at the end of second & third year each based on performance.	
Milestone option	7 June 2017	111,000	175	25% at the end of each financial year over a period of 4 years based on performance.	
Performance options	1 March 2018	482,200	142	25% at the end of each financial year over a period of 4 years based on performance.	
Performance options	1 March 2018	183,829	50	25% at the end of each financial year over a period of 4 years based on performance.	
Loyalty option	2 March 2013	420,000	10	100% vesting at the end of 1 year from date of grant.	
Loyalty option	1 April 2014	9,000	10		
Loyalty option	1 April 2015	15,000	10		
Loyalty option	22 November 2016	176,000	10	80% vesting on completion of 6 years' service and 20% vesting on completion of 9 years' service subject to minimum vesting period of 1 year from date of grant.	
Loyalty option	7 June 2017	285,000	10		
Loyalty option	1 March 2018	146,800	10	75% vesting on completion of 6 years' service and 25% vesting on completion of 9 years' service subject to minimum vesting period of 1 year from date of grant.	

Notes to the Standalone Financial Statements

39. Share based payments (contd..)

B Measurement of fair value

The Company has computed the fair value of the options for the purpose of accounting of employee compensation cost/ expense over the vesting period of the options. The fair value of the option is calculated using the Black-Scholes Option Pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Option Type			**Incentive option**		
Date of grant	7 June 2017	22 November 2016	1 April 2015	1 April 2014	2 March 2013
Fair value at grant date	Rs 87.20	Rs 173.09	Rs 216.86	Rs 77.07	Rs 40.90
Share price at grant date	Rs 233.00	Rs 216.71	Rs 259.65	Rs 132.56	Rs 170.00
Exercise Price	Rs 174.75	Rs 50.00	Rs 50.00	Rs 50.00	Rs 50.00
Expected volatility	0.001%	0.001%	0.001%	0.001%	Nil
Expected life	2.75 years	2.25 years	2 years	2 years	1.96 years
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk- free interest rate	6.64%	6.08%	7.79%	8.89%	7.95%

Option Type			**Milestone option**		
Date of grant	7 June 2017	22 November 2016	1 April 2015	1 April 2014	2 March 2013
Fair value at grant date	Rs 87.20	Rs 173.31	Rs 219.21	Rs 78.50	Rs 48.68
Share price at grant date	Rs 232.75	Rs 216.71	Rs 259.65	Rs 132.56	Rs 170.00
Exercise Price	Rs 175.00	Rs 50.00	Rs 50.00	Rs 50.00	Rs 50.00
Expected volatility	0.001%	0.001%	0.001%	0.001%	Nil
Expected life	2.75 years	2.23 years	2.75 years	2.80 years	2.80 years
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk- free interest rate	6.64%	6.08%	7.79%	8.89%	7.95%

Option Type	**Performance options**	
Date of grant	1 March 2018	1 March 2018
Fair value at grant date	Rs 133.44	Rs 61.55
Share price at grant date	Rs 173.10	Rs 173.10
Exercise Price	Rs 50.00	Rs 142.00
Expected volatility	16.380%	16.380%
Expected life	2.50 years	2.50 years
Expected dividends	Nil	Nil
Risk- free interest rate	7.76%	7.76%

Option Type			**Loyalty option**			
Date of grant	1 March 2018	7 June 2017	22 November 2016	1 April 2015	1 April 2014	2 March 2013
Fair value at grant date	Rs 165.47	Rs 226.89	Rs 208.88	Rs 251.09	Rs 124.19	Rs 161.42
Share price at grant date	Rs 173.10	Rs 233.00	Rs 216.71	Rs 259.65	Rs 132.56	Rs 170.00
Exercise Price	Rs 10.00	Rs 10.00	Rs 10.00	Rs 10.00	Rs 10.00	Rs 10.00
Expected volatility	16.380%	0.001%	0.001%	0.001%	0.001%	Nil
Expected life	4.50 years	2.61 years	3.14 years	2 years	2 years	2 years
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Risk- free interest rate	6.64%	6.64%	6.08%	7.79%	8.89%	7.95%

Notes to the Standalone Financial Statements

39. Share based payments (contd..)

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

C Reconcilation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows. ₹ in Millions

Particulars	31 March 2018	31 March 2017
Outstanding as on 1 April	1.69	1.83
Granted during the year	1.36	0.72
Lapsed / forfeited during the year	0.51	0.08
Exercised during the year	0.03	0.69
Expired during the year	0.02	0.09
Options outstanding at the end of the year	2.49	1.69
Options exercisable at the end of the year	0.99	0.98
Weighted average share price at the date of exercise	68.60	36.01

The options outstanding at 31 March 2018 have an exercise price in the range of INR 10 to INR 175 (31 March 2017: INR 10 to INR 50) and a weighted average remaining contractual life of 3.60 years (31 March 2017: 2.75 years).

D Expense recognised in statement of profit and loss

For details on the employee benefits expense, see Note 24.

40 The 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 is 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 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 tax expense and that of provision for taxation.

41 The Company has entered into joint development agreement on 1 April 2014, with its subsidiary, DM Medcity Hospitals (India) Private Limited ('DM Medcity'), for construction and development of its Medcity hospital project (Phase I and Phase II). Under the agreement the Company is required to make certain payments / deposits to the subsidiary based on which the Company has been given the right to enter into and construct part of the Phase I of the project on lands owned by DM Medcity. The agreement also states that DM Medcity is required to make certain payments / deposits to the Company based on which DM Medcity has been given the right to enter into and construct part of the Phase II of the project on lands owned by the Company. The agreement envisages that Phase I of the project will be owned by the Company and Phase II of the project will be owned by DM Medcity.

42 During the year ended 31 March 2018, the Company had completed the initial public offer (IPO), pursuant to which 51,586,145 equity shares having face value of INR 10 each were allotted/ allocated, at an issue price of INR 190 , consisting of fresh issue of 38,157,894 equity shares and an offer for sale of 13,428,251 equity shares by selling shareholders. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via Symbol ASTERDM and BSE Limited (BSE) via Scrip Code 540975 on 26 February 2018.

The gross proceeds of fresh issue of equity shares from IPO amounts to INR 7,250 million. The Company's share of fresh issue related expenses of INR 443.11 million has been adjusted against securities premium. Details of utilisaiton of IPO proceeds are as follows:

₹ in Millions

Particulars	Objects of issue as per prospectus	Utilised upto 31 March 2018	Unutilised amount as at 31 March 2018
Repayment/ prepayment of debt	5,641.56	5,641.56	-
Purchase of medical equipment	1,103.11	-	1,103.11
Fresh issue related expenses	490.10	328.12	161.98
General corporate purposes*	15.23	21.33	(6.10)
Total	**7,250.00**	**5,991.01**	**1,258.99**

*The excess utilised has been adjusted against fresh issue related expenses.

Financial Statements

Notes to the Standalone Financial Statements

43. Disclosure on Specified Bank Notes (SBNs

During the year, the Company had specified bank notes or other denomination currency notes as defined in the Ministry of Corporate Affairs notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

₹ in Millions

Particulars	Specified bank notes*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	8.81	0.62	9.43
(+) Permitted receipts	0.19	81.65	81.84
(-) Permitted payments	-	2.10	2.10
(+) Not permitted receipts	4.11	-	4.11
(-) Not permitted payments	-	-	-
(-) Amount deposited in Banks	13.11	75.82	88.93
Closing cash in hand as on 30 December 2016	**-**	**4.35**	**4.35**

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

44. The previous year figures have been reclassified/ regrouped whereever neessary.

As per our report of even date attached

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

Rushank Muthreja
Partner
Membership No.: 211386

Bangalore
21 May 2018

for and on behalf of the Board of Directors of
Aster DM Healthcare Limited
CIN: U85110KL2008PLC021703

Dr. Azad Moopen
Managing Director
DIN 00159403

Dubai
21 May 2018

T J Wilson
Director
DIN 02135108

Dubai
21 May 2018

Sreenath Reddy
Chief Financial Officer

Dubai
21 May 2018

Rajesh A
Company Secretary
Membership no. : F7106

Kochi
21 May 2018