# AFFINITY HOLDINGS PVT. LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

MARCH 31, 2020

**AFFINITY HOLDINGS PVT. LTD**

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**CORPORATE INFORMATION**

| | | Date of appointment | Date of resignation |
|---|---|---|---|
| **DIRECTORS** | : Dr Azad Mandayapurath Moopen | January 24, 2008 | - |
| | Naseera Azad | January 24, 2008 | - |
| | Neernaysingh Madhour | January 28, 2014 | - |
| | Savinilorna Payandi - Pillay-Ramen | May 11, 2018 | - |
| | Sevin Chendriah | September 23, 2019 | - |
| | Ravi Prasad | September 23, 2019 | April 27, 2020 |
| | Dr Layla Mohamed Hassan Ali Marzooqi | April 27, 2020 | - |

**ADMINISTRATOR AND SECRETARY** : IQ EQ Corporate Services (Mauritius) Ltd
Les Cascades Building
33, Edith Cavell Street
Port Louis
Republic of Mauritius

**REGISTERED OFFICE** : C/o IQ EQ Corporate Services (Mauritius) Ltd
Les Cascades Building
33, Edith Cavell Street
Port Louis
Republic of Mauritius

**AUDITOR** : BDO & Co
10, Frère Félix de Valois Street
Port Louis
Republic of Mauritius

**BANK** : Absa Bank Mauritius Ltd
*(formerly Barclays Bank Mauritius Ltd)*
3rd Floor, Absa House
68-68A Cybercity
Ebene
Republic of Mauritius

The directors are pleased to present their commentary together with the audited financial statements of **Affinity Holdings Pvt. Ltd** (the "Company") for the year ended March 31, 2020.

## PRINCIPAL ACTIVITY

The principal activity of the Company is to engage in investment holding activities.

## RESULTS AND DIVIDENDS

The Company's results for the year are shown in the statement of profit or loss and other comprehensive income on page 8.

The directors declared and paid a dividend of USD 12,900,000 for the year under review (2019: USD 9,350,000).

## STATUS

The Company was incorporated in the Republic of Mauritius on January 24, 2008 under the Companies Act 2001 and holds a Global Business Licence.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITOR

The auditor, BDO & Co. has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed at the annual meeting.

**AFFINITY HOLDINGS PVT. LTD**



**SECRETARY'S CERTIFICATE FOR THE YEAR ENDED MARCH 31, 2020**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **Affinity Holdings Pvt. Ltd** under the Companies Act 2001 during the year ended March 31, 2020.

*For and on behalf of*
**IQ EQ Corporate Services (Mauritius) Ltd**
**Secretary**

Date: 23 NOV 2020

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Fax: +230 202 9993
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10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

**AFFINITY HOLDINGS PVT. LTD**



**INDEPENDENT AUDITOR'S REPORT**
To the Shareholder of Affinity Holdings Pvt. Ltd

**Report on the audit of the Separate Financial Statements**

**Opinion**

We have audited the separate financial statements of the Affinity Holdings Pvt. Ltd, on pages 7 to 23 which comprise the statement of financial position as at March 31, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements on pages 7 to 23 give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by exemption from consolidation in the Companies Act 2001 for companies holding a Global Business Licence and comply with the Companies Act 2001.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the commentary of directors, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**
To the Shareholder of Affinity Holdings Pvt. Ltd

**Responsibilities of Directors and Those Charged with Governance for the Financial Statements (continued)**

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**
To the Shareholder of Affinity Holdings Pvt. Ltd

## Report on Other Legal and Regulatory Requirements

*Companies Act 2001*

We have no relationship with, or interests in, the Company, other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

## Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

**BDO & Co**
*Chartered Accountants*

Port Louis,
Republic of Mauritius.

**Zaaki Permessur, FCCA**
Licensed by FRC

**Date: December 07, 2020**

AFFINITY HOLDINGS PVT. LTD



## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

| | Notes | 2020 | 2019 |
|---|---|---|---|
| | | USD | USD |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in subsidiary companies | 5 | 279,348,646 | 279,348,646 |
| Financial assets at amortised cost | 6 | 1,100,000 | 1,100,000 |
| | | 280,448,646 | 280,448,646 |
| **Current assets** | | | |
| Financial assets at amortised cost | 6 | 2,483,487 | 1,904,848 |
| Prepayments | | 2,432 | - |
| Cash and cash equivalents | 7 | 3,716 | 322,784 |
| | | 2,489,635 | 2,227,632 |
| **Total assets** | | 282,938,281 | 282,676,278 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 8 | 1,000 | 1,000 |
| Retained earnings | | 16,976,119 | 16,965,049 |
| **Total equity** | | 16,977,119 | 16,966,049 |
| **Non-current liabilities** | | | |
| Redeemable preference shares | 9 | 219,324,675 | 219,324,675 |
| Borrowings | 10 | 42,929,369 | 42,929,369 |
| | | 262,254,044 | 262,254,044 |
| **Current liabilities** | | | |
| Other payables | 11 | 2,531,219 | 2,353,518 |
| Current tax liability | 12 | 337,234 | 264,002 |
| Borrowings | 10 | 838,665 | 838,665 |
| | | 3,707,118 | 3,456,185 |
| **Total equity and liabilities** | | 282,938,281 | 282,676,278 |

The financial statements have been approved by the Board of Directors on .......23 NOV 2020..........
and signed on its behalf by:

SPayRamen ...............
**Savinilorna Payandi - Pillay Ramen**
Director

.....................................
**Neernaysingh Madhour**
Director

The notes on pages 11 to 23 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

**AFFINITY HOLDINGS PVT. LTD**



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020**

| | Notes | 2020 | 2019 |
|---|---|---|---|
| | | **USD** | USD |
| **REVENUE** | | | |
| Dividend income | 2 (c) | **13,290,000** | 9,350,000 |
| Consultancy income | 2 (c) | **152,083** | - |
| Interest income | | **39,557** | 36,338 |
| | | **13,481,640** | 9,386,338 |
| **EXPENSES** | | | |
| Audit fees | | **10,781** | 12,813 |
| Penalty fees | | **4,290** | - |
| Directors fees | | **3,639** | - |
| Administration fees | | **2,650** | 5,100 |
| Accounting fees | | **1,700** | 1,275 |
| Tax filing fees | | **925** | - |
| Bank charges | | **826** | 2,494 |
| Licence fees | | **230** | 2,238 |
| | | **25,041** | 23,920 |
| **Profit before interest expense** | | **13,456,599** | 9,362,418 |
| Interest expense | | **(19,777)** | (17,773) |
| **Profit before taxation** | | **13,436,822** | 9,344,645 |
| Taxation | 12 | **(525,752)** | (264,002) |
| **Profit for the year** | | **12,911,070** | 9,080,643 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **12,911,070** | 9,080,643 |

The notes on pages 11 to 23 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

| | Note | Stated capital | Retained earnings | Total |
|---|---|---|---|---|
| | | USD | USD | USD |
| At April 1, 2019 | | 1,000 | 16,965,049 | 16,966,049 |
| Total comprehensive income for the year: | | | | |
| - Profit for the year | | - | 12,911,070 | 12,911,070 |
| - Dividends paid | 13 | - | (12,900,000) | (12,900,000) |
| **At March 31, 2020** | | **1,000** | **16,976,119** | **16,977,119** |
| At April 1, 2018 | | 1,000 | 17,234,406 | 17,235,406 |
| Total comprehensive income for the year: | | | | |
| - Profit for the year | | - | 9,080,643 | 9,080,643 |
| - Dividends paid | 13 | - | (9,350,000) | (9,350,000) |
| **At March 31, 2019** | | **1,000** | **16,965,049** | **16,966,049** |

The notes on pages 11 to 23 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

| | **2020** | 2019 |
|---|---|---|
| | **USD** | USD |
| **Cash flows from operating activities** | | |
| Profit before taxation | **13,436,822** | 9,344,645 |
| *Adjustments for:* | | |
| Dividend income | **(13,290,000)** | (9,350,000) |
| Expenses paid on behalf of the Company | **(122,518)** | - |
| Interest income | **(39,557)** | (36,338) |
| Interest expense | **19,777** | 17,773 |
| | **4,524** | (23,920) |
| *Changes in working capital:* | | |
| Financial assets at amortised cost | **(149,082)** | - |
| Prepayments | **(2,432)** | - |
| Other payables | **157,924** | (1,062) |
| **Cash used in operating activities** | **10,934** | (24,982) |
| Tax paid | **(330,002)** | - |
| **Net cash used in operating activities** | **(319,068)** | (24,982) |
| **Cash flows from investing activities** | | |
| Dividend received | **12,900,000** | 9,350,000 |
| Loan granted to related party | **-** | (1,100,000) |
| **Net cash flows generated from investing activities** | **12,900,000** | 8,250,000 |
| **Cash flows from financing activities** | | |
| Dividend paid out to shareholder | **(12,900,000)** | (9,350,000) |
| Redemption of redeemable preference shares | **-** | (6,280,000) |
| Proceeds from borrowings | **-** | 7,118,665 |
| **Net cash used in financing activities** | **(12,900,000)** | (8,511,335) |
| **Net movement in cash and cash equivalents** | **(319,068)** | (286,317) |
| Cash and cash equivalents at beginning of the year | **322,784** | 609,101 |
| **Cash and cash equivalents at end of the year** | **3,716** | 322,784 |

Non-cash transaction:

(i) During the year ended March 31, 2020, amount receivable from Union Investments Pvt Ltd amounting to USD 3,000 was offset against loan payable to Aster DM Healthcare FZC.

The notes on pages 11 to 23 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

1. **GENERAL INFORMATION**

**Affinity Holdings Pvt. Ltd** (the "Company") was incorporated on January 24, 2008 as a private company limited by shares in the Republic of Mauritius. It holds a Global Business Licence. The Company's principal activity is to engage in investment holding activities.

The address of the Company's registered office is c/o IQ EQ Corporate Services (Mauritius) Ltd, Les Cascades Building, 33, Edith Cavell Street, Port Louis, Republic of Mauritius.

The financial statements will be submitted for consideration and approval at the forthcoming annual meeting of the shareholder of the Company.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the Company in the preparation of these financial statements are set out below:

(a) **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Companies Act for companies holding a Global Business Licence and comply with the Companies Act 2001. The financial statements are prepared under the historical cost convention, except for relevant financial assets and liabilities which are stated at fair value. Therefore, the financial statements are the separate financial statements of the Company only and do not include figures of the subsidiary companies of Aster DM Healthcare FZC and Dr. Moopens Healthcare Managment Services W.LL as at March 31, 2020 and 2019.

**Going concern**

During the year ended March 31, 2020, the Company's profit for the year was USD 12,911,070 (2019: USD 9,080,643). As at that date, the Company's current liabilities exceeded its current assets by USD 1,217,483 (2019: USD 1,228,553) and it had retained earnings of USD 16,976,119 (2019: USD 16,965,049). However, the total assets of the Company exceeded its total liabilities by USD 16,977,119 (2019: USD 16,966,049). The Company meets its day-to-day working capital requirements through loans received from related parties. At the end of the reporting date, the loans received from related parties amounted to USD 43,768,034 (2019: USD 43,768,034).

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The directors are confident that with the increase in capital, expansion plan for future years, and based on the new marketing plans, the Company is likely to be profitable in the foreseeable future.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

***Standards, Amendments to published Standards and Interpretations effective in the reporting period***

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The amendments have no impact on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company’s financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be ‘reasonable compensation for early termination of the contract’ and the asset must be held within a ‘held to collect’ business model. The amendments have no impact on the Company’s financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company’s financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company’s financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must: (continued)

- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Company's financial statements.

***Standards, Amendments to published Standards and Interpretations issued but not yet effective***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 01, 2020 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

### (b) Foreign currencies

*(i) Functional and presentation currency*

Items included in the financial statements are measured using United States Dollar ("USD"), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in USD, which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) **Revenue recognition**

Revenue earned by the Company is recognised on the following basis:
• Dividend income - when shareholder's right to receive payment has been established.
• Interest income - calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
• Consultancy income - on accuals basis in accordance with the substance of relevant agreements.

(d) **Investment in subsidiary companies**

Investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of the individual investment.

The Company does not present consolidated financial statements, as it is a wholly owned subsidiary of Aster DM Healthcare Limited, a company incorporated in India. Consequently, the Company took advantage of the exemption from consolidation as modified by the Companies Act 2001 for companies holding a Global Business Licence.

(e) **Financial assets**

The Company classifies its financial assets into the categories discussed below, depending on the purpose for which the asset was acquired.

*Amortised cost*
These types of financial assets are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for loans to related parties and receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit loss along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are short term, highly liquid investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(f) **Stated capital**

*Ordinary share capital*
Ordinary shares are classified as equity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Stated capital (continued)

*Preference share capital*
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions from equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividends payment are not discretionary. Dividends thereon are recognised as interest expense in profit or loss.

### (g) Expenses recognition

Expenses are accounted for in profit or loss on the accrual basis.

### (h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

### (i) Current and deferred income tax

*Current tax*
The current income tax charge is based on taxable income for the year calculated or the basis of tax laws enacted or substantively enacted by the end of the reporting period.

*Deferred tax*
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

### (j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including:
• concentration risk;
• liquidity risk; and
• currency risk.

### (a) Concentration risk

The Company's investment is concentrated in Middle East in the healthcare sector. The Company is, therefore, exposed to economic, political and social risks inherent to that region and sector.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| | Less than 1 year | More than 1 year |
|---|---|---|
| | USD | USD |
| **At March 31, 2020** | | |
| Borrowings | **838,665** | **42,929,369** |
| Other payables | **2,531,219** | **-** |
| | **3,369,884** | **42,929,369** |
| **At March 31, 2019** | | |
| Borrowings | 838,665 | 42,929,369 |
| Other payables | 2,353,518 | - |
| | 3,192,183 | 42,929,369 |

### (c) Currency risk

The Company has its subsidiary companies incorporated in United Arab Emirates ("UAE") and Qatar and the shares are denominated in UAE Dirham and Qatari Riyals respectively. However, the Company is unlikely to be exposed to currency risk with respect to investments in subsidiary companies as they are maintained at cost (adjusted for any impairment), unless there are material changes in the exchange rate vis-à-vis the USD.

*Currency profile*
The currency profile of the Company's financial assets and liabilities is summarised as follows:

| | Financial assets | | Financial liabilities | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **USD** | USD | **USD** | USD |
| United States Dollar ("USD") | **3,587,203** | 3,327,632 | **265,623,928** | 265,446,227 |

Investment in subsidiary companies amounting to USD 279,348,646 (2019: USD 279,348,646), prepayments amounting to USD 2,432 and tax liability amounting to USD 337,234 (2019: USD 264,002) have been excluded from financial assets and financial liabilities respectively.

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.2 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to the shareholder.

The Company is financed by equity and borrowings.

The debt-to-equity ratios at March 31, 2020 and 2019 were as follows:

| | **2020** | 2019 |
|---|---|---|
| | **USD** | USD |
| Total borrowings (including preference shares) | **263,092,709** | 263,092,709 |
| Less: cash and cash equivalents | **(3,716)** | (322,784) |
| | **263,088,993** | 262,769,925 |
| Total equity | **16,977,119** | 16,966,049 |
| Debt-to-equity ratio | **15.50:1** | 15.49:1 |

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

<u>Impairment of investment in subsidiary companies</u>
The Company follows the guidance of IAS 36 on determining when an investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

In considering the value in use, the directors have taken into consideration the audited financial statements, management accounts and expected future results of the subsidiaries. The actual results could however, differ from these estimates.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Critical accounting estimates and assumptions (continued)

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rated. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Measurement of the expected credit loss (ECL) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of debtor segment and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

When using the simplified approach for measurement of expected credit loss for loans receivable, the application of a provision matrix requires significant assumptions and judgements, such as:

- Determining the appropriate groupings of receivables into categories of shared credit risk
- Determining the period over which historical loss rates are obtained to develop estimates of expected future loss rates;
- Determining the historical loss rates;
- Considering macro-economic factors and adjust historical loss rates to reflect relevant future economic conditions; and
- Calculating the expected credit losses.

Coronavirus Disease Impact

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on global financial markets. The board will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Company.

With the Covid-19 outbreak, the Company has factored in to some extent the possible impact of the coronavirus in its impairment assessment while making its judgement.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company’s assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company’s view of possible near-term market changes that cannot be predicted with any certainty.

## 5. INVESTMENT IN SUBSIDIARY COMPANIES

| | 2020 | 2019 |
|---|---|---|
| | **USD** | USD |
| Unquoted: | | |
| At April 1, | **279,348,646** | 278,890,375 |
| Additions during the year | **-** | 458,271 |
| At March 31, | **279,348,646** | 279,348,646 |

(i) Details of the investment in subsidiary companies are as follows:

| Name of company | Country of incorporation | Class of shares | % holding | | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | **2020** | 2019 | **2020** | 2019 |
| | | | | | **USD** | USD |
| Aster DM Healthcare FZC | UAE | Equity shares | **99.98%** | 99.98% | **278,890,375** | 278,890,375 |
| Dr Moopens Healthcare Management Services W.L.L | Qatar | Equity shares | **99.00%** | 99.00% | **458,271** | 458,271 |

(ii) The investment in Aster DM Healthcare FZC is denominated in UAE Dirham while investment in Dr Moopens Healthcare Management Services W.L.L is denominated in Qatari Riyals.

(iii) During the year March 31, 2019, pursuant to a broader restructuring undertaken by Aster DM Group, there was a transfer of investment of 'Dr. Moopens Healthcare Management Services WLL, Qatar', a group company which was previously recorded in the books of Aster DM Healthcare FZC to Affinity Holding Pvt. Ltd.

(iv) The directors are of the opinion that the cost of the investments approximates their carrying value and that there are no indication for impairment in the above investments for the year ended March 31, 2020.

(v) Aster DM Healthcare FZC entered into an agreement with the Axis Bank Limited for a term loan facility of USD 295,000,000 on March 17, 2017. As a result, the Company entered into another Share Pledge Agreement with the Abu Dhabi Commercial Bank PJSC on July 27, 2017 and has pledged 522,337 shares (each of par value AED 1,000) in Aster DM Healthcare FZC.

(vi) During the year ended March 31, 2019, Affinity Holdings Pvt. Ltd entered into a Trust Deed dated May 27, 2018, among Alfa Investments Limited ("Trustee Co"), Affinity Holdings Pvt. Ltd ("Beneficiary") and Mr Zuhdi Mohammad Ahmad Mohammad Sarhan ("shareholder") whereby the Trustee Co is 100% legally held by the shareholder.

## 6. FINANCIAL ASSETS AT AMORTISED COST

| | 2020 | 2019 |
|---|---|---|
| | **USD** | USD |
| **Non-current:** | | |
| Loan receivable from related party | **1,100,000** | 1,100,000 |

The loan was granted in 2 tranches of USD 550,000 each for a period of 24 months respectively with automatic extension for further similar period, unless either party express in writing their intention to terminate or prepay the entire loan, 30 days prior to the expiry of the initial duration of 24 months. The loans bear interest at the rate of 3.5% per annum, are unsecured and are denominated in USD.

## 6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

| | 2020 | 2019 |
|---|---|---|
| | USD | USD |
| **Current:** | | |
| Amount receivable from related parties (note 14) | **2,407,593** | 1,868,510 |
| Interest receivable from related party (note 14) | **75,894** | 36,338 |
| | **2,483,487** | 1,904,848 |

(i) The carrying amounts of other receivables approximate their fair values.
(ii) Other receivables are only denominated in USD.
(iii) The directors have concluded that it would require undue costs and effort to determine the credit risk of these balances on their respective dates of initial recognition. These balances are also assessed to have credit risk other than loss. Accordingly, the Company recognises lifetime ECL until they are derecognised. The identified impairment loss was immaterial.

## 7. CASH AND CASH EQUIVALENTS

| | 2020 | 2019 |
|---|---|---|
| | USD | USD |
| Cash at bank | **3,716** | 322,784 |

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## 8. STATED CAPITAL

| | 2020 & 2019 | |
|---|---|---|
| | Number of | USD |
| *Issued and fully paid* | | |
| At April 1 and March 31, | **1,000** | 1,000 |

The ordinary shares have been issued at USD 1 each.

## 9. REDEEMABLE PREFERENCE SHARES

| | 2020 | 2019 |
|---|---|---|
| | USD | USD |
| At April 1, | **219,324,675** | 225,604,675 |
| Redemption of shares | **-** | (6,280,000) |
| At March 31, | **219,324,675** | 219,324,675 |

The redeemable preference shares have been issued at USD 1 each.

## 10. BORROWINGS

| | 2020 | 2019 |
|---|---|---|
| | USD | USD |
| Loans from related parties (note 14) | | |
| At March 31, | **43,768,034** | 43,768,034 |
| | | |
| Analysed as follows: | | |
| Non-current | **42,929,369** | 42,929,369 |
| Current | **838,665** | 838,665 |
| | **43,768,034** | 43,768,034 |

## 10. BORROWINGS (CONTINUED)

(a) Loans from related parties amounting to USD 42,937,534 (2019: USD 42,937,534) are interest free, unsecured and repayable after 24 months as from date of disbursement and a loan of USD 830,500 (2019: USD 830,500) received from subsidiary company bears interest at the rate of 3.5% per annum. As per agreements, the repayment term can be renewed for similar terms unless the loans are prepaid or terminated with 30 days notice.

(b) The loans are denominated in USD.

## 11. OTHER PAYABLES

| | 2020 | 2019 |
|---|---|---|
| | **USD** | USD |
| Amount payable to related parties (note 14) | **2,468,299** | 2,323,781 |
| Interest payable (note 14) | **37,814** | 18,037 |
| Accruals | **25,106** | 11,700 |
| | **2,531,219** | 2,353,518 |

(i) The carrying amounts of other payables approximate their fair values.
(ii) Other payables are only denominated in USD.

## 12. TAXATION

Following the Finance Act 2018, all companies categorised as Category 1 Global Business Licence will be now licensed as Global Business Licence. Effective from January 2019, deemed Foreign Tax Credit regime available to GBC 1 companies will be abolished. There will be an introduction of an 80% exemption regime on the following income:

- Foreign dividend, subject to amount not allowed as deduction in source country;
- Foreign source interest derived by a company other than a bank;
- Profit attributable to a permanent establishment of a resident company in foreign country;
- Foreign source income derived by a Collective Investment Scheme ("CIS"), Closed-End Funds, CIS Manager, CIS Administrator, Investment Adviser or Asset Manager licensed or approved by the Financial Services Commission ("FSC");
- Income derived by companies engaged in ship and aircraft leasing.

(a) **Statement of financial position**

| | 2020 | 2019 |
|---|---|---|
| | **USD** | USD |
| At April 1, | **264,002** | - |
| Current tax charge for the year | **403,234** | 264,002 |
| Paid during the year | **(330,002)** | - |
| **As at March 31,** | **337,234** | 264,002 |

## 12. TAXATION (CONTINUED)

### (b) Statement of profit or loss

| | **2020** | 2019 |
|---|---|---|
| | **USD** | USD |
| Current tax on the adjusted profit for the year | **403,234** | 264,002 |
| Other taxation | **122,518** | - |
| | **525,752** | 264,002 |

The tax on the Company's result before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

| | **2020** | 2019 |
|---|---|---|
| | **USD** | USD |
| Profit before taxation | **13,436,822** | 9,344,645 |
| Tax calculated at 15% (2019: 15%) | **2,015,523** | 1,401,697 |
| Expenses not deductible for tax purposes | **644** | - |
| Utilisation of previously unrecognised tax losses | **-** | (81,688) |
| Deemed tax credit | **(1,612,933)** | (1,056,007) |
| Other taxation | **122,518** | - |
| Tax charge | **525,752** | 264,002 |

All GBC 1 companies licensed on or before October 16, 2017 will be grand fathered up to June 30, 2021.

## 13. DIVIDENDS PER SHARE

| | **2020** | 2019 |
|---|---|---|
| | **USD** | USD |
| Amount recognised as distribution to equity holder | **12,900,000** | 9,350,000 |

On December 26, 2019, the directors declared a dividend in respect of the year ended March 31, 2019 of USD 12,900 per ordinary share amounting to a total dividend of USD 12,900,000 (2019: USD 9,350,000).

## 14. RELATED PARTY TRANSACTIONS

During the years ended March 31, 2020 and 2019, the Company traded with related entities. The nature, volume of transactions and the balances with the entities are as follows:

| Name of companies | Nature of relationship | Nature of transactions | Volume of transactions | **2020** | 2019 |
|---|---|---|---|---|---|
| | | | USD | **USD** | USD |
| Aster DM Healthcare FZC | Subsidiary company | (i) Other payable | 22,000 | **2,345,781** | 2,323,781 |
| | | (ii) Interest payable | 19,777 | **37,814** | 18,037 |
| | | (iii) Loan payable | - | **43,768,034** | 43,768,034 |
| | | (iv) Dividend receivable | 390,000 | **390,000** | - |

14. **RELATED PARTY TRANSACTIONS (CONTINUED)**

| Name of companies | Nature of relationship | | Nature of transactions | Volume of transactions | **2020** | 2019 |
|---|---|---|---|---|---|---|
| | | | | USD | **USD** | USD |
| Union Investments Pvt Limited | Ultimate holding company | | Expenses paid on behalf of the Company | (3,000) | **-** | 3,000 |
| Alfa Investments Limited | Entreprise with common shareholders | | Other receivable | - | **1,865,510** | 1,865,510 |
| Dr Moopen Healthcare Management Services WLL | Subsidiary company | (i) | Loan receivable | - | **1,100,000** | 1,100,000 |
| | | (ii) | Expenses paid on behalf of the Company | 122,518 | **122,518** | - |
| | | (iii) | Consultancy income receivable | 152,083 | **152,083** | - |
| | | (iv) | Interest receivable | 39,557 | **75,894** | 36,337 |

**Terms and conditions of transactions with related parties**

(i) There have been no guarantees provided or received for any outstanding balances.

(ii) The terms of the amount due from and payable to related parties are disclosed in their respective notes.

(iii) The transactions with the related parties have been made on normal commercial terms and in the ordinary course of business.

(iv) For the years ended March 31, 2020 and 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of each related party and the market in which the related party operates.

15. **HOLDING COMPANY**

The directors consider Aster DM Healthcare Limited, a company incorporated in India as the holding company.

16. **EVENTS AFTER THE REPORTING DATE**

The Coronavirus ("COVID-19") being a global pandemic situation, is constantly evolving and the measures put in place to contain the spread of the virus, including travel bans, social distancing and closures of non-essential services have significantly disrupted business worldwide.

Directors have determined that these events could adversely affect the Company as their financial impact are still unknown given the current degree of uncertainty.

As such, directors are continuously monitoring the situation and evaluating its impact on the financial position and operating results of the investee companies.